RED HERRING PROSPECTUS
Please read Section 32 of the Companies Act, 2013
Book Building Offer
Dated November 15, 2013

पावरग्रिड

POWER GRID CORPORATION OF INDIA LIMITED

Our Company was incorporated in New Delhi on October 23, 1989 under the Companies Act, 1956 (the "**Companies Act 1956**") as a public limited company under the name 'National Power Transmission Corporation Limited'.

For more information on change in the name of our Company and our registered office, see **"*History and Certain Corporate Matters*"** on page 131.

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi 110 016, India **Tel:** +91 (11) 2656 0112 **Fax:** +91 (11) 2656 4849
Corporate Office: "Saudamini", Plot No.2, Sector 29, Gurgaon 122 001, Haryana, India **Tel:** +91 (124) 2571 700 **Fax**: +91 (124) 2571 848
Company Secretary and Compliance Officer: Ms. Divya Tandon, Company Secretary **Tel**: +91 (124) 2571 968 **Fax**: +91 (124) 2571 891
E-mail: investors@powergridindia.com **Website**: www.powergridindia.com

PROMOTER: PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF POWER, GOVERNMENT OF INDIA
("**MoP**") and the Ministry of Development of North Eastern Region, Government of India ("**MoDoNER**")

FURTHER PUBLIC OFFER OF 787,053,309 EQUITY SHARES OF ₹ 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE OF POWER GRID CORPORATION OF INDIA LIMITED ("POWERGRID", "OUR COMPANY" OR "THE ISSUER") AGGREGATING ₹ [•] MILLION (THE "OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF 601,864,295 EQUITY SHARES BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 185,189,014 EQUITY SHARES BY THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF POWER, GOVERNMENT OF INDIA (THE "SELLING SHAREHOLDER") (THE "OFFER FOR SALE"). THE OFFER COMPRISES A NET OFFER TO THE PUBLIC OF 784,053,309 EQUITY SHARES ("THE NET OFFER") AND A RESERVATION OF 3,000,000 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER WOULD CONSTITUTE 15.04% OF THE POST OFFER PAID-UP EQUITY CAPITAL OF OUR COMPANY AND THE NET OFFER WOULD CONSTITUTE 14.99% OF THE POST OFFER PAID-UP EQUITY CAPITAL OF OUR COMPANY. THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH.

THE PRICE BAND, RETAIL DISCOUNT, EMPLOYEE DISCOUNT AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED IN ALL EDITIONS OF THE *FINANCIAL EXPRESS* AND ALL EDITIONS OF THE *JANSATTA* AT LEAST ONE WORKING DAY PRIOR TO THE BID/OFFER OPENING DATE, WITH THE RELEVANT FINANCIAL RATIOS CALCULATED AT THE FLOOR PRICE AND AT THE CAP PRICE AND SUCH ADVERTISEMENT SHALL BE AVAILABLE ON THE WEBSITES OF BSE LIMITED (THE "BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (THE "NSE").*

Discount of ₹ [•] to the Offer Price may be offered to Retail Individual Investors ("Retail Discount**") and Eligible Employees bidding in the Employee Reservation Portion (the "**Employee Discount**").*

In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after the revision of the Price Band subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers ("**BRLMs**") and at the terminals of the members of the Syndicate and by intimation to Self Certified Syndicate Banks ("**SCSBs**") and the Registered Brokers.

This Offer is being made in accordance with Regulation 27 read with Regulation 26(1) (d) and (e) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), through the Book Building Process where 50% of the Net Offer will be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Category**"). Further, 5% of the QIB Category will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, 3,000,000 Equity Shares will be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Offer Price. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion may participate in the Offer through the ASBA process by providing the details of the ASBA Accounts in which the corresponding Bid Amount will be blocked by the SCSBs. QIBs and Non-Institutional Investors shall compulsorily participate in the Offer through the ASBA process. For details in this regard, specific attention is invited to "***Offer Procedure***" on page 422.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Bidders are advised to read the Risk Factors carefully before making an investment decision in this Offer. For making an investment decision, Bidders must rely on their own examination of our Company and this Offer, including the risks involved. The Equity Shares offered in this Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. This being a fast track issue under Regulation 10 of the SEBI ICDR Regulations, our Company filed this Red Herring Prospectus with the Registrar of Companies, National Capital Territory of Delhi and Haryana ("**RoC**") with a copy to SEBI and the Stock Exchanges. Specific attention of the Bidders is invited to "***Risk Factors***" on page xvii.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and this Offer which is material in the context of this Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholder, having made all reasonable enquiries, accepts responsibility for and confirms that the information in relation to itself and the Equity Shares being sold by it in the Offer for Sale contained in this Red Herring Prospectus is true and correct in all material respects and is not misleading in any material respect.

LISTING

The Equity Shares of our Company are listed on the NSE and the BSE. The Equity Shares offered pursuant to this Red Herring Prospectus are proposed to be listed on the BSE and the NSE. NSE is the Designated Stock Exchange for the Offer.

BOOK RUNNING LEAD MANAGERS					REGISTRAR TO THE OFFER
SBI Capital Markets Limited 202, Maker Tower E, Cuffe Parade Mumbai 400 005, India Tel: +91 (22) 2217 8300 Fax: +91 (22) 2218 8332 Email: pgcil.fpo2013@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Srihari Santhakumar / Mr. Mayank Gupta SEBI Registration No.: INM000003531	**Citigroup Global Markets India Private Limited** 1202, 12th Floor, First International Financial Centre G-Block, Bandra Kurla Complex, Bandra (East) Mumbai 400 051, India Tel: +91 (22) 6175 9899 Fax: +91 (22) 3919 7880 E-mail: pgcil.fpo2013@citi.com Investor Grievance E-mail: investors.cgmib@citi.com Website: www.online.citibank.co.in /rhtm/citigroupglobalscreen1.htm Contact Person: Mr. Madhav Tandan SEBI Registration No.: INM000010718	**ICICI Securities Limited** ICICI Centre, H.T. Parekh Marg Churchgate Mumbai 400 020, India Tel: +91 (22) 2288 2460 Fax: +91 (22) 2282 6580 Email: pgcil.fpo2013@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Bhavin Vakil SEBI Registration No.: INM000011179	**Kotak Mahindra Capital Company Limited** 27 BKC, Plot No. C-27, "G" Block Bandra Kurla Complex, Bandra (East) Mumbai 400 051, India Tel: +91 (22) 4336 0000 Fax: +91 (22) 6713 2447 E-mail: pgcil.fpo@kotak.com Investor Grievance E-mail: kmccredressal@kotak.com Website: www.investmentbank.kotak.com Contact Person: Mr. Ganesh Rane SEBI Registration Number: INM000008704	**UBS Securities India Private Limited** 2 /F, 2 North Avenue Maker Maxity Bandra Kurla Complex Bandra (East) Mumbai 400 051, India Tel: +91 (22) 6155 6000 Fax: +91 (22) 6155 6300 Email: OL-CCS+-PGCIL-FPO@ubs.com Investor Grievance Email: customercare@ubs.com Website: www.ubs.com/indianoffers Contact Person: Mr. Vibhor Gupta SEBI Registration No.: INM000010809	**Karvy Computershare Private Limited** Plot No. 17 to 24 Vithal Rao Nagar, Madhapur Hyderabad 500 081, India Tel: +91 (40) 4465 5000 Fax: +91 (40) 2343 1551 E-mail: einward.ris@karvy.com Investor Grievance Email: powergrid-fpo@karvy.com Website: http://karisma.karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration Number: INR000000221

BIDDING PROGRAMME

BID/OFFER OPENS ON	DECEMBER 3, 2013 (TUESDAY)	BID/OFFER CLOSES ON (FOR QIB BIDDERS)	DECEMBER 5, 2013 (THURSDAY)
		BID/OFFER CLOSES ON (FOR ALL OTHER BIDDERS)	DECEMBER 6, 2013 (FRIDAY)

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SECTION I - GENERAL
DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Red Herring Prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

*Unless the context otherwise indicates, all references to "**Powergrid**", "**the Company**", "**our Company**" and "**the Issuer**", are to Power Grid Corporation of India Limited, a company incorporated in India under the Companies Act 1956 with its registered office at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi 110 016, India. Furthermore, unless the context otherwise indicates, all references to the terms "**we**", "**us**" and "**our**" are to Power Grid Corporation of India Limited, its Subsidiaries and its joint ventures (as defined below) on a consolidated basis.*

Company Related Terms

Term	Description
AoA/Articles of Association or Articles	The articles of association of our Company, as amended
Auditors	The statutory auditors of our Company, being S.K. Mehta & Co., Chartered Accountants, Chatterjee & Co., Chartered Accountants and Sagar & Associates, Chartered Accountants
BGCL	Bihar Grid Company Limited
Bihar Transmission Systems Project	Intra-state transmission and sub-transmission system in Bihar
Board or Board of Directors	The board of directors of our Company
CPTCL	Cross Border Power Transmission Company Limited
EESL	Energy Efficiency Services Limited
ESPP	Environment and Social Policy and Procedures
Gujarat Property	Immovable property, measuring 219,689 square meters at Ambheti of Mouje Ambheti, Taluka Kaprada in Valsad District in the State of Gujarat
Identified Projects	The identified transmission projects of our Company, as specified in "***Objects of the Offer***" on page 45
Joint Ventures	Powerlinks Transmission Limited, Torrent Power Grid Limited, Jaypee Powergrid Limited, Parbati Koldam Transmission Company Limited, Teestavalley Power Transmission Limited, North East Transmission Company Limited, National High Power Test Laboratory Private Limited, Energy Efficiency Services Limited, Cross Border Power Transmission Company Limited, Power Transmission Company Nepal Limited, Bihar Grid Company Limited and Kalinga Bidyut Prasaran Nigam Private Limited
JPL	Jaypee Powergrid Limited
Karcham Transmission Project	1,000 MW hydroelectric generation project at Karcham in Kinnaur, Himachal Pradesh established by JPL
KBPNPL	Kalinga Bidyut Prasaran Nigam Private Limited
MoA/Memorandum of Association	The memorandum of association of our Company, as amended from time to time
NETCL	North East Transmission Company Limited
NHPTL	National High Power Test Laboratory Private Limited
Odisha Transmission Systems Project	Intra-state transmission and sub-transmission system in Odisha
Parbati Koldam Project	Transmission project for the Koldam HEP and the Parbati HEP
PKTCL	Parbati Koldam Transmission Company Limited
PNMTL	Powergrid NM Transmission Limited
POSOCO	Power System Operation Corporation Limited
Promoter	The President of India, acting through the MoP and the MoDoNER
PTC	Power Trading Corporation of India Limited
PTCN	Power Transmission Company Nepal Limited
PTL	Powerlinks Transmission Limited
PVTL	Powergrid Vemagiri Transmission Limited
Registered Office	The registered office of our Company, at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi 110 016, India
Selling Shareholder	The President of India, acting through the MoP
Subsidiaries	Power System Operation Corporation Limited, Powergrid NM Transmission Limited, Powergrid Vemagiri Transmission Limited and Vizag Transmission Limited
Sugen Transmission Project	1,100 MW power generation project at Akhakhol in Surat implemented by TPL

Term	Description
Tala JV Transmission Project	Tala Hydro-Electric Power Project
Teesta Project	1,200 MW Teesta – III hydro electric project in North Sikkim
TLP-India	The Muzaffarpur – Susand section of the 400 kV D/C Dhalkebar – Muzaffarpur Transmission Line on the Indian side of the Indo-Nepal border
TLP-Nepal	Dhalkebar – Bhittamod (Bathanaha VDC) section of the 400 KV D/C Dhalkebar – Muzaffarpur Transmission Line on the Nepalese side of the Indo-Nepal border
TPL	Torrent Power Grid Limited
Tripura Project	The gas-based power project of 726.6 MW capacity at Pallatana in Tripura
Tripura Project Beneficiaries	Assam Electricity Grid Corporation Limited, Tripura State Electricity Corporation Limited, Meghalaya SEB, Electricity Department (Government of Manipur), Department of Power (Government of Nagaland), Power & Electricity Department (Government of Mizoram), Department of Power (Government of Arunachal Pradesh) and OTPC
TVPTL	Teestavalley Power Transmission Limited
VTL	Vizag Transmission Limited

Offer Related Terms

Term	Description
Allotted/Allotment/Allot	Issue, allotment and transfer of Equity Shares to successful Bidders pursuant to this Offer
Allottee	A Bidder to whom the Equity Shares are Allotted
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by an ASBA Bidder to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder	Any Bidder who Bids through the ASBA process
Bankers to the Offer/Escrow Collection Banks	The bank(s) which is/are clearing members and registered with the SEBI as bankers to the offer, with whom the Escrow Accounts in relation to the Offer will be opened, in this case being ICICI Bank Limited, HDFC Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited and State Bank of India
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful bidders under the Offer, described in "***Offer Procedure***" on page 422
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder (including an ASBA Bidder), pursuant to submission of a Bid cum Application Form to subscribe for or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under SEBI ICDR Regulations
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid, less Retail Discount or Employee Discount, as applicable
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid and which shall be considered as the application for the Allotment of Equity Shares pursuant to the terms of this Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder
Bid/Offer Closing Date	December 5, 2013 for all QIBs and December 6, 2013 for all other Bidders, being the date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Offer
Bid/Offer Opening Date	December 3, 2013, being the date on which the Syndicate, Registered Brokers and the SCSBs may start accepting Bids for the Offer
Bid/Offer Period	The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Offer, in this case being SBI Capital

Term	Description
	Markets Limited, Citigroup Global Markets India Private Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited and UBS Securities India Private Limited
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Cap Price	The higher end of the Price Band above which the Offer Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Client ID	Client identification number of the Bidder's beneficiary account
Cut-off Price	The Offer Price, finalized by our Company and the Selling Shareholder in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Investors are not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Form used by ASBA Bidders, a list of which is available at the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Accounts to the Public Offer Account(s) or the Refund Account(s), as appropriate, and the Registrar to the Offer issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Offer Account(s) in terms of this Red Herring Prospectus
Designated Stock Exchange	NSE
DP	Depository Participant
DP ID	Depository Participant's identity number
Eligible Employee	All or any of the following: (a) a permanent and full time employee of our Company and of our Subsidiaries (excluding such employees not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as of the date of filing of this Red Herring Prospectus with the RoC and who continues to be an employee of our Company or our Subsidiaries until the submission of the Bid cum Application -Form and is based, working and present in India as on the date of submission of the Bid cum Application Form; (b) a Director of our Company, whether a whole time Director, part time Director or otherwise, (excluding such Directors not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines and any Promoter) as of the date of filing this Red Herring Prospectus with the RoC and who continues to be a Director of our Company until the submission of the Bid cum Application Form and is based and present in India as on the date of submission of the Bid cum Application Form. An employee of our Company or Subsidiaries, who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed a 'permanent and a full time employee'. The maximum Bid Amount under the Employees Reservation Portion by an Eligible Employee cannot exceed ₹ 200,000
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Eligible QFI	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened dematerialised accounts with

Term	Description
	SEBI registered qualified depositary participants
Employee Discount	A discount of ₹ [●] that may be offered to Eligible Employees bidding in the Employee Reservation Portion, by our Company and the Selling Shareholder, in consultation with the BRLMs, at the time of making a Bid
Employee Reservation Portion	The portion of the Offer being 3,000,000 Equity Shares available for allocation to Eligible Employees, on a proportionate basis
Equity Shares	The Equity Shares of our Company of a face value of ₹ 10 each
Escrow Account	Account(s) opened with the Escrow Collection Bank(s) for the Offer and in whose favour the Bidders (excluding ASBA Bidders) will issue cheques or demand drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	The agreement dated November 12, 2013 entered into amongst our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Refund Bank(s) and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable remitting refunds, if any, to the Bidders (excluding ASBA Bidders), on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form
Floor Price	The lower end of the Price Band, and any revisions thereof, below which the Offer Price will not be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Issue	Fresh issue of 601,864,295 Equity Shares by our Company, as part of the Offer in terms of this Red Herring Prospectus
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and included in "***Offer Procedure***" on page 422
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
Monitoring Agency	IFCI Limited
Mutual Fund Portion	5% of the QIB Category or 19,601,333 Equity Shares available for allocation to Mutual Funds only, on a proportionate basis
Net Offer	Offer less the Employees Reservation Portion, consisting of 784,053,309 Equity Shares to be Allotted at the Offer Price
Net Proceeds	Proceeds of the Offer that will be available to our Company, which shall be the gross proceeds of the Offer less the Offer-related expenses and the proceeds of the Offer for Sale
Non-Institutional Category	The portion of the Net Offer, being not less than 15% of the Net Offer or 117,607,996 Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price
Non-Institutional Investors/NIIs	All Bidders, including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors or Eligible Employees bidding in the Employee Reservation Portion who have Bid for Equity Shares for an amount of more than ₹ 200,000
Offer	Further public offer of 787,053,309 Equity Shares for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million, comprising a Fresh Issue of 601,864,295 Equity Shares of our Company and an Offer for Sale of 185,189,014 Equity Shares by the Selling Shareholder
Offer Agreement	The agreement dated November 12, 2013 entered into amongst our Company, the Selling Shareholder and the BRLMs pursuant to which certain arrangements are agreed to in relation to the Offer
Offer Price	The final price (less Retail Discount or Employee Discount, as applicable) at which Equity Shares will be Allotted to the Bidders, as determined in accordance with the Book Building Process on the Pricing Date. A discount of ₹ [●] to the Offer Price may be offered to Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion. The Rupee amount of the Retail Discount and Employee Discount will be decided by our Company and the Selling Shareholder in consultation with the BRLMs, and advertised by our Company at least one Working Day prior to the Bid/Offer Opening Date, in all editions of the *Financial Express* (a widely circulated English national newspaper) and all editions of the *Jansatta* (a widely circulated Hindi national newspaper), and such advertisement shall be available on the websites of the Stock Exchanges
Offer for Sale	The Offer for Sale of 185,189,014 Equity Shares being offered by the Selling

Term	Description
	Shareholder pursuant to this Red Herring Prospectus
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including revisions thereof. The Price Band and the minimum Bid lot for the Offer will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in all editions of the *Financial Express* (a widely circulated English national newspaper) and all editions of the *Jansatta* (a widely circulated Hindi national newspaper), at least one Working Day prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their websites
Pricing Date	The date on which our Company and the Selling Shareholder, in consultation with the BRLMs, shall finalize the Offer Price
Prospectus	The Prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Sections 60 of the Companies Act 1956 and the SEBI ICDR Regulations
Public Offer Account	The account to be opened with the Bankers to the Offer to receive monies from the Escrow Accounts and the ASBA Accounts, on the Designated Date
QIB Category	The portion of the Net Offer, being 50% of the Net Offer or 392,026,655 Equity Shares available for allocation to QIBs on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Qualified Institutional Buyers or QIBs	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	This Red Herring Prospectus dated November 15, 2013 filed with the RoC and issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which does not include complete particulars of the price at which the Equity Shares shall be issued and which will become the Prospectus after filing with the RoC after the Pricing Date, and including any addenda or corrigenda thereto
Refund Accounts	Accounts opened with the Refund Banks from which refunds, if any, of the whole or part of the Bid Amount shall be made to the Bidders (excluding ASBA Bidders)
Refund Banks	Escrow Collection Banks with whom Refund Accounts will be opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being, ICICI Bank Limited and HDFC Bank Limited
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate
Registrar Agreement	The agreement dated November 12, 2013, entered into between our Company, the Selling Shareholder and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar to the Offer	Karvy Computershare Private Limited
Retail Discount	A discount of ₹ [●] that may be offered to Retail Individual Investors, by our Company and the Selling Shareholder, in consultation with the BRLMs, at the time of making a Bid
Retail Category	The portion of the Net Offer, being not less than 35% of the Net Offer, or 274,418,658 Equity Shares, available for allocation to Retail Individual Investors, which shall not be less than the minimum Bid lot, subject to availability in the Retail Category and the remaining Equity Shares to be Allotted on a proportionate basis
Retail Individual Investors/RIIs	Bidders (including HUFs and Eligible NRIs), other than Eligible Employees bidding in the Employee Reservation Portion, submitting Bids under the Employee Reservation Portion, whose Bid Amount for Equity Shares in the Net Offer is less than or equal to ₹ 200,000
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries)
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available at the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Stock Exchanges	Together, BSE Limited and National Stock Exchange of India Limited
Syndicate Agreement	The agreement dated November 12, 2013 entered into among the members of

Term	Description
	the Syndicate, our Company, the Selling Shareholder and the Registrar in relation to the collection of Bids in the Offer (other than Bids directly submitted to the SCSBs under the ASBA process or to Registered Brokers at the Broker Centres)
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being SBICAP Securities Limited, Kotak Securities Limited and ICICI Securities Limited
Syndicate or members of the Syndicate	Collectively, the BRLMs and the Syndicate Member(s)
Underwriters	The members of the Syndicate
Underwriting Agreement	The agreement among our Company, the Selling Shareholder and the Underwriters, to be entered into on or after the Pricing Date
Working Day(s)	All days, excluding Sundays and public holidays, on which commercial banks in India are open for business, except with reference to announcement of Price Band and Bid/Offer Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India

Conventional and General Terms

Term	Description
AAD	Advance Against Depreciation
ADB	Asian Development Bank
AFC	Annual Fixed Cost
AFF	A.F. Ferguson & Co.
AIF	Alternate Investment Fund
ASSOCHAM	Associated Chambers of Commerce and Industry
BBNL	Bharat Broadband Network Limited
BERC	Bihar Electricity Regulatory Commission
BPC	Bid Process Co-ordinator
BSE	The BSE Limited
BSEB	Bihar State Electricity Board
BSPCL	Bihar State Power (Holding) Company Limited
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis & Research Limited
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CIA World Factbook	United States Central Intelligence Agency Factbook
CIT (A)	Commissioner of Income Tax (Appeals)
Citi	Citigroup Global Markets India Private Limited
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Companies Act	Companies Act, 1956, as superceded and substituted by notified provisions of the Companies Act, 2013
Companies Act 1956	Companies Act, 1956
Competition Act	Competition Act, 2002
Connectivity Regulations	Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009
CPRI	Central Power Research Institute
CPSU	Central Public Sector Undertakings
CRISIL	Credit Rating Information Services of India Limited
Crore	10 million
CSR	Corporate Social Responsibility
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DESU	Delhi Electric Supply Undertaking
Detailed Procedure	Detailed procedures of the CTU under Regulation 27(1) of the Central Electricity Regulatory Commission (Grant of Connectivity, Long Term Access and Medium Term Open Access in Inter – State Transmission and related matters) Regulations, 2009
DLO	District Labour Officer
DOCO	Date of Commercial Operation
DoE	Department of Expenditure

Term	Description
DoT	Department of Telecommunications
DPE	Department of Public Enterprises, Government of India
DPE Guidelines	Guidelines on Corporate Governance for Public Sector Enterprises, issued by the Ministry of Heavy Industries and Public Enterprises
Draft Regulations	Central Electricity Regulatory Commission (Prevention of Adverse Effect on Competition) Regulations, 2012
DTC	Direct Taxes Code
DVC	Damodar Valley Corporation
ECB Policy	India's policy on external commercial borrowing, as notified by the RBI
EIA Notifications	Notifications issued under the Environment (Protection) Act, 1986 in 1994, 1999 and 2006 by the Ministry of Environment and Forests, GoI collectively so called
Electricity Act	Electricity Act, 2003
Electricity Tribunal	Appellate Tribunal for Electricity
EPA	Environment (Protection) Act, 1986
EPS	Earnings per share, i.e., profit after tax for a fiscal divided by the weighted average number of equity shares during the fiscal
FCNR Account	Foreign Currency Non-Resident Account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FIIs	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI
Financial Restructuring Plan	Financial Restructuring Plan formulated and approved by the GoI for state distribution companies vide notification No. 20/11/2012-APDRP dated October 5, 2012
FIPB	Foreign Investment Promotion Board
FIR	First Information Report
Fiscal year / Fiscal	Period of 12 months ended March 31 of that particular year
Forest Conservation Act	Forest (Conservation) Act, 1980
FPO	Further Public Offering
FRA	Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006
FVCI	Foreign Venture Capital Investors (as defined under the SEBI (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GAAR	General Anti Avoidance Rules
GDP	Gross Domestic Product
GIR No	General Index Register Number
GNCTD	Government of National Capital Territory of Delhi
GoI or Government	Government of India
GoT	Government of Tripura
GRIDCO	GRIDCO Limited
HUF	Hindu Undivided Family
HVPNL	Haryana Vidyut Prasaran Nigam Limited
I.T. Act	Income Tax Act, 1961
ICRA	Indian Credit Ratings Agency
ID Act	Industrial Disputes Act, 1947
IDBI	IDBI Capital Market Services Limited
IDC	Interest during Construction
IEDC	Incidental Expenditure during Construction
IEDCL	IL&FS Energy Development Company Limited
IFCI	IFCI Limited
IFRS	International Financial Reporting Standards
IND-AS	Indian Accounting standards converged with IFRS
Indian GAAP	Generally Accepted Accounting Principles in India
Indian Telegraph Act	Indian Telegraph Act, 1885
Industrial Policy	The policy and guidelines relating to industrial activity in India, issued by the GoI from time to time
Insurance Regulatory and Development Authority/ IRDA	Statutory body constituted under the Insurance Regulatory and Development Authority Act, 1999
Inter-state Transmission Scheme Regulations	Central Electricity Regulatory Commission (Grant of Regulatory Approval for Execution of Inter-State Transmission Scheme to Central Transmission Utility) Regulations, 2010

Term	Description
IP Guidelines – I	Guidelines for Registration of Infrastructure Providers Category- I issued by the Department of Telecommunication
IPC	Indian Penal Code, 1860
IPO	Initial Public Offer
IPPs	Independent power producers
ISEC	ICICI Securities Limited
ITAT	Income Tax Appellate Tribunal
IUC Regulation	The Telecommunication Interconnection Usage Charges Regulations, 2003
Jaiprakash	Jaiprakash Power Ventures Limited
JKHCL	Jaypee Karcham Hydro Corporation Limited
JSEB	Jharkhand State Electricity Board
JVC	Joint Venture Company
Km	Kilometers
Korba Power Station	Korba Super Thermal Power Station Stage III
Kotak	Kotak Mahindra Capital Company Limited
LA Act	Land Acquisition Act, 1894
Land Acquisition Act 2013/Land Acquisition Act	The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013
LAO	Land Acquisition Officer
LEO	Labour Enforcement Officer
M	Metres
MCA	Ministry of Corporate Affairs, GoI
MNRE	Ministry of New and Renewable Energy
MoDoNER	Ministry of Development of North Eastern Region, GoI
MoEF	Ministry of Environment and Forests, GoI
MoP	Ministry of Power, GoI
MoU	Memorandum of Understanding
MPSG Scheme	Maharashtra Private Security Guards (Regulation of Employment Amendment) Scheme, 2005
MSEDCL	Maharashtra State Electricity Distribution Company Limited
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NALCO	National Aluminium Company Limited
NEA	Nepal Electricity Authority
NEEPCO	North-Eastern Electric Power Corporation Limited
NEFT	National Electronic Fund Transfer
NHPC	National Hydro-Electric Power Corporation Limited
NLC	Neyveli Lignite Corporation Limited
Non-Resident or NR	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NRE Account	Non-Resident External Account established in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTP	National Tariff Policy, 2006
NTP 2012	National Telecommunication Policy, 2012
NTPC	National Thermal Power Corporation Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this Offer
ODA	Overseas disbursement assistance
OERC	Odisha Electricity Regulatory Commission
Open Access Regulations	Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008
OPTCL	Odisha Power Transmission Corporation Limited
OTPC	ONGC Tripura Power Company Limited
OTS	One Time Settlement
PAN	Permanent Account Number allotted under the I.T. Act
PFC	Power Finance Corporation Limited
PGCB	Power Grid Company of Bangladesh Limited
PIL	Public Interest Litigation

Term	Description
Power Supply Regulations	Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010
Power Transmission Systems Act	National Thermal Power Corporation Limited, the National Hydro Electric Power Corporation Limited and the North-Eastern Electric Power Corporation Limited (Acquisition and Transfer of Power Transmission Systems) Act, 1993
PPE	Prior Period Expenses
RBI	Reserve Bank of India
REMC	Railway Energy Management Company
Revision of Pay Scales Memorandum	The Office Memorandum (DPE OM No. 2(70)/08-DPE(WC)-GL-XVI/08) dated November 26, 2008, issued by the DPE on revision of pay scales for board level and below board level executives and non-unionised supervisors in CPSEs
RIL	Reliance Infra Limited
RINL	Rashtriya Ispat Nigam Limited
RITES	RITES Limited
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana
Rs. or ₹	Indian Rupees
RTGS	Real Time Gross Settlement
RTI	Right to Information
S & P	Standard and Poor's rating services
SAIL	Steel Authority of India Limited
SBICAP	SBI Capital Markets Limited
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
Sharing of Charges and Losses Regulations/Sharing Regulations	Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010
SJVN	SJVN Limited
SLAO	Special Land Acquisition Officer
SPV	Special Purpose Vehicle
Standards of Performance Regulations	Central Electricity Regulatory Commission (Standards of Performance of inter-State transmission licensees) Regulation, 2010
State Discoms	State distribution companies
STT	Securities Transaction Tax
Tariff Order	Telecommunication Tariff Order, 1999
Tariff Regulations/Fiscal 2010-2014 CERC Regulations	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009
Tata Power	Tata Power Company Limited
TBCB Guidelines	Tariff based Competitive-bidding Guidelines for Transmission Service, 2006
THDC	Tehri Hydro Development Corporation Limited
TNEB	Tamil Nadu Electricity Board
TNGDCL	Tamil Nadu Generation and Distribution Corporation Limited
Torrent	Torrent Power Limited
Trademarks Act	Trademarks Act, 1999
TRAI Act	Telecom Regulatory Authority of India Act, 1997
TUL	Teesta Urja Limited
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. QIBs	"Qualified Institutional Buyers" as defined in Rule 144A under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933
UBS	UBS Securities India Private Limited
UPCCL	Uttar Pradesh Power Corporation Limited
VCF(s)	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
WBSEDCL	West Bengal State Electricity Distribution Company Limited
Wireless Telegraphy Act	Indian Wireless Telegraphy Act, 1933

Industry Related Terms

Term	Description
APDRP	Accelerated Power Development and Reform Programme
ATE	Appellate Tribunal for Electricity
BEE	Bureau of Energy Efficiency
BOO	Build, own and operate
BOOM	Built, own, operate and maintain
BOOT	Build, own, operate and transfer
BPTA	Bulk Power Transmission Agreement
CDM	Clean Development Mechanism
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CSPUs	Central Sector Power Utilities
CTU	Central Transmission Utility
DICs	Designated ISTS Customers
DPR	Detailed Project Report
DWDM	Dense Wave Division Multiplexes
EBITDA	Earning before interest, tax, depreciation and amortization
EHV	Extra High Voltage
EHV AC	Extra high voltage alternative current
EPC	Engineering, Procurement and Construction
ERS	Emergency Restoration Systems
ESCO	Energy Service Company
FERV	Foreign Exchange Rate Variation
Ha	Hectares
HCPTCs	High Capacity Power Transmission Corridors
HTPL	High Tension Power Line
HTS	High temperature superconductor
HV	High voltage
HVDC	High voltage direct current
ICTs	Inter Connecting Transformers
IEGC	Indian Electricity Grid Code
ILD	International Long Distance
IP-I Provider	Infrastructure Provider Category – I
IP-I Registration Certificate	Certificate obtained from the DoT for registration as Registration as Infrastructure Provider Category I
IPMCS	Integrated Project Management and Control System
IPTC	Independent Private Transmission Company
IST	Intra-state transmission
ISTS	Interstate and Inter- regional electric power transmission system
IUC	Interconnection Usage Charges
kV	Kilovolts
KW	Kilo Watt
LILO	Loop In Loop Out
LTAA	Long Term Access Agreement
LTOA	Long-term open access
MPLS	Multi-Protocol Label Switching
MVA	Mega Volt Ampere
MW	Mega Watt
NEP	National Electricity Policy
NKN	National Knowledge Network
NLDC	National Load Despatch Centre
NLDO	National Long Distance Operator
NOFN	National Optical Fibre Network
NTAMC	National Transmission Asset Management Centre
OPGW	Optical Ground Wire
PDCs	Phasor data concentrators
PMUs	Phasor measurement units
REC	Rural Electrification Corporation Limited
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RLDC	Regional Load Despatch Centre
RSA	Revenue Sharing Agreement
Rural Electrification Programme	Rajiv Gandhi Grameen Vidyutikaran Yojana programme for rural electrification
SDH	Synchronous Digital Hierarchy
SEB	State Electricity Board

Term	Description
SERC	State Electricity Regulatory Commissions
SLDC	State Load Despatch Centre
SPUs	State Power Utilities comprising of transmission and distribution companies formed pursuant to the unbundling of SEBs
STUs	State Transmission Utilities
T&D	Transmission and Development
TBCB	Tariff based competitive bidding
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
TRAI	Telecom Regulatory Authority of India
TSA	Transmission Service Agreements
UCPTT	Uniform Common Pool Transmission Tariff
UHV	Ultra High Voltage
UHVDC	Ultra High Voltage Direct Current
UI	Unschedule Interchange
ULDC	Unified Load Despatch Centre
ULDC Project	ULDC and communication project undertaken by the Company under which modernized load despatch facilities have been established in each of the five regional centres
UMPPs	Ultra Mega Power Projects
URTDSM	Unified real time dynamic state measurement
USO	Universal Service Obligations
WAMS	Wide area measurement system

The words and expressions used but not defined in this Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "***Main Provisions of the Articles of Association***", "***Statement of Tax Benefits***", "***Industry Overview***", "***Regulations and Policies in India***", "***Financial Statements***" and "***Outstanding Litigation and Material Developments***" on pages 463, 59, 66, 119, 168 and 341, respectively, will have the same meaning given to such terms in these respective sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Red Herring Prospectus to **"India"** are to the Republic of India. All references in this Red Herring Prospectus to the **"U.S."**, **"USA"** or **"United States"** are to the United States of America.

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our consolidated audited financial statements for and as of Fiscal 2012 and 2013, and our standalone audited financial statements for and as of the Fiscal 2012 and 2013, and our standalone, unaudited reviewed financial statements for the six month ended September 30, 2012 and 2013, prepared in accordance with the Generally Accepted Accounting Principles in India ("**Indian GAAP**") and the Companies Act 1956, the SEBI ICDR Regulations and the letter (No. CFD/DIL/SK/PHV/OW/27755/2013) dated October 29, 2013 issued by SEBI.

Our financial year commences on April 1 and ends on March 31, so all references to a particular financial year are to the twelve-month period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between the Indian GAAP, the International Financial Reporting Standards ("**IFRS**") and the Generally Accepted Accounting Principles in the United States of America ("**U.S. GAAP**"). We have not attempted to explain such differences or to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial information to those of U.S. GAAP or IFRS and we urge the investors to consult their advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP and the SEBI ICDR Regulations, included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

Industry and Market Data

Unless stated otherwise, the industry and market data used throughout this Red Herring Prospectus has been obtained from industry publications and government data. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholder or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors***" on page xvii. Accordingly, investment decisions should not be based solely on such information.

Currency and Units of Presentation

All references to "**Rupees**" or "**₹**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**U.S. Dollar**" or "**USD**" or "**US$**" are to United States Dollar, the official currency of the United States of America. All references to "**Euro**" or "**€**" or "**EUR**" are to the Euro, the single currency of the participating member states in the third stage of the European Economic and Monetary Union of the Treaty establishing the European Community, as amended. All references to "**Krona**" or "**SEK**" or "**Kr**" are to

Swedish Krona, the official currency of Sweden. All references to "**Japanese Yen**" or "**Yen**" are to Japanese Yen, the official currency of Japan.

Exchange Rates

This Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of item (VIII) sub-item (G) of Part A of Schedule VIII of the SEBI ICDR Regulations. These convenience translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The exchange rates of the respective foreign currencies as on March 30, 2012, March 28, 2013, September 28, 2012 and September 30, 2013 are provided below.

(₹)

Currency	Exchange Rate as on March 28, 2013*	Exchange Rate as on March 30, 2012**	Exchange Rate as on September 30, 2013	Exchange Rate as on September 28, 2012***
1 US$	54.91	51.63	63.37	53.24
1 €	70.42	69.18	85.87	69.08
1 SEK	8.47	7.82	9.92	8.23
1 Yen****	58.58	63.30	64.93	69.04

Source: SBI Card Rate

**Exchange rate as on March 28, 2013 as SBI Card Rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013, on account of it being a Sunday, Saturday and a holiday (Good Friday), respectively.*

*** Exchange rate as on March 30, 2012 as SBI Card Rate is not available for March 31, 2012, on account of it being a Saturday.*

****Exchange rate as on September 28, 2012, as SBI Card Rate is not available for September 30, 2012 and September 29, 2012 on account of it being a Sunday and Saturday, respectively.*

***** 1 unit of Yen corresponds to 100 Yens as Yen is traded in units of hundreds*

NOTICE TO INVESTORS

United States

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**"), or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Red Herring Prospectus as "**U.S. QIBs**"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as "**QIBs**"), in reliance on Rule 144A under the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act, and (b) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and the 2010 Amending Directive, except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (1) an average of at least 250 employees during the last fiscal; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

- to fewer than 100 natural or legal persons (other than "qualified investors" as defined in Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Underwriters for any such offer; or
- in any circumstances falling within Article 3(2) of the Prospectus Directive as amended,

provided that no such offering of Equity Shares shall result in a requirement for the publication by the Company or the Underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive as amended.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 Amending Directive) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 Amending Directive" means Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (as amended, to the extent implemented in a Relevant Member State, by the 2010 Amending Directive) or in circumstances in which the prior consent of the Underwriters have been obtained to each such proposed offer or resale. The Company, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will continue", "seek to", "will pursue" or other words or phrases of similar import. Similarly statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements being subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including, but not limited to:

- changes to the current tariff policy or modifications of our tariffs by regulatory authorities in India;
- our ability to manage projects awarded to us through the tariff based competitive bidding route;
- impact of amendments to the CERC (Open Access in Inter-State Transmission) Regulations, 2008;
- credit worthiness of State Power Utilities in India;
- our ability to successfully implement our strategy, our growth and expansion;
- general economic and business conditions in the markets in which we operate;
- technological changes in the future;
- our exposure to market risks;
- general economic and political conditions in India and which have an impact on our business activities or investments;
- terrorist attacks, civil disturbances, regional conflicts, accidents and natural disasters;
- the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices;
- the performance of the financial markets in India and globally;
- changes in government policies and domestic laws, regulations and taxes; and
- increasing competition in or other factors affecting the industry segments in which we operate.

For further discussion of factors that could cause our actual results to differ, see "***Risk Factors***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages xvii and 286, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, the Selling Shareholder nor the BRLMs nor the Syndicate Members nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company will ensure that investors in India are informed of material developments until the commencement of listing and trading of the Equity Shares offered and sold in the Fresh Issue.

SECTION II - RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to the countries and the industries in which our Company operates, our Company or the Equity Shares. Additional risks not presently known to our Company or that we currently deem immaterial may also impair our Company's business operations. To obtain a complete understanding of our business, you should read this section in conjunction with the sections titled "**Our Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages* 83 *and* 286*, respectively, as well as other financial information contained in this Red Herring Prospectus. If any or some combination of the following risks or any of the other risks and uncertainties discussed in this Red Herring Prospectus actually occur, our business, financial condition and results of operations could suffer, the trading price of the Equity Shares and the value of your investment in the Equity Shares could decline, and you may lose all or part of your investment.*

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

Unless otherwise stated, the financial information of our Company used in this section is derived from our consolidated financial statements for Fiscal 2012 and Fiscal 2013 and the unaudited (subject to a limited review) standalone financial statements for the six months ended September 30, 2012 and 2013. The numbering of the risks described below is only to facilitate ease of reading.

INTERNAL RISKS

1. Any changes to the current tariff policy or modifications of our tariffs norms by regulatory authorities including the Central Electricity Regulatory Commission ("CERC") and Telecom Regulatory Authority of India ("TRAI") could have an adverse effect on our business, financial condition and results of operation including through a reduction in our return on equity.

Pursuant to the Electricity Act, 2003 ("**Electricity Act**") a new tariff policy was notified by the Government of India ("**GoI**") on January 6, 2006. CERC is guided by this policy when specifying the terms and conditions of particular tariffs for transmission projects. The current CERC tariff regulations are the CERC (Terms and Conditions of Tariff) Regulations, 2009 ("**Fiscal 2010-2014 CERC Regulations**"), which are based on a cost-plus-tariff based system and provide us a return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year. Under our tariffs on a cost-plus basis, we receive reimbursements for our operating and maintenance expenses at normative rates, rather than actual expenses incurred. As a result, if our actual operating and maintenance expenses exceed the reimbursements we receive, our revenue will be reduced by the shortfall amount. Our current tariffs are expected to be applicable until March 31, 2014 and a new tariff norm is expected to come into force with effect from April 1, 2014 for a period of five years. In the event, that the current tariff norms change or CERC modifies our tariffs, our business, financial condition and results of operations could be materially and adversely affected.

The CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 (the "**Sharing Regulations**") implemented a "point of connection" method for sharing of transmission charges for the Inter-State Transmission System ("**ISTS**") in India to be shared by the users, replacing the previous method of regional "postage stamp" method of sharing of transmission charges. This new regulation came into force with effect from July 1, 2011. This regulation provides that yearly transmission charges and revenue requirements pursuant to the tariff structure will be shared amongst the ISTS users that includes larger generating stations, state electricity boards ("**SEBs**"), state transmission utilities ("**STUs**"), bulk consumers connected directly to the inter-state transmission system and any designated entity representing a physically-connected entity. Currently, five of the designated ISTS customers, or DICs, have challenged the "point of connection" method implemented by the CERC before the Delhi High Court. By its interim order dated July 30, 2013, the Delhi High Court has directed payments under the "point of connection" method to be made by the petitioners pending a final decision. In case the matter is not determined in favour of the petitioners or if the petitioners obtain a stay against the Delhi High Court order dated July 30, 2013, we may have to refund the excess payment collected from the petitioners along with interest and collect the same from other users since our tariff is revenue neutral under both methods for sharing of transmission charges, which could lead to a delay in the realization of tariff by us. For further information, see "***Outstanding Litigation and Material Developments***" on page 341.

The tariff for our telecommunications business are regulated by the TRAI through its telecommunication tariff orders which specify the ceiling tariff for various capacity levels of bandwidth. The present tariff is based on the Telecommunication Tariff Order 1999 issued by TRAI and as amended from time to time. Over a period of time discounts are offered over the ceiling tariffs issued by TRAI to match market demands and the tariff is continuously declining. Any further downward revision of tariff by TRAI may have an adverse impact on the revenue to our telecom business.

There can be no assurance that current tariffs or regulations will continue to be applicable and it is possible that changes may occur which could have the effect of, for example, reducing the return on equity currently allowed to us on our transmission projects, reducing the additional return on equity currently allowed to us on our projects if the projects are completed on time, changing our normative rate of recovery of operation and maintenance expenditure or setting additional limitations on our ability to recover the cost of assets we develop or services we provide. In April and June 2010, CERC ordered that the actual capital expenditure we incur in the development of a project should be benchmarked against an acceptable amount of capital expenditure in order to determine whether the actual capital expenditure incurred was reasonable. Any changes to the current tariff policy or modifications of our tariffs by CERC in relation to our transmission business or the TRAI in relation to our telecom business could have a material adverse effect on our business, profitability, financial condition and results of operations and viability of our existing and future projects. For further information, see "***Regulations and Policies in India***" on page 119.

2. ***Our future revenues and results of operations are dependent upon our ability to effectively secure and build own operate and maintain the projects awarded to us through the tariff based competitive bidding route.***

Pursuant to the Tariff Policy, 2006 which was notified on January 6, 2006, the MoP stipulated that investment by a transmission developer other than a Central Transmission Utility ("**CTU**")/STU was to be invited though competitive bids and that the tariffs of the transmission projects to be developed by the CTU/STU after a period of five years or when the CERC is satisfied that the situation was suitable to introduce such competition shall be determined through competitive bidding. With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under the Tariff Based Competitive Bidding ("**TBCB**") route. Under TBCB, tariff for projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on a built, own, operate and maintain ("**BOOM**") basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013, we have secured three transmission projects through TBCB process, each of which are executed by our wholly owned subsidiaries, each of which were acquired by us as part of the TBCB process.

If we are not successful in bidding competitively against our competitors, including Indian and international companies having greater resources and expertise than us, for projects under the TBCB scheme or if we are awarded projects based on bids that we later determine to be unviable or if our revenues and expense reimbursements from such projects are not on commercial terms favorable to us or if we are compelled by any regulatory order or otherwise to execute such projects, our ability to complete awarded projects profitably or at all may be adversely affected, which could materially and adversely affect our business, reputation and financial results.

Additionally, we may face increased competition in our transmission business. Large Indian businesses and international companies, among others, including some that already have a presence in the Indian power sector, may seek to expand their operations in the Indian transmission sector. The Indian power sector could also attract new domestic and international entrants. Our future revenues and operating results would therefore be dependent on our ability to effectively compete with other parties to win projects under the TBCB route and to manage our construction and operating expenses on projects awarded to us.

3. Our financial condition and results of operations may be affected by the amendments to the CERC (Open Access in Inter-State Transmission) Regulations, 2008.

Under the earlier CERC (Open Access in Inter-State Transmission) Regulations, 2008, the transmission charges collected under short term open access were transferred to us, in our capacity as CTU, for further disbursement. The CTU was entitled to retain 25% of the amounts so collected and the balance was disbursed for the respective periods to the long-term customers of the synchronously connected grid. Our transmission income on account of short term open access was ₹4,425.8 million, ₹3,254.8 million and ₹2,033.4 million in Fiscal 2013 and Fiscal 2012 (on a consolidated basis) and the six months ended September 30, 2013 (on a standalone basis), respectively, or 3.36%, 3.12% and 2.69%, respectively of our total revenue from operations for such periods. The CERC has now amended this regulation whereby with effect from September 11, 2013, we are required to disburse the entire amount collected by us without retaining the 25% of the amounts so collected under short term open access. As a consequence, we no longer earn revenue from the transmission charges collected under short term open access by one of our subsidiaries, Power System Operation Corporation Limited ("**POSOCO**"). However, we have filed a review petition with the CERC against such amendment to the regulation and a hearing is awaited. Our financial condition and results of operations may be significantly affected in case the outcome of such review petition in not in our favour. For details see "***Regulations and Policies in India***" on page 119.

4. Most of our revenue is derived from the transmission of power to the State Power Utilities ("SPUs"), and many of these entities have had weak credit histories in the past. If we are unable to recover all the receivables from the SPUs including the outstanding amounts due to us from such SPUs, our financial position could be adversely affected.

In accordance with the terms of allocation letters issued by the GoI, we are obliged to undertake the transmission of electricity to SPUs through our transmission system. The SPUs are our largest customers and represent substantially all of our trade receivables and unbilled debtors. We had ₹288,44.1 million, ₹32,773.0 million and ₹38,047.3 million of trade receivables and unbilled debtors as compared to our total income of ₹110,735.8 million, ₹137,271.2 million and ₹77,384.6 million, respectively, in Fiscal 2012 and 2013 (on a consolidated basis) and in the six months ended September 30, 2013 (on a standalone basis), respectively.

The SPUs include certain SEBs, and certain other entities that have been created by the unbundling of the remaining SEBs. The SEBs have had weak credit histories in the past. Due to their substantial debt owed to us, a onetime settlement ("**OTS**"), a "securitization scheme" was implemented by the GoI in 2003 pursuant to which ₹18,620 million in bonds were issued to us along with ₹1,540 million as long term advances to "securitize" our past due receivables from the SEBs.

In addition, owing to their continued inability to pay amounts outstanding to us and other power companies, a scheme for financial restructuring ("**Financial Restructuring Plan**") of state distribution companies ("**State Discoms**") has also been formulated and approved by the GoI to enable the turnaround of the State Discoms and ensure their long term viability. The scheme contains measures to be taken by the State Discoms and state governments for achieving financial turnaround by restructuring of their debt with support through a transitional finance mechanism provided by the GoI. We cannot, assure you that as a result of the OTS and the Financial Restructuring Plan, the creditworthiness of the SPUs will be enhanced or that all of our existing or future trade receivables will be paid. There can also be no assurance that such support and benefits from the GoI may continue or be available to us in the future, which may materially and adversely affect our business and financial results.

5. Our strategic direction, priorities and prospects are controlled and heavily influenced by the policies of the GoI, which is our controlling shareholder, and federal and state government agencies and regulatory authorities, as well as government-owned and controlled entities with which we have commercial relationships.

As our controlling shareholder and principal regulator, the GoI and its ministries and regulatory authorities, including the MoP and the CERC, control our strategic direction and heavily influence our financial results and prospects. Our status as CTU and our leadership position in the Indian power transmission sector arise from policies over the past two decades by the GoI to consolidate all the ISTS assets of the country in us. The GoI has taken steps recently to introduce private sector competition in bidding for power transmission projects. The GoI has also proposed that our subsidiary, POSOCO, which performs grid management and load despatch functions as the operator of the National Load Despatch Center ("**NLDC**") and the Regional Load Despatch Centers ("**RLDCs**"), may be made independent from us in the future. The GoI has designated us as a "Navratna" public sector enterprise, thereby entitling us to greater autonomy in some corporate and business decisions; however, such designation may be reviewed or withdrawn in future depending on our financial performance and other factors. Policy decisions taken by the GoI or any regulatory authority affecting our business may not be to our advantage. Such or other decisions that cause us to lose our leadership position in the power transmission sector or our ability to compete effectively may materially and adversely affect our business, prospects and financial results.

The revenues we earn from our power transmission projects principally depend on the tariffs stipulated by the CERC for power transmission and the project expenses for which we are reimbursed, which are subject to change and review by the GoI, and may be decreased in future periods or for specific projects if so deemed fit by the GoI or any regulatory authority, which could materially and adversely affect our business, prospects and financial results.

A significant part of our business transactions are with government entities or agencies, which may expose us to various risks, including additional regulatory scrutiny and delayed collection of receivables or bad debts. We may be required to undertake a public utility function on behalf of the GoI and projects which may not be profitable or economically remunerative. For example, in our consultancy role, we have been facilitating the implementation of the GoI-funded projects for the distribution of electricity to end-users through the Rajiv Gandhi Grameen Vidyutikaran Yojana ("**RGGVY**") in rural areas. Such projects may take up management, financial and other resources and may be less remunerative compared to the execution of power transmission projects, which may adversely affect our financial performance.

Many other key aspects of our business, including our ability to borrow and extent of borrowings in the Indian and international markets, our ability to acquire right of way in land and other inputs for our projects in a timely and cost-effective manner and the international expansion of our operations (including in countries affected by sanctions) are influenced by GoI policies and directions. In addition, the GoI as our majority shareholder will have the power to determine decisions relating to among other things, dividends and further issuance of Equity Shares which may adversely affect the price of the Equity Shares. Such policies and directions may not be commercially favorable to us, which may adversely affect our business, prospects and financial results.

6. Grid disturbances or failures could adversely affect our reputation and our relations with our regulators and stakeholders.

Grid disturbances can arise when sufficient imbalances exist between power being delivered to and power being removed from the transmission system. On July 30 and 31, 2012, India experienced grid disturbances which caused large-scale power outages in three of India's five interconnected power grids. These grid disturbances included part of our transmission lines. The grid disturbances were caused by a combination of factors, including weakened inter-regional corridors affected by multiple outages on other transmission lines, a delay or refusal by power generators to back down (i.e. reducing power generation by generators at the time of reduced demand in order to maintain pre-determined system parameters), overdraw by some of the provincial utilities from the national grid utilizing unscheduled interchange and leading to high loading of certain transmission lines and inadequate response by state load despatch centers ("**SLDCs**") to the instructions of RLDCs with respect to managing power offtake from the national grid.

Although we employ modern operation as methods and maintenance, load dispatch and communications systems and methods to avoid such outcomes, the Indian power sector faces difficulties in implementing various directives due to electricity being both a Central government and a State government subject, or being on the concurrent list, and therefore resulting in varying priorities of the stakeholders. There can be no assurance that the grid will not again experience disturbances including, as a result of actions taken by power generators or customers, the rapid expansion of regional electricity grids and their integration into a national grid or other reasons or that any such disturbance will be promptly addressed. Long-lasting or repeated disturbances could adversely affect our reputation as a transmission service provider with customers, power generators, industry regulators, stakeholders and others. Such loss of reputation could hurt our business and adversely impact our relations with regulators.

7. Transmission projects require a substantial capital outlay and time before any benefits or returns on investments are realised and our return on investment in transmission projects may be reduced as a result of our inability to complete our projects on time or at all.

As India's principal electricity power transmission company, we generate revenue primarily through tariffs charged for facilitating transmission of electric power from power generation sources to distribution networks or end users. We are constantly required to upgrade and expand our transmission network to meet the country's increased power demand. Our transmission projects typically require substantial capital outlays and time before the commencement of commercial operation. We generally begin generating a return on investment in a transmission project through collecting tariffs after the commencement of commercial operation, which may be delayed due to various reasons. In particular, our failure to complete a generation-linked transmission project in accordance with the project's agreed schedule might require us to indemnify the generators up to certain limited amounts.

Conversely, if a new transmission project is linked to a new generation project, and the generation project is delayed, the return on our investment in the project may be postponed, subject only to the receipt of limited indemnification amounts from the generator, unless we can demonstrate to CERC that we, our contractors and our suppliers were not responsible for the delay. As a result of any such delays, or our inability to demonstrate to the CERC that we are not responsible for such delays or to justify additional capital expenditure caused by the delay to the CERC, our return on investment in the affected transmission project may be lower than originally expected and our business and financial conditions as well as our ability to invest in others or future projects may be materially affected.

The time and costs required to complete a transmission project may be subjected to substantial increases due to many factors, including right of way issues in transmission line construction, issues relating to land acquisition for substations, shortage of materials, equipment, technical skills or labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market or economic conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent the completion of, our projects.

CERC may, under the Fiscal 2010-2014 CERC Regulations or under other applicable regulations, approve the commercial operation of our transmission systems prior to such transmission projects coming into regular service and thereby authorise us to receive tariffs from the project's intended beneficiaries irrespective of the actual transmission of power if we can show that the delay is not attributable to us, our contractors or our suppliers. However, there can be no assurance that we will be able to generate tariffs on these projects prior to the completion of the associated generation projects, that we will receive specified indemnity from owners of a delayed power generation project or that we will be able to demonstrate to CERC that certain delays are not attributable to us, our contractors or our suppliers. Any delays in the commissioning of a transmission project may have an adverse effect on the return on investment for such project and our financial results.

8. Our transmission projects and expansion plans including the construction of the required infrastructure are subject to a number of contingencies, including our ability to award projects and to ensure timely and quality execution of projects by competent contractors and our ability to effectively acquire and integrate relevant companies and technologies and work effectively with joint venture partners on projects. If these new transmission projects, new projects and expansion plans are affected by such contingencies, our financial condition and results of operations may be adversely affected.

Our projects and expansion plans are subject to a number of contingencies, including changes in laws and regulations, governmental action or inaction, delays in obtaining permits or approvals, accidents, natural calamities and other factors beyond our control. In addition, we must obtain the right of way to expand our transmission lines and find suitable, available land on which to construct substations. Further, most of our projects are dependent on the availability of competent external contractors for construction, delivery and commissioning, as well as the supply and testing of equipment. We cannot assure that the performance of our external contractors will always meet our terms and conditions or performance parameters. If the performance of contractors is inadequate to our requirements, this could result in incremental cost and time overruns which in turn could adversely affect our new projects and expansion plans. We undertake construction of our transmission and substation projects through third party contractors. Our selection criteria for contractors are primarily based on the technical experience and financial position requirements of the projects. Although we have established internal control procedures such as in the selection of contractors, there is no assurance that our contractors will not violate any applicable laws and regulations in their provision of services. If we become aware that any of our contractors is involved in any material breach of applicable laws and regulations, we may not be able to continue with the relevant contracting agreement with such contractor. Although, our contractors furnish performance guarantees valid up to end of warranty period, which is generally 12-18 months, we cannot assure you that we would be able to enforce the performance guarantees from these contractors. The availability of competent construction companies may be limited due to issues relating to availability of skilled manpower and resources and requirement of higher construction skills in construction of 765 kV level transmission network that may be more complex and voluminous and the consequent shortage of construction companies available to undertake large projects in the power sector. Some of the contracts for the Identified Projects which are yet to be awarded, will be awarded by us at an appropriate time during the course of the implementation of the projects. Further, if we are not able to award our projects to competent contractors on a timely basis, or on terms that provide for the timely and cost-effective execution of the project, our projects, including the Identified Projects, may be delayed and our returns on those projects may be affected. Our project costs are calculated on the basis of management estimates and the occurrence of any contingencies beyond our control may affect the returns from the affected projects.

In addition, as part of our growth strategy, we may seek to acquire businesses, technologies and products. We may choose to incur additional debt to fund any such expansion plans. Nevertheless, we may fail to complete such acquisitions, or to realize the anticipated benefits of such acquisitions, and may incur unforeseen costs. We may also not realise the anticipated return on equity owing to amongst others, changes in applicable regulations and/or delay in the implementation of our expansion plans. This could negatively affect our business.

Further, we have 12 joint ventures, four of which have commenced operations. We also have four subsidiaries, one of which is in commercial operation. If our subsidiaries or joint ventures are not profitable, our financial condition and results of operations may be adversely affected. For further details on our subsidiary and joint venture companies, see "***History and Certain Corporate Matters***" on page 131.

9. ***We may have to dispose of our equity interest in POSOCO which may affect our financial condition and our results of operations***.

NLDC and RLDCs have been established by the Central Government in accordance with the Electricity Act for optimum scheduling and dispatch. Pursuant to a notification of the GoI, the operations of RLDCs and NLDC were transferred from us to our wholly owned subsidiary, POSOCO. As operator of the RLDCs and NLDC, POSOCO charges short term open access customers a fee for the scheduling of their access through the relevant load despatch centers. This fee is over and above the CERC determined fees and charges of the RLDCs and NLDC. At the time the operation of the RLDCs and the NLDC were transferred to POSOCO, the MoP directive of July 2008 had stated that POSOCO may be made an independent company within a period of five years to avoid any conflict of interest with our Company. Should POSOCO be sold or be disposed of entirely, we may not be able to receive the dividends or other benefits which we currently receive from POSOCO. There can be no assurance that any such proposed sale of POSOCO in the future will be made at fair value or otherwise at terms favorable to the Company, which may adversely affect the financial condition and results of operations of the Company.

10. There have been delays in the schedule of implementation and increase in projects costs of our transmission projects. The scheduled completion dates for our projects are based on management estimates and are subject to the risks arising from delays in land acquisition, forest clearance, contractor performance shortfalls and cost overruns, which may affect our results of operations.

Our transmission projects are required to achieve commercial operation no later than the scheduled commercial operations date specified under the investment approvals granted by our Board. The scheduled completion dates for our transmission projects are based on CERC stipulated timelines and management estimates and are subject to the risks arising from delay in selection of vendors or contractors for construction of our transmission lines and sub-stations, from contractor performance shortfalls and from non-availability of required equipment and manpower. The scheduled completion dates are also subject to us being able to acquire the land required, obtain forest clearance for diversion of forest land for relevant transmission projects in time and implement the project by such scheduled completion date. We have limited control over the land acquisition process as we need to acquire land through the state government. Similarly, we have limited control over obtaining forest clearances, for diversion of the forest land required for our transmission projects.

Further, our approved project costs are based on management estimates and in respect of projects where the estimated project cost is above ₹5,000 million, on financial appraisals by certain banks and financial institutions. Our approved project costs are also subject to on-going variation primarily on account of escalation clause for change in the prices of raw materials in the contracts entered into with the contractors, increase/decrease in the actual interest rate from the budgeted interest rate, additional interest costs incurred due to delay in projects and changes in statutory duties and taxes.

For instance, there has been a delay in the schedule of implementation of our URI-II HEP Transmission System, as the project was to be commissioned by May 2011 but was progressively commissioned by May 2012, on account of, among other things, delay in obtaining forest clearance. The estimated project cost of URI-II HEP Transmission System also increased to ₹364.2 million, on account of, among other things, inflationary trends prevalent during execution, such as increase in cost of various major raw materials. Similarly, our

Supplementary Transmission System associated with DVC and Maithon Right Bank project was to be commissioned by August 2012 but was progressively commissioned in January 2013, and the estimated project cost increased to ₹2,199.5 million on account of delay in obtaining clearance and price escalation in construction contracts, respectively, among other things.

If any of these risks materializes, it could give rise to delays, cost overruns, lower or no returns on capital, erosion of capital and reduced revenue for our Company. We cannot assure you that all potential liabilities that may arise from delays or shortfall in performance will be covered or that the damages that may be claimed from such contractors will be adequate to cover any loss of profits resulting from such delays, shortfalls or disruptions. In addition, failure to complete a transmission project according to its original specifications or schedule, if at all, may give rise to potential liabilities. If any delay in completion of our transmission projects were to occur, such delay could adversely affect our business, results of operations and financial condition.

11. Our flexibility in managing our operations is limited by the regulatory environment and the policies of the GoI which governs the power sector.

Our businesses are regulated by the Central government and State governments in India, as well as by the governments of other countries in which we operate. We require regulatory approvals, sanctions, licenses, registrations and permissions to operate and expand our businesses. For instance, our Company may be required to obtain approval of the Ministry of Environment and Forests ("**MoEF**") of the GoI under the Forest (Conservation) Act, 1980 if a transmission project involves the diversion of forest land, and the specific clearance of the Supreme Court of India if such project involves the erection of transmission lines in areas designated as reserved forests, wildlife sanctuaries, national parks and biosphere reserves. The regulatory framework in India continues to evolve and regulatory changes could have an adverse effect on our business, results of operations and financial condition. Non-compliance with any regulation may also lead to penalties, revocation of our permits or licenses or litigation.

Future government policies and changes in laws and regulations in India and elsewhere may adversely affect our business and operations, and restrict our ability to do business in our existing and target markets. The timing and content of any new law or regulation is not in our control and such new law or regulation particularly affecting tariffs could have an adverse effect on our business, results of operations and financial condition.

The power industry in India is regulated by laws, rules and directives issued by governmental and regulatory authorities. These laws, rules and directives have changed significantly over the years. There are likely to be more reforms, such as reforms implemented under the Electricity Act, in the ensuing years. There can be no assurance that these reforms, including changes to the current regulatory bodies or to the existing rules and directives, will be favourable to our business. If such changes are not favourable, our business and financial results could be adversely affected.

We cannot assure you that we will obtain all regulatory approvals, sanctions, licenses, registrations and permissions that we may be required in the future, or receive renewals of existing or future approvals, sanctions, licenses, registrations and permissions in the time frames required for our projects and other operations or at all, which could adversely affect our business.

For a more detailed description of the current regulatory bodies and the existing laws, rules and directives, see "***Regulations and Policies in India***" on page 119.

For details regarding approvals that we have applied for and not yet obtained in relation to our business, see "***Government and Other Approvals***" on page 361.

12. Our Company is currently involved in six proceedings of criminal nature, and any adverse decision may have a significant adverse effect on our business and results of operations.

We are currently involved in six criminal proceedings which have been filed against us in various forums, relating to alleged violations of inter-alia the Contract Labour (Regulation and Abolition) Act, 1970, various sections of the Indian Penal Code 1860, provisions of the Industrial Disputes Act, 1947, the Code of Criminal Procedure, 1973 and/or other local or state laws for the time being in force in India. We cannot provide any assurance that these matters will be decided in our favour. Further, there is no assurance that similar proceedings will not be initiated against us in the future. In the event that such matters are decided against us, we may be ordered to take such action which may affect our business or provide relief to petitioners. For details of these cases, see *"Outstanding Litigation and Material Developments"* on page 341.

13. We have substantial borrowings. In the event we were to default in the repayment of our debt or not comply with the terms of our loan agreements, our business and results of operations could be adversely affected. Our indebtedness and the conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.

As at September 30, 2013, on a standalone basis, our total outstanding secured borrowings were ₹733,130.1 million, our total outstanding unsecured borrowings were ₹63,969.8 million and debt to equity ratio was 72:28 (excluding current maturities of long term debt). Approximately 67.12% and 32.88% of our outstanding debt as at September 30, 2013 was from domestic and international sources, respectively. We generally meet our debt service obligations and repay our outstanding borrowings using the cash flow produced under our tariffs, which have built-in provisions for the repayment of our debt. However, there can be no assurance that we will in the future be able to pay our debt obligations on time. In the event that the completion of a new project were to be substantially delayed, we might have to service the debt financing for that project before generating any cash flows from that project. Further, an event of default under our loans could occur due to factors beyond our control, such as India failing to remain a member of the Asian Development Bank ("**ADB**") or similar multilateral funding agency. If we fail to meet our debt service obligations or if a default otherwise occurs, our lenders could declare us in default under the terms of our borrowings and accelerate the maturity of our obligations. Any such default and acceleration could have a material adverse effect on our cash flows, business, financial condition, and results of operations.

Additionally, on October 23, 2013 our Board of Directors has approved a resolution for an increase in our borrowing limit to ₹1,300,000 million from ₹1,000,000 million which is subject to receipt of shareholders' approval. As our current borrowing nears our permissible borrowing limits, we may be limited in our ability to seek further financing should the shareholders approval not be available in a timely manner or at all.

Further, there are covenants in the agreements we have entered into with certain banks and financial institutions for our short-term borrowings, medium-term borrowings, long-term borrowings, bond trust deeds and multilateral lending institutions that require us to obtain written consent from lenders for undertaking certain activities. In some of the agreements we are required to ensure that we maintain a self financing ratio of 20% or more of our annual capital expenditure incurred during the previous, current or following financial year. Prior written consent of the lenders is required for, among other circumstances, undertaking restructuring of our Company, creating any mortgage or charge on any of the secured properties or assets and for assigning or transferring all or any of our rights, benefits or obligations under the loan agreements. In addition, some of our loan agreements contain financial covenants that require us to maintain, among other things, high ratings on our debt from credit rating agencies and a specified debt to equity ratio. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions we believe are required to operate and grow our business, in the future. Furthermore, a default on some of our loans may also trigger cross-defaults under some of our other loans. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us. For details of our financing arrangements, see "***Financial Indebtedness***" on page 320.

14. Our expansion plans require significant financial, management and other resources. If we are unable to expand, our growth plans, financial condition and results of operations could be adversely affected.

We intend to continue to rapidly increase our capacity to maintain and grow our leadership position as an Indian power transmission company. As at September 30, 2013, we had 86 ongoing transmission projects in various stages of implementation. These projects involve approximately 41,079 circuit kilometres of transmission lines and 60 substations with a total power transformation capacity of approximately 109,190 MVA. We are also in the process of adopting a higher voltage level system for our network.

We expect that the execution of new transmission and substation projects and our growth strategy will place significant strains on our management, financial and other resources. For instance, in order to manage the execution of new transmission and substation projects and growth effectively, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement and improve these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our expected schedule of project implementation, hire or retain employees, pursue new business, complete future strategic agreements or operate our business effectively. There can be no assurance that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to our future operations.

Further, our continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficient skilled technical and management personnel, and developing and improving our internal administrative infrastructure. We may intend to evaluate and consider expansion in the future to pursue existing and potential market opportunities. Our inability to manage our business plan effectively and execute our growth strategy could have an adverse effect on our operations, results, financial condition and cash flows. In addition, due to such inability to manage such challenges, we may also be unable to meet the annual performance targets set by the GoI pursuant to an annual MoU that we enter into with the MoP. If we are unable to successfully implement our business plan and growth strategy, our business, results of operations and financial condition would be materially and adversely affected.

We have had, and expect to continue to have, substantial liquidity and capital resource requirements for meeting our working capital requirements as well as capital expenditures. We will be required to supplement our cash flow from operations with external sources of financing to meet these requirements, particularly with regard to our plans for transmission infrastructure expansion. Our Board of Directors have budgeted an investment of ₹1,096.8 billion during the twelfth five year plan which began on April 1, 2012 and ends on March 31, 2017 ("**Twelfth Five Year Plan**"). Based on generation capacity targeted during the Twelfth Five Year Plan, our Board of Directors have budgeted capital expenditure of an amount of up to ₹221,500 million for expansion in Fiscal 2014 to further develop the national grid, including expanding inter-regional transmission systems, system strengthening schemes and transmission systems and high capacity transmission corridors for evacuation of power from central sector generation projects, ultra mega power projects ("**UMPPs**") and independent power producers ("**IPPs**").

We have in the past been able to finance our projects on competitive terms due in part to our Company achieving a favourable credit rating. There can however, be no assurance that we will achieve such financing in a timely manner and on favourable terms, or at all, or maintain a favourable credit rating. Future debt financing, if available, may result in increased finance charges, increased financial leverage, decreased income available to fund further acquisition and expansions and the imposition of restrictive covenants on our business and operations. In addition, future debt financing may limit our ability to withstand competitive pressures and render us more vulnerable to economic downturns. If we fail to generate or obtain sufficient additional capital in the future, we could be forced to reduce or delay the planned expansion projects or other capital expenditures.

In addition, due to the number of large-scale infrastructure projects currently under development in India and increased lending by banks and institutions to these projects, it may result in domestic funds not being available or being available on unattractive terms. Therefore, we may be required to seek funding internationally, which may result in unattractive terms and conditions and exposure to higher interest rates and foreign exchange risks. If the funding requirements of a particular expansion project increase, we will need to look for additional sources of finance, which may not be readily available, or may not be available on attractive terms, which may have an adverse effect on the profitability of that project. Our business, financial condition, results of operations and prospects may be adversely affected by any delay or failure to successfully commission these projects.

15. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the "Land Acquisition Act 2013"), once in operation, may adversely affect our business.

We are frequently required to acquire land for the purposes of establishing our sub-stations in relation to setting up our transmission lines as part of the projects undertaken by us. The Land Acquisition Act 2013 was passed on August 29, 2013 in the Lok Sabha (lower house of the Indian Parliament) and on September 4, 2013 in Rajya Sabha (upper house of the Indian Parliament), and received the assent of the President of India on September 27, 2013. The Land Acquisition Act 2013 will be effective once notified in the Official Gazette. The Land Acquisition Act 2013 provides for certain restrictions on land acquisition. For instance, consent is required from at least 70% of the persons affected by the project when such project is undertaken on a public private partnership basis. Further, there are restrictions on the acquisition of certain types of agricultural land. The Land Acquisition Act 2013 includes provisions relating to payment of compensation to affected persons which is linked to the "market value" computed in accordance with the provisions of the Land Acquisition Act 2013. Compensation for land in rural areas is upto two times the compensation for urban land. A 100% solatium is required to be added to this amount in order to arrive at the final compensation figure. In addition, the Land

Acquisition Act 2013 also provides for certain rehabilitation and resettlement benefits to every family affected by an acquisition. Further, no change of land use will be permitted if rehabilitation and resettlement of affected persons is not completed in the manner required under the statute.

Once the Land Acquisition Act 2013 comes into force, we may be required to comply with its provisions regarding compensation and rehabilitation with retrospective effect and also in relation to the land acquisitions that we make in the future. This may increase our cost of acquisition of land and could restrict our ability to acquire land or our ability to enter into arrangements with land owners for the establishment of our sub-stations in relation to setting up our transmission lines, which could adversely affect our business, financial condition and results of operations.

16. Our business involves various risks. Our insurance coverage may not be sufficient to cover losses from these risks, our results of operations could be adversely affected.

Our operations are subject to a number of risks generally associated with the transmission of electricity. These risks include explosions, fires, earthquakes and other natural disasters and calamities, breakdowns, failures or substandard performance of equipment, improper installation or operation of equipment, accidents, acts of terrorism, operational problems, transportation interruptions and labour disturbances. These risks can cause personal injury and loss of life and damage to, or the destruction of, property and equipment (including infrastructure developed by us) and may result in the limitation or interruption of our business operations and the imposition of civil or criminal liabilities.

We maintain a self-insurance scheme to cover a substantial portion of our business risks. Under this scheme, we contribute an amount equal to 0.1 % of our gross block of fixed assets (except for the value of assets covered under a mega insurance policy) each year into a self-insurance reserve that we account for under our reserves and surplus. As at March 31, 2013, our self-insurance reserve stood at ₹3,734.6 million. We also maintain a mega insurance policy with independent insurers in respect of risks to substation equipment and other selected assets. Under our mega insurance policy all our (i) AC substations equipment in switchyard area including TCSC, FSC or SVCs and Gas Insulated Substations ("**GIS**"); (ii) all high voltage direct current ("**HVDC**") systems (including back-to-back and bi-pole systems); (iii) assets, such as transformers and reactors and associated bays, owned by us but installed at SEBs, STUs and power generation facilities; and (iv) all office buildings owned by us and their assets. In addition, we insure our load despatch centres against fire and special perils, theft and burglary. Certain of our telecom assets are insured against fire damage and others are insured against burglary and certain risks of theft. We do not carry any insurance against harm to third parties, other than during the course of construction of our projects.

We cannot assure you that if we suffer material losses, our self insurance and insurance arrangements will be sufficient to cover those losses. If our losses are more than our insurance coverage or cannot be recovered through insurance, our business and results of operations could be materially adversely affected.

17. We have had and continue to have, some limited operations in countries subject to U.S. and other international trade restrictions, economic embargoes and sanctions.

We provide consultancy services to a customer in Myanmar, a country which until recently was subject to extensive U.S., E.U. and international trade restrictions, economic embargoes and sanctions. While the U.S. and E.U. have suspended most sanctions targeting Myanmar, certain sanctions targeting specifically designated individuals and entities remain in place. Sanctions may also be re-imposed by the U.S. or E.U. at any time depending on political developments in Myanmar. Our consultancy project in Myanmar is supported by the GoI through the Export-Import Bank of India's line of credit extended to Myanmar Foreign Trade Bank and by a letter of credit from the Myanmar Foreign Trade Bank with us as beneficiary in the amount of approximately US$64 million. We began generating revenue from our business dealings in Myanmar in Fiscal 2013. Although revenue from Myanmar is expected to represent a negligible part of our consolidated revenues in Fiscal 2014 and Fiscal 2015, we may be subject to negative media or investor attention which may have an adverse effect on our business and results of operations.

In July 2010, we entered into a contract with an Iranian entity pursuant to which such Iranian entity would manufacture and install optical fibre ground cables for our optical ground wire ("**OPGW**") network in India. The total consideration for the contract was approximately US$2.1 million. Although the Iranian entity carried out preliminary activities under the contract, it was unable to provide the necessary contract performance guarantee due to international sanctions targeting Iran. We have not made any payments under the contract and are currently in discussions with the Iranian entity to terminate the contract. We have however, not been able to encash the bank guarantee for EUR 50,800 furnished by the Iranian entity against performance of the contract.

In July 2013, we entered into a contract with an Indian entity to provide consultancy services in relation to a 500 kV HVDC transmission line project in the Democratic Republic of Congo.

There can be no assurance that other persons and entities with whom we now, or in the future may, engage in transactions and employ will not be subject to U.S. or international sanctions. There can be no assurance that the countries in which we currently operate will not be subject to further and more restrictive sanctions in the future.

In addition, we may incur reputational or other risk as a result of our dealings with sanctioned persons or countries.

18. We do not have intellectual property rights over our corporate logo.

We have applied for registration of our corporate logo, which is currently pending before the Registrar of Trademarks, New Delhi. Currently we do not have a registered trademark over our corporate logo and therefore we do not enjoy the statutory protections accorded to a registered trademark. There can be no assurance that we will be able to obtain registration of our trademark and logo or that third parties will not infringe on our intellectual property, causing damage to our business prospects, reputation and goodwill.

19. If we are unable, to adapt in a timely manner to changing market conditions, technological changes or customer requirements, our business operations and financial performance could be adversely affected.

Our future success will depend in part on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging power transmission industry standards and practices and telecommunication equipment in a cost-effective and timely manner that is competitive with other transmission and substation projects. The development and implementation of such technology entails significant technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our processing systems to customer requirements or emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business operations and financial performance could be adversely affected.

The telecom industry is subject to rapid and significant changes in technology. We have currently deployed dense wave division multiplexing, or dense wavelength division multiplexing ("**DWDM**"), synchronous digital hierarchy ("**SDH**") and Multi-Protocol Label Switching ("**MPLS**") communications technologies, which we believe meet the present and near future bandwidth requirements of our customers. However, new technologies, such as 4G and IPv6 and new usage patterns will eventually require equipment upgrades. The technology deployed by us may become obsolete and the technology in which we invest in the future may not perform as expected or may be superseded by competing technologies before our investment costs have been recouped. Our ability to adopt and/or implement new technology in a timely manner may also be impacted by government policy and bureaucracy. In addition, the cost of implementing new technologies, upgrading networks or expanding network capacity to effectively respond to technological changes may be substantial. Our ability to meet such costs will, in turn, depend upon our ability to obtain additional financing on commercially acceptable terms. Moreover, there can be no assurance that technologies will develop according to anticipated schedules, or that they will perform according to expectations or be commercially accepted. If we fail to adopt and successfully implement telecom technologies in a cost effective manner, our telecom business, results of operations and financial condition could be negatively affected.

20. We undertake some of our projects in joint ventures with third parties, which entails certain risks. If we are unable to perform or comply with our obligations under the joint venture agreements or if our joint venture arrangements do not succeed, it could affect our business and results of operations.

We have minority investments in most of our joint ventures. As at September 30, 2013, three transmission projects undertaken by our joint ventures namely Powerlinks Transmission Limited, Torrent Power Grid Limited and Jaypee Powergrid Limited were fully operational. Investments through joint ventures may involve risks. Joint venture partners may fail to meet their financial or other obligations in respect of the joint venture. We may also have to incur additional debt funding to fund our investment in the joint ventures. Joint venture partners may have business interests or goals that may differ from our business interests or goals, or those of our shareholders.

In joint ventures in which we have a minority interest, our joint venture partner will have effective control with respect to shareholder actions or approvals, except where our affirmative agreement is required under the Companies Act or the terms of the joint venture. Any disputes that may arise between us and our joint venture partners may cause delays in completion or the suspension or abandonment of the project. All agreements in respect of these joint ventures contain clauses wherein we have undertaken not to encumber or alienate our shareholding in the joint ventures for specified periods. For example, in certain joint ventures our shareholding has been locked in for a period of five years and we have agreed that we will not transfer our shareholding to any third party nor will we have the right to increase/decrease our shareholding in the open market without the prior written consent of our joint venture partners or without giving the other party a right of first refusal. Therefore, if we determine that we have sought to pursue participation in a particular project with the wrong partners, we may be unable to change partners or continue to participate in the project as we had planned. Under the terms of certain of our joint ventures, we are required to infuse proportionate equity under certain circumstances, for example, to meet the requirements of lenders or for funding the working capital requirements of the joint venture company and if we fail to subscribe to the additional shares our entitlement will be offered to the other shareholder who is willing to subscribe to such shares. This may result in diluting our shareholding in the joint venture company and in losing our affirmative rights in such joint ventures or our payment of penalties. These covenants may limit our ability to make optimum use of our investments or exit these joint ventures at our discretion, which may have an adverse impact on our financial condition. Additionally, we cannot assure that we will be able to perform or comply with our obligations under the joint venture agreements and our failure to do so may result in breach of such agreements and could adversely affect our business and results of operations.

Also, under some of our joint venture arrangements, if the joint venture company is unable to commission the project within specified period agreed under our arrangement due to our failure to fulfill our obligations, we would be liable to pay liquidated damages.

Under the terms of the Tata SHA, as more fully described under "***History and Certain Corporate Matters***" on page 131, we are obliged to make payment to Powerlinks Transmission System of the full tariff amount due, regardless of our collections from customers. Therefore, we bore the risk of non-collection from customers. We no longer bear this risk under the 'point of connection' system. In addition, we may have to buy out the joint venture in case of a default by either party or a force majeure event, subject to CERC approval. If we are required to buy out the joint venture, our financial position may be adversely affected. In general, we face the risk in our joint ventures of losing all our equity interest in the event of a material breach of the joint venture entity's obligations, insolvency of the joint venture entity or similar developments. Currently, we have not made any investment in Power Transmission Company Nepal Limited, under the terms of the PTCN SHA and any future investment in it will be subject to the approval of Government of Nepal. We have also not invested our share of the equity in Bihar Grid Company Limited and Kalinga Bidyut Prasaran Nigam Private Limited and any investment in these joint ventures will be subject to the approval of GoI. For further details on our subsidiary and joint venture companies, see "***History and Certain Corporate Matters***" on page 131.

21. We may face increased competition for our consulting business and telecommunication business from Indian and international companies.

Our consultancy business is subject to competition from various competitors in India and abroad. We are generally awarded domestic consultancy projects on nomination basis as a result of direct-marketing and by virtue of our being an integrator of range and the depth of our in-house expertise. Some of our domestic competitors for awards are also currently suppliers of goods/services to our consultancy projects. Most of our international projects are awarded on a competitive bidding process. Our primary international competitors include Lahmeyer International, Fichtner, Norplan, KEMA Inc., Energy Services Limited and SMEC International Pty Limited.

In our telecommunication business, we are subject to broad and intense competition for the provision of telecommunication bandwidth services, particularly from telecommunication companies with geographically extensive networks. The increased competition in the telecommunication services industry in India is expected to continue and there may also be increasing competition from global players. Our competitors in the telecommunications business include all major national long distance operators. We have executed agreements to provide telecommunication bandwidth to certain customers, and most of our customers are also our competitors. These competitors provide similar bandwidth services to other telecommunication operators. Many of our competitors in the consulting business and telecommunications business are larger than us and have greater financial resources. They may also benefit from greater economies of scale and operating efficiencies. As a result, our competitors may be able to present lower bids for contracts than we do, causing us to win fewer consultancy assignments and telecommunications customers. Also owing to the slowdown in investments and various uncertainties in the Indian telecom sector, especially after the cancellation of 122 telecom licenses further to the orders of the Supreme Court of India on February 2, 2012, our efforts to provide telecommunication services by co-locating wireless telecom antennas on our tower infrastructure, has only progressed slowly. We cannot assure you that we can compete effectively in the future or that our telecommunication and consultancy business will continue to grow at the same or higher levels compared to our other businesses as compared to past periods.

22. The standalone audited financial statements and the consolidated audited financial statements of our Company for Fiscal 2013 and Fiscal 2012 draws attention to certain matters emphasized. The report of the auditor in relation to our subsidiary, POSOCO for Fiscal 2013 contains certain qualifications.

Our standalone and consolidated audited financial statements for Fiscal 2013 and Fiscal 2012 included in this Red Herring Prospectus highlight certain matters that affect such financial statements, relating to the provisional recognition of revenue from transmission charges. For further information, see the "***Financial Statements***" beginning on page 168.

In connection with the audit of our subsidiary POSOCO, the auditors for POSOCO noted certain qualifications in their audit report for Fiscal 2013 in relation to a change in its accounting policy regarding revenue recognition which resulted in an increase in its profit for the year, provision for income tax and shareholder's funds, all of which is subject to the outcome of the relevant CERC order. There is an uncertainty on account on the recognition of this additional revenue as it is dependent on the outcome of the relevant CERC Order. Should the CERC order fail to allow this additional revenue, the results of operations of POSOCO may be affected.

23. We currently engage in foreign currency borrowing and we are likely to continue to do so in the future, which exposes us to variation in foreign exchange rates and other potential costs. If we are unable to adequately hedge our foreign currency exposure, our financial condition may be affected.

While our principal revenues are in Rupees, we borrow funds from outside India in foreign currencies. As at March 31, 2013 (on a consolidated basis) and September 30, 2013 (on a standalone basis), we had ₹221,627.5 million and ₹262,115.74 million equivalent respectively, of foreign currency borrowings outstanding. These borrowings are held in currencies such as US Dollars, Euros, Swedish Kroner and Japanese Yen. In the period from April 1, 2013 to September 30, 2013, the Rupee depreciated by more than 10% against the US Dollar owing to amongst others, announcements by the United States Government that it may consider reducing its quantitative easing measures. Accordingly, such depreciation of the Rupee against these currencies will increase the Rupee cost for us for servicing and repaying our foreign currency borrowings. Currently, any transmission-related financial expense that we incur as a result of foreign currency borrowing is passed on to our customers as part of our tariff arrangements. Were this to change, volatility in foreign exchange rates could adversely affect our business. In addition, in the event of disputes under any of our foreign currency borrowings, we may be required by the terms of those borrowings to defend ourselves in foreign court or arbitration proceedings, which could result in additional costs to us. A depreciation of the Rupee would also increase the costs of imports by us and may have an adverse impact on our business, financial condition and results of operation. In addition, our hedging policy and arrangements with respect to our foreign currency exposure may not, when implemented, fully protect us from foreign exchange rate fluctuations.

The Fiscal 2010-2014 CERC Regulations provides that the transmission licensee or the generating company may hedge its foreign currency exposure in respect of interest on foreign currency loans and repayment of foreign loans deployed in the project. In this regard, CERC has issued order on May 15, 2012 regarding hedging and we are in the process of formulating our hedging policy pursuant to such orders.

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

As at September 30, 2013 we had 9,415 employees. Substantially all of our employees at the workman level are affiliated with labour unions.

We have had no instances of strikes or labour unrest since we commenced operations. There can however be no assurance that we will not experience disruptions in our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. Efforts by labour unions to affect compensation and other terms of employment may divert management's attention and increase operating expenses which could adversely affect our business and results of operations.

25. Litigation and other forms of opposition from local communities and other parties may adversely affect our results of operations and financial condition.

The construction and operation of our transmission and substation projects may have significant consequences on grazing, logging, agricultural activities, mining and land development as well as on the ecosystem of the affected areas. The environmental impact of a particular transmission project typically depends on the location of the project and the surrounding ecosystem. Further, the construction and operation of our transmission and substation projects may require the displacement or relocation of local communities or may otherwise disrupt their activities and livelihoods, especially during the project construction period.

There can be no assurance that we will not be subject to litigation or other forms of opposition from public interest groups, local communities or non-governmental organizations, in relation to the environmental impact of our transmission projects or in relation to land acquisition and construction activities for our projects and the consequent displacement and rehabilitation of affected communities. Any such claims or other opposition may delay or prevent us from implementing our projects. We may be required to bear substantial compliance, rehabilitation or other significant liabilities, which may lead to significant increases to our project development costs. As a result, our results of operations, financial condition and prospects may be adversely affected.

In addition, there are various court proceedings pending against our Company with respect to land acquired for its various projects under the Land Acquisition Act, 1894, the majority of proceedings which relate to demands for increased compensation by landowners. For details, see "***Outstanding Litigation and Material Developments***" on page 341.

26. We are entering into businesses that may not be successful. We may not be able to provide any assurances as to the timing and amount of any returns or benefits that we may receive from these businesses or any other new businesses we may enter into which may affect the results of our operations and financial condition.

We commenced operation with our telecom segment in 2001 and consultancy segment in 1995. We are seeking to diversify our operations and intend to venture into new initiatives such as smart grid, and non-renewable energy among others. We are also diversifying into value added services like MPLS-VPN services. We are taking initiatives to use our resources efficiently by making efforts to develop smart grid technology, grid integration of renewable energy capacity across India through Green Energy Corridors and by entering into strategic alliances. As we do not have much operating history or significant experience in some of the new ventures compared to our competitors in these businesses, they may involve risks and difficulties with which we may not be familiar. These businesses may require capital and other resources, as well as management attention, which could place a burden on our resources and abilities. These businesses are also subject to significant regulation, which may change. The early stage of these businesses and any changes to the nature of the relevant regulations may make it difficult to predict their economic viability. We may not be successful in these businesses and cannot provide you with any assurances as to the timing and amount of any returns or benefits that we may receive from these new businesses or any other new businesses we may enter into.

27. Decrease in demand for our services in the telecommunication segment could affect our future operating results.

Factors adversely affecting the demand for telecommunication segment in India in general would be likely to adversely affect our future revenues from this business. Such factors could include:

- a deterioration in the financial condition of wireless communications service providers generally due to declining tariffs, media convergence, cancellation of telecom licences or other factors;
- a decrease in the ability and willingness of wireless communications service providers to maintain or increase capital expenditures;
- a decrease in the growth rate of wireless communications generally or of a particular segment of the wireless communications sector;
- a decrease in consumer demand for wireless communications services due to adverse general economic conditions or other factors;
- adverse developments with respect to governmental licensing of spectrum and changes in telecommunications regulations;
- mergers or consolidations among wireless service providers;
- increased use of network sharing, roaming or resale arrangements by wireless service providers amongst themselves;
- delays or changes in the deployment of 3G, 4G, WiMAX or other communications technologies;
- delays in regulatory changes that would permit us to use our towers as telecommunication or broadcasting towers or for other revenue-generating purposes;
- changing strategies of wireless service providers with respect to owning or sharing passive infrastructure;
- adverse developments with regard to zoning, environmental, health and other government regulations;
- technological changes generally; and
- general economic conditions.

Additionally, the purchase orders received by us from our telecommunication customers and the capacity agreements entered into with our customers range from a period of one year to fifteen years. However, these agreements have provisions for earlier termination and as a result there is no assurance that a customer will stay with us for the entire period. The termination of contracts before the expiry period or non-renewal of our existing contracts may adversely affect our results of operations.

Our business and proposed capital expenditure plans are based on the premise that the subscriber base for wireless telecommunications services in India will grow at a rapid pace and that Indian wireless service providers will, to a certain degree, adopt the passive infrastructure sharing model. If the Indian wireless telecommunications services market does not grow or grows at a slower rate than we expect, or the behaviours of market players do not meet our current expectations, the demand for our services and our growth prospects will be adversely affected, which would have a material adverse effect on our business, results of operations and financial condition. In addition, the development and commercialisation of new technologies designed to improve and enhance the range and effectiveness of cellular telecommunication networks may significantly decrease demand for additional telecommunications infrastructure.

28. Our consultancy business could be adversely affected if funding for our consulting clients and their programs were to be reduced by the GoI or foreign governments or institutions.

Our consultancy business includes projects from SPUs and other government-funded programmes where we are one of the agents chosen to implement some or all parts of the project. In the event that SPUs or government programmes are reduced, or if we are unable to win new assignments, our consultancy income would be adversely affected. As more parties enter into the consultancy business, the consultancy market will get significantly competitive. Also TBCB together with viability gap funding has been mandated by the GoI for procurement of transmission services in new projects and intra-state transmission projects have moved to a tariff based competitive bidding system from January 2013 which may in turn affect the consultancy assignments being received from such States.

In addition, the international consultancy projects which we secure are also related to programs funded by multilateral agencies such as the World Bank, or any foreign government. Were such sources of funds for these programs to be reduced, our consulting income relating to such programs would be adversely affected.

29. Our success depends in large part upon our management team and skilled personnel and our ability to attract and retain such persons. The loss of key personnel may have an adverse affect on our business, results of operations, financial condition and growth prospects.

Our future performance depends on the continued service of our management team and skilled personnel. We also face a continuous challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow. Generally, there is significant competition for management and other skilled personnel in India, and it may be difficult to attract and retain the personnel we need in the future. In particular, we may be unable to compete with private companies for suitably skilled personnel due to their ability to provide more competitive compensation and benefits. The loss of key personnel may have an adverse affect on our business, results of operations, financial condition and growth prospects.

For details of the profile of our key management, see "***Our Management***" beginning on page 150.

30. The GoI shall continue to hold a majority of our Equity Shares following the Offer, and our other shareholders will be unable to affect the outcome of shareholder voting. The GoI could require us to take actions designed to serve the public interest in India and not necessarily to maximise our profits. This may affect our financial condition and the results of our operations.

After the completion of this Offer, the GoI will own approximately 57.9% of our paid-up equity share capital. Consequently, the GoI, acting through the MoP and MoDoNER, will continue to hold a majority of our Equity Shares and will have the power to appoint and remove our directors and therefore influence the outcome of most proposals for corporate action requiring approval of our Board of Directors or shareholders, such as proposed annual and other plans, revenue budgets, capital expenditures, dividend policy, transactions with other GoI-controlled companies or the assertion of claims against such companies and other public sector companies. In particular, given the importance of the power industry to the economy, the GoI could require us to take actions designed to serve the public interest in India and not necessarily to maximise our profits. In addition, the GoI significantly influences our operations through its various departments and policies.

31. We have previously not been in compliance with the provisions of the Equity Listing Agreement in relation to the composition of our Board. Any such non-compliance in the future may have an adverse effect on our business and reputation.

The power to appoint all Directors on our Board vests with the President of India, acting through the MoP. We have previously not been in compliance with the provisions of Clause 49 of the Equity Listing Agreement in relation to the requirement for independent directors on our Board during certain quarters during the last three years immediately preceding the date of registering this Red Herring Prospectus with the RoC. However, our Company has been compliant with this requirement of the Equity Listing Agreements from January 16, 2013, with the induction of five independent Directors on our Board. While no notices have been issued against, and no penalties have been imposed on, our Company by the Stock Exchanges, any future non-compliance by us with the Equity Listing Agreement could result in penalties and proceedings, which could have an adverse effect on our business and reputation.

32. We will not receive any proceeds of the offer for sale, and management will have flexibility in deploying the Net Proceeds.

The Offer includes an offer for sale of 185,189,014 Equity Shares by the Selling Shareholder. The entire proceeds of the Offer for Sale will be transferred to the Selling Shareholder. We intend to use the Net Proceeds for the purposes described in "***Objects of the Offer***" on page 45. Our management, in accordance with the policies set up by our Board, will have flexibility in deploying the Net Proceeds, as well as the discretion to revise its business plan from time to time, and consequently the funding requirement and deployment of funds may also change. This may include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In the event of significant variations in the proposed utilization, approval of our shareholders will be duly sought. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements may be financed by the funds available for general corporate purposes, out of the Net Proceeds. If such surplus funds are unavailable, the required financing will be funded through identifiable internal accruals, debt or equity financing. Further, pending utilization of the Net Proceeds, we intend to invest such Net Proceeds in approved interest-bearing liquid instruments including investment in mutual funds and bank deposits and other investment grade interest bearing securities, as approved by our Board of Directors. In addition, any balance amount from the Net Proceeds which may be allocated to general corporate purposes will be used at the discretion of our management in accordance with policies approved by our Board of Directors from time to time and applicable law. Accordingly, the use of Net Proceeds for purposes identified by our Board of Directors may not result in actual growth of our business, increased profitability or an increase in the value of your investment.

33. The project appraisal reports prepared in relation to our Identified Projects identify possible risk factors that could adversely affect our Company and its business, prospects, financial condition and results of operations.

Our Identified Projects have been appraised, with respect to statutory clearances, funding requirements, risk analysis and mitigation mechanism, financial analysis and computation of financial parameters, by IFCI Limited, A.F. Ferguson & Co., ICRA Management Consulting Services Limited, SBI Capital Markets Limited, CRISIL Risk and Infrastructure Solutions Limited and IDBI Capital Market Services Limited. The appraisal agencies in their respective reports, have identified risks in pre-development stage, in construction stage and in operational stage of our Identified Projects. The identified risks in the pre-development stage include non-availability of statutory clearances or delay in obtaining statutory clearances, delay in financial closure and delay in acquisition of land. One of the identified reasons of delay in project execution in the past has been due to time taken in obtaining right of way clearances in inhabited areas. The identified risks in the construction stage include, escalation in project cost due to increase in interest rate or capital cost escalation or adverse movement in exchange rate; and delay in commissioning due to delay in construction of transmission lines for start up power or contractor performance shortfalls. The identified risks related to the construction of 765 kV lines include the limited number of manufacturers of high voltage equipment in India, and the requirement for a high level of expertise and technical know-how, which may not in all cases be readily available. Post construction, the appraisal agencies have specified that risks may arise in relation to realization of tariff being less than anticipated due to change in tariff determination methodology/norms by the CERC or non - payment of charges by beneficiaries/utilities/developers or reduced income due to adverse changes in law or poor availability of the transmission system due to technical reasons which could escalate the operating and management costs during the operation period. Further the appraisal agencies have specified the risks associated with some of our projects being located in states where the threat of Naxal activity is present. These factors may result in an adverse effect on our business and results of operations.

34. Our Company is involved in certain legal, regulatory and arbitration proceedings that, if determined against us, may have an adverse impact on our financial condition.

There are certain outstanding legal proceedings against our Company pending at various levels of adjudication before various courts, tribunals, authorities and appellate bodies in India. Should any new development arise, such as, change in applicable laws or rulings against us by the appellate courts or tribunals, we may need to make additional provisions in our financial statements, which may increase our expenses and current liabilities. We also receive requests for providing information under the Right to Information Act, 2005 from various third parties from time to time. In addition our Company is presently and in future may be subject to risks of litigation including public interest litigation, in relation to forest clearance, environmental impact of our project or construction activities of our projects. We are currently, and may in the future be, implicated in lawsuits in the ordinary course of our business, including lawsuits and arbitrations involving compensation for loss of trees, crops or houses, land acquisition disputes, tax matters, civil disputes, labour and service matters, statutory notices, regulatory petitions, consumer cases and other matters. Litigation or arbitration could result in substantial costs to, and a diversion of effort by, us and/or subject us to significant liabilities to third parties. We cannot give you any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business including the financial condition of our Company, delay in implementation of our current or future project and results of operations. There can be no assurance that the results of such legal proceedings will not materially harm our business, reputation or standing in the marketplace or that we will be able to recover any losses incurred from third parties, regardless of whether we are at fault. There can be no assurance that losses relating to litigation or arbitration will be covered by insurance, that any such losses would not have a material adverse effect on the results of our operations or financial condition, or that provisions made for litigation and arbitration related losses will be sufficient to cover our ultimate loss or expenditure. Details of the proceedings that have been initiated against our Company and the amounts claimed against us in these proceedings, to the extent ascertainable, are set forth below:

(₹ in million)

Nature of Proceedings	Number of Proceedings	Amount Involved
Criminal cases	6	Amount unascertainable
Public interest litigation and environment matters	5	Amount unascertainable
Income tax proceedings	10	1,614.8
Other tax matters	18	795.1

Statutory notices	5	32.4
Consumer cases	151	4.6
CERC and tariff related disputes	33	Amount unascertainable
Contempt cases	6	Amount unascertainable
Land acquisition cases	471	14,919.9
Compensation cases for loss of trees, crops or houses	2,439	18,377.3
Civil suits	170	164.3
Labour and service matters	72	108.6
Arbitration matters	48	945.6
Miscellaneous	105	29
Total (where amount is ascertainable)	**3,538**	**36,991.6**

For details of these cases, see *"**Outstanding Litigation and Material Developments**"* on page 341.

Further, prospective investors may note that certain Directors and officials of our Company, have been impleaded in certain of these cases in their respective official capacities. For details of these cases, see *"**Outstanding Litigation and Material Developments**"* on page 341.

35. ***Our Company is presently involved in certain proceedings relating to property tax, and any adverse decision may have a significant adverse effect on our business and results of operations.***

Our Company has filed a writ petition against the East Delhi Municipal Corporation ("**EDMC**") and the GoI before the High Court of Delhi, challenging the assessment order issued by EDMC dated February 2, 2013 whereby the EDMC had imposed a property tax of approximately ₹388.1 million for the period from April 2004 to March 31, 2013 with respect to certain towers/pillars belonging to our Company, on the grounds that under Rule 9(1) and 14 of the Delhi Municipal Corporation (Property Tax) Bye Laws, 2004, 'towers' fall within the definition of property and are hence liable to be taxed. Additionally, the North Delhi Municipal Corporation, New Delhi, by a notice dated March 15, 2013, has requested our Company to file the self assessment property tax return under the unit area method from Fiscal 2005 onwards, with respect to payment of property tax under Section 123D of the Delhi Municipality Corporation Act, 1957 and under Rule 9(1) and 14 of the Delhi Municipal Corporation (Property Tax) Bye Laws, 2004, providing therein the details of the properties of the Company within its jurisdiction. Also, the South Delhi Municipal Corporation, New Delhi, by a notice dated July 16, 2013, has under Section 123D of the Delhi Municipal Corporation (Amendment) Act, 2003, requested our Company to produce evidence and documents to show cause as to why the assessment of property tax payable for Fiscal 2005 to Fiscal 2013 under Rule 14 of the Delhi Municipal Corporation (Property Tax) Bye Laws, 2004, should not be made or revised or reopened.

We cannot provide any assurance that these matters will be decided in our favour. Further, in the event the High Court of Delhi or other relevant authorities decide that our towers fall within the definition of property and are hence liable to be taxed in New Delhi, this may have a significant effect on our business including the financial condition and results of operations of our Company. For details of these cases, see "***Outstanding Litigation and Material Developments***" on page 341.

36. Our Subsidiaries and joint venture companies are involved in certain legal and regulatory proceedings that, if determined against our Subsidiaries, may have adverse impact on our Company.

There are certain outstanding regulatory proceedings pending against our Subsidiary, namely, POSOCO and some of our joint venture companies. These legal proceedings are pending at various levels of adjudication before various courts, tribunals, authorities and appellate bodies in India. Should any new developments arise, such as a change in the Indian law or rulings against them by appellate courts or tribunals, we may need to make provisions in our financial statements, which may increase our expenses and current liabilities. We can give no assurance that these legal proceedings will be decided in their favour. Any adverse decision may have a significant effect on our business, financial condition and results of operations. Details of the proceedings that have been initiated against our subsidiary, POSOCO, and joint venture companies are set forth below:

(₹ in million)

Name of Proceedings	Number of Proceedings	Amount Involved
Litigation proceedings against our Subsidiaries		
CERC and tariff related disputes	57	Amount unascertainable
Litigation proceedings against our Joint Ventures		
Criminal cases	2	Amount unascertainable
Civil suits	93	111.4
Consumer cases	1	0.5
Compensation cases for loss of trees, crops or houses	1	Amount unascertainable
Income Tax	3	61.1
Other Taxes	3	249.8
CERC and tariff related disputes	1	Amount unascertainable
Total (where amount is ascertainable)	**161**	**422.8**

For details of these cases, see *"**Outstanding Litigation and Material Developments**"* on page 341.

37. We are subject to inspections, which may result in investigations, proceedings and penalties. If one or more of such inspections, investigations or cases leads to a significant award or penalty against us, our business may be adversely affected.

We are periodically subject to inspection of our work-sites and office locations, including our finance department, by the relevant authorities, including the vigilance wing of the GoI. Certain of these inspections have resulted in investigations and cases commenced against us or some of our employees. Going forward we will remain subject to similar inspections, investigations and cases. If one or more of such inspections, investigations or cases leads to a significant award or penalty against us, our business may be adversely affected.

38. As at September 30, 2013, we had contingent liabilities of ₹39,004.2 million which have not been provided for in our financial statements and could adversely affect our financial condition.

As at September 30, 2013, we had contingent liabilities not provided for, as disclosed in the notes to our standalone, unaudited, reviewed financial statements for the six months ended September 30, 2013:

(₹ in million)

Contingent Liabilities	As at September 30, 2013
Claims against the Company not acknowledged as debt in respect of:	
Capital Works	1,853.1
Land Compensation Cases	32,465.2
Other Claims	99.1
Disputed income tax/sales tax/excise/municipal tax	3,019.6
Other	307.2
Bank Guarantees given on behalf of Subsidiaries towards performance of work awarded	1,260.0
Total	**39,004.2**

If these contingent liabilities materialize, fully or partly, our financial condition could be materially and adversely affected.

39. Our operations in foreign countries are subject to political, economic, regulatory and other risks of doing business in those countries. Our failure to successfully manage our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and comply with industry standards and procedures.

We have international operations, including operations in Africa, the Middle East, and South Asia that we either conduct directly or through project-specific consortiums with foreign partners. We may, at any one time, have a substantial portion of our resources dedicated to projects located in a few countries or a specific geographical region, which exposes us to risks in those jurisdictions. We are currently involved in 20 international consultancy projects in 14 countries. These projects are in locations as diverse as Afghanistan, Bangladesh, Bhutan, Congo, Ethiopia, Kenya, Kyrgyz Republic, Myanmar, Nepal, Nigeria, Pakistan, Sri Lanka, Tajikistan and United Arab Emirates. In addition, we have submitted expressions of interest to clients in various countries including Uganda, Rwanda, Republic of Benin, Ghana, Togo, Georgia, Ukraine, Nepal, Laos, Mozambique, Vietnam, Nigeria, Cameroon, Poland, Zimbabwe, Myanmar and Bangladesh to participate in international competitive bidding for feasibility studies, engineering consultancy, capacity-building and engineering, procurement and construction ("**EPC**")/ build, own, operate and transfer ("**BOOT**") projects.

As many of our clients are governmental entities, we are subject to additional risks, such as risks associated with uncertain political and economic environments and political instability, as well as legal systems, laws and regulations that are different from the legal systems, laws and regulations that we may not be familiar as in India, and which may be less established or predictable than those in more developed countries. In addition, we could be subject to expropriation or deprivation of assets or contract rights, interruptions from war or civil strife, foreign currency restrictions, exchange rate fluctuations and unanticipated taxes or encounter potential incompatibility with foreign joint venture partners or consortium members.

Regulatory changes in the foreign countries in which we operate may require us to, among other things, obtain licenses or permits in order to bid on contracts or conduct our operations or enter into a consortium arrangement, joint venture, agency or similar business arrangements with local businesses in order to conduct business in those countries. These laws and regulations may also encourage or mandate the hiring of local contractors and require foreign contractors to employ citizens of, or purchase supplies from within, the relevant country. In addition, we may become involved in proceedings with regulatory authorities that may require us to pay fines, unanticipated taxes comply with more rigorous standards or other requirements or incur capital and operating expenses for compliance with such laws and regulations.

Some of our full time and casual employees are located in other countries. In order to manage our day-to-day operations, we must overcome cultural and language barriers and assimilate different business practices. In addition, we are required to create compensation programs, employment policies, codes of conduct and other administrative programs that comply with the laws and customs of different jurisdictions. Our failure to successfully manage our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and comply with industry standards and procedures.

40. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

During Fiscal 2013, we obtained our international credit ratings for the first time and were initially rated by Standard and Poor's ("**S&P**") rating services and Fitch Ratings at 'BBB- (outlook negative)' consistent with India's sovereign rating. Fitch Ratings has further revised the sovereign rating to 'stable' from 'negative' and accordingly our Fitch rating is raised which now stands at 'BBB- (outlook stable)'.

Since our rating is now aligned to India's sovereign rating, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to obtain financing, and the interest rates and other commercial terms at which such financing is available. Such revisions could have an adverse effect on our business and financial condition, our ability to obtain financing for working capital and capital expenditures and the price of our Equity Shares.

41. Our quarter-to-quarter financial information may not be comparable, because such financial information varies if a new transmission project is commissioned in a particular quarter.

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

42. Our business and activities will be regulated by the Competition Act, 2002 (the "Competition Act") and any application of the Competition Act to us could have a material adverse effect on our business, financial condition and results of operations.

We own and operate more than 90% of the ISTS as of September 30, 2013 and may be affected by the provisions of the Competition Act that regulate business practices that have an appreciable adverse effect on competition in India, abuse of dominant positions, and mergers and acquisitions. In addition, under the Electricity Act, the CERC (or the relevant State Regulatory Commission) is entitled to issue directions to a licensee or a generating company if such company enters into any agreement or abuses its dominant position or enters into a merger or acquisition which is likely to cause or causes an adverse effect on competition in the electricity industry. The CERC has also published the draft Central Electricity Regulatory Commission (Prevention of Adverse Effect on Competition) Regulations, 2012 (the "**Draft Regulations**") which seek to regulate competition among licensee and generating companies. For more information, see "***Regulations and Policies in India***" on page 119.

Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is prohibited and void, and attracts substantial monetary penalties. Any agreement which (i) directly or indirectly determines purchase or sale prices, (ii) limits or controls production, supply, markets, technical development, investment or provision of services, (iii) shares the market or source of production or provision of services by way of geographical area, type of goods or services, or number of customers in the market (or any other similar way) or (iv) directly or indirectly results in bid rigging, is presumed to have an appreciable adverse effect on competition.

Under the Competition Act, enterprises or groups which abuse their "dominant position", including by way of discriminatory conditions in purchase or sale of goods or services or denial of market access, may be subject to substantial monetary and other penalties. "Dominant Position" means a position of strength enjoyed by an enterprise in the relevant market in India which enables it to operate independently of competitive forces or to affect its competitors or consumers or the relevant market in its favor.

Though the GoI and the CERC are taking steps through policy initiatives and regulatory mechanisms, such as, TBCB in transmission projects, to curb monopolistic behavior of business entities in the electricity sector in India, if our business activity is viewed to be falling within the purview of the Competition Act, and if we are affected, directly or indirectly, by any provision of the Competition Act, or, when enacted, the Draft Regulations, or its application or interpretation, including any proceedings initiated by the Competition Commission of India ("**CCI**") or any other regulatory authority and any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may have a material adverse effect on our business, expansion plans (including any mergers and acquisitions), prospects, financial condition and results of operations.

EXTERNAL RISKS

Risks relating to India

43. Political, economic or other factors that are beyond our control may have an adverse impact on our business and results of operations.

Most of our operations and facilities are located in India and more than 99% of our total revenue in Fiscal 2013 was earned in India. The following external risks may have an adverse impact on our business and results of operations should any of them materialize:

- Political instability, resulting from a change in the government or a change in the economic and deregulation policies may adversely affect economic conditions in India in general and our business in particular;
- A change in government policy towards controlling the power sector in India, including any decision to further open the sector to private sector competition;
- A slowdown in economic growth in India may adversely affect the demand for power and consequently our business and results of operations. The growth of our business and our financial performance is linked to the performance of the overall Indian economy;
- Civil unrest, acts of violence, terrorist attacks, regional conflicts of situations or war involving India, or other countries may adversely affect the financial markets which may impact our business. Such incidents may impact economic growth or create a perception that investment in Indian companies involves a higher degree in risk which may reduce the value of the Equity Shares;
- Natural disasters in India may disrupt or adversely affect the Indian economy, on the health of which our business depends. In July 2012, the state of Assam experienced floods, in November 2012, Cyclone Nilam hit the Tamil Nadu coast, the state of Uttrakhand experienced floods in June 2013, all of which caused loss of lives and property damage and the recent cyclone Phailin affected the eastern states of Odisha, Jharkhand and West Bengal in October 2013. Substantially all of our

projects and employees are located in India and there can be no assurance that we will not be affected by natural disasters in the future;

- Any downgrading of India's sovereign rating by international credit rating agencies may negatively impact our business, credit ratings and access to capital. In such an event, our ability to grow our business and operate profitably may be severely constrained;
- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and may have an adverse effect on our business, profitability and results of operations; and
- The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India may increase our employee costs, decrease the disposable income available to our customers and decrease our operating margins, which may have an adverse effect on our profitability and results of operations.

44. Financial instability in other countries may cause increased volatility in Indian financial markets. In the event that the current difficult conditions in the global credit markets continue or if there are any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries including India suffered a devaluation against the US Dollar owing to amongst other, the announcement by the US government that it may consider reducing its quantitative easing measures. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, future financial performance and the prices of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets.

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. In the event that the current difficult conditions in the global credit markets continue or if there are any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

45. We are subject to Indian accounting and auditing standards (IAAS) that may make evaluating our financial performance difficult.

As stated in the report of our independent auditors included in this Red Herring Prospectus, our financial statements are in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in such report, and no attempt has been made to reconcile any of the information given in this Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, including the United States and United Kingdom. You should rely on your own examination of our Company, the terms of the Offer and the financial information contained in the Red Herring Prospectus.

46. The effects of the planned adoption of "Indian Accounting standards converged with IFRS" ("IND-AS") are uncertain.

The MCA has announced a road map for the adoption of/convergence with International Financial Reporting Standards ("**IFRS**"). This convergence has been notified by the GoI. Further, the MCA has, on February 25, 2011, notified that IND - AS will be implemented in a phased manner and the date of such implementation will be notified at a later date. As at the date of this Red Herring Prospectus, the MCA has not notified the date of implementation of IND - AS. Because many details of IND - AS are yet to be finalised, there is a significant lack of clarity regarding the convergence and implementation process. In addition, there is no significant body of established practice regarding IND - AS implementation and application and there is a shortage of experienced accounting personnel familiar with IFRS accounting standards. Therefore, we have not clearly determined the impact that implementation and application of IND - AS will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND - AS than under current Indian GAAP. In our transition to IND - AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IND - AS experienced accounting personnel available as more Indian Companies begin to prepare financial statements.

47. Companies operating in India are subject to a variety of central and state government taxes and surcharges. Additional tax exposure could adversely affect our business and results of operations.

Taxes and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For example, a new direct tax code is proposed to be introduced before the Indian Parliament. In addition, there is a proposal to introduce a new goods and services tax, and the scope of the service tax is proposed to be enlarged. The central or state governments may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

48. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, financial condition, results of operations and prospects.

The regulatory and policy environment in which we operate is evolving and subject to change. There can be no assurance that the GoI may not implement new regulations and policies which will require us to obtain approvals and licenses from the GoI and other regulatory bodies or impose onerous requirements, conditions, costs and expenditures on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations.

Please see the section "***Regulations and Policies***" on page 119 for details of certain laws currently applicable to us. Any changes to such laws, including the instances briefly mentioned below, may adversely affect our business, financial condition, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with such changes in applicable law and policy:

- The Companies Bill, 2012 was passed by the Lok Sabha on December 18, 2012, and by the Rajya Sabha on August 8, 2013. It received presidential assent on August 29, 2013 and has been enacted as the Companies Act, 2013 pursuant to notification in the Official Gazette on August 30, 2013. Under Section 1 of the Companies Act, 2013, the GoI has the power to appoint different dates for different provisions of the Companies Act, 2013 to come into force. As on September 12, 2013, 99 sections of the Companies Act, 2013 were notified and the corresponding sections of the Companies Act, 1956 have ceased to have effect from such date. Although the Companies Act, 2013, is not yet fully operational, it envisages significant changes to the Indian company law framework, including the issue of capital by companies, corporate governance, audit matters and corporate social responsibility, the introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Various provisions of the Companies Act, 2013 are subject to detailed rules and further directions to be issued by the GoI. In particular, we will be required to amend our memorandum of association and articles of association in order to comply with the Companies Act, 2013. We will also be required to increase our investments in corporate social responsibility ("**CSR**") initiatives from 1% of our net profit after tax to at least 2% of our average net profit made during three immediately preceding financial years. We have not yet determined other significant impact of this legislation on our business.

- The Government of India proposes to revamp the implementation of direct taxes by way of the introduction of the Direct Taxes Code (the "**DTC**"). If the DTC is passed in its present form by both houses of the Indian Parliament and approved by the President of India and then notified in the Gazette of India, the tax impact discussed in this Red Herring Prospectus will likely be altered by the DTC.

- The General Anti Avoidance Rules ("**GAAR**") have recently been notified by way of an amendment to the Income Tax Rules, 1962, and are scheduled to come into effect from April 1, 2016. While the intent of this legislation is to prevent business arrangements set up with the intent to avoid tax incidence under the Income Tax Act, certain exemptions have been notified, *viz.*, (i) arrangements where the tax benefit to all parties under the business arrangement is less than ₹30 million, (ii) where Foreign institutional Investors ("**FIIs**") have not taken benefit of a double tax avoidance tax treaty under Section 90 or 90A of the Income Tax Act and have invested in listed or unlisted securities with SEBI approval, (iii) where a non-resident has made an investment, either direct or indirect, by way of an offshore derivative instrument in an FII, or (iv) where any income is accruing from transfer of investments made before August 30, 2010, provided in all cases that the GAAR will apply to any business arrangement pursuant to which tax benefit is obtained on or after April 1, 2015, irrespective of the date on which such arrangement was entered into.

- Certain recent changes to Indian income tax law provide that income arising directly or indirectly through the sale of a capital asset, including shares, will be subject to tax in India, if such shares derive indirectly or directly their value substantially from assets located in India and whether or not the seller of such shares has a residence, place of business, business connection, or any other presence in India. The term "substantially" has not been defined. Further, the applicability and implications of the changes are largely unclear. Due to these recent changes, investors may be subject to Indian income taxes on the income arising directly or indirectly through the sale of our Equity Shares. Further, changes in capital gains tax or tax rates on capital market transactions or sale of shares could affect investor returns.

- The Government of India has recently released safe harbor rules with respect to acceptance by the Indian tax authorities of declared transfer prices for certain types of international transactions (including intra-group loans and corporate guarantees and for the manufacture and export of core and non-core automotive components) between an eligible assessee and its associated enterprises, either or both of which are not Indian residents. The benefit, if any, that we may derive from the application of such rules in the future is unclear.

- The Government of India is also proposing an amendment to Indian securities laws to provide greater powers to SEBI to curb irregularities and frauds in the Indian capital markets (including the power to seek telephonic records to check insider trading and to carry out search and seizure operations), and a bill for protection of whistleblowers, so as to enhance corporate governance in India.

- SEBI has pursuant to a press release dated October 5, 2013 approved the draft Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2013, whereby amongst other things, existing FIIs, sub-accounts and QFIs are proposed to be merged into a new investor category, foreign portfolio investors.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

49. Compliance with, and changes in, environmental, health and safety laws and regulations may adversely affect our financial condition and results of operations.

We are subject to environmental, health and safety regulations. A violation of health and safety laws or failure to comply with the requirements of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of our transmission and substation facilities and the imposition of costly compliance procedures. Governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations to which we are subject, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

For further details, see "***Regulations and Policies in India***" beginning on page 119.

50. A slowdown in economic growth in India could cause our business to suffer.

Our transmission and telecom segments, which account for 95.93% of our revenue from operations for the six month period ended September 30, 2013 (calculated on a standalone basis), have their operations entirely in India and, consequently, our performance and growth is dependent on the state of the overall Indian economy. The Indian economy has shown varying but sustained growth over recent years with real gross domestic product ("**GDP**") (i.e. GDP adjusted for inflation) growing at 6.5% until 2012- 2013. In Fiscal 2013 the GDP growth was low at only 5%. Any slowdown in the Indian economy could adversely affect our business and the businesses of our customers. The Indian economy, which recovered from the global economic crisis of 2008 and 2009 with a period of significant growth, has more recently been adversely affected by challenging global market and economic conditions that has caused and may continue to cause a downturn in the rate of economic growth in India. The current economic slowdown has had, and could continue to have, and any future slowdown in the Indian economy could have, a material adverse effect on the capital expenditure budgets of our customers and, as a result, on our financial condition and results of operations.

In addition, the course of market interest rates continues to be uncertain due to high inflation, the increase in the rate of fiscal deficit and the GoI's borrowing programme. Any increase in inflation in the future may result in a tightening of monetary policy. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact our business, financial condition and results of operations.

51. Significant shortages in the supply of crude oil, natural gas or coal could adversely affect the Indian economy and the power sector projects to which we have exposure, which could adversely affect us.

India imports a significant amount of crude oil to meet its energy needs. Crude oil prices are volatile and are subject to a number of factors such as the level of global production and political factors such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil and natural gas reserves are located. Any significant increase in oil prices or a significant fluctuation of the Rupee against the US Dollar could affect the Indian economy, including by adding to inflationary pressures. Additionally, increases in oil prices may have a significant impact on the cost of generating power in India. As a result, there could be indirect adverse effects on our business, our ability to implement our strategy and the price of our Equity Shares.

Natural gas is a significant input for power generation projects. Natural gas prices have been volatile in recent periods. India has experienced interruptions in the availability of natural gas, which has caused difficulties for power generation projects. Continued difficulties in obtaining reliable, timely supplies of natural gas could result in indirect adverse effects on our business, our ability to implement our strategy and the price of our Equity Shares.

The Indian power generation sector has been suffering generation losses due to shortages of coal. Continued difficulties in obtaining reliable, timely supplies of coal could result in indirect adverse effects on our business, our ability to implement our strategy and the price of our Equity Shares.

52. Trade deficits could have a negative impact on our business. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of the Equity Shares could be adversely affected.

India's trade relationships with other countries can influence India economic conditions. India's trade deficit in the first half of the current Fiscal (April-September of 2013-14) was US$ 80,130 million. In Fiscal 2013, the trade deficit was US$ 190,920 million compared to US$ 183,260 million in Fiscal 2012. The large trade deficit neutralises the surpluses in India's invisibles, which are primarily international trade in services, income from financial assets, labour and property and cross border transfers of workers' remittances in the current account, resulting in a current account deficit.

If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of the Equity Shares could be adversely affected.

53. The risks to the financial stability of India have increased and could adversely affect our business.

Since 2012 the risks to the financial stability of India has increased, primarily due to global risks and domestic macroeconomic conditions. The risks to domestic growth are accentuated by fiscal and external sector imbalances. The funding strains coupled with sovereign risks have led to fears of a precipitous deleveraging process that could hurt global financial markets and the wider economy through asset sales and contractions in credit. While the direct impact of such deleveraging is not expected to be significant on the availability of domestic credit in India, specialized types of financing such as structured long term finance, project finance and trade finance could be impacted. While we may make use of such financings from time to time, we have little or no control over any of these risks or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian banking system could impact our funding and adversely affect our business, operations and financial condition and the market price of the Equity Shares.

54. There may be significant independent press coverage about our Company and this Offer, and we strongly caution you not to place reliance on any information contained in press articles, including, in particular, any financial projections, valuations or other forward - looking information, and any statements that are inconsistent with the information contained in this Red Herring Prospectus.

There may be significant press coverage about our Company and this Offer, that may include financial projections, valuations and other forward-looking information, as well as statements that are inconsistent or conflict with the information contained in this Red Herring Prospectus. We do not accept any responsibility for the accuracy or completeness of such press articles, and we make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations, forward-looking information, or of any assumptions underlying such projections, valuations, forward-looking information or any statements are inconsistent or conflict with the information contained in this Red Herring Prospectus, included in or referred to by the media.

55. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

56. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely affect us. A future material decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy which in turn, could adversely affect our business and future financial performance.

India's foreign exchange reserves increased by US$ 47,600 million, or 31.4 per cent., from Fiscal 2006 to Fiscal 2007, and by US$110,500 million, or 55.5 per cent., from Fiscal 2007 to Fiscal 2008, reaching US$309,700 million as at March 31, 2008. During Fiscal 2009, foreign exchange reserves decreased sharply by US$57,700 million, or 18.7 per cent., from Fiscal 2008, to US$251,900 million. India's foreign exchange reserves increased again by US$27,100 million, or 10.7 per cent., to US$279,100 million as at March 31, 2010, further increased by US$25,800 million, or 9.2 per cent., to stand at US$304,800 million as at March 31, 2011 and fell 3.4 per cent. to US$294,400 million as at March 31, 2012. As at March 31, 2013 the foreign exchange reserve further fell to US$ 292,040 million and as at September 30, 2013 the foreign exchange reserve further fell to US$ 276,260 million and has been falling since then. (*Source: Reserve Bank of India*)

A future material decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy which in turn, could adversely affect our business and future financial performance.

57. Our ability to freely raise foreign currency denominated debt outside India may be constrained by Indian law. Limitations on raising foreign debt may have an adverse effect on our business, financial condition and results of operations.

Under India's policy on external commercial borrowing, as notified by the RBI and currently in force ("**ECB Policy**"), external commercial borrowing by an eligible borrower is permitted under the automatic route (i.e., without prior approval of the RBI) up to US$750 million in a financial year, with a minimum average maturity of five years, for permissible end-uses specified under the ECB Policy (including investments in new projects in the power or electricity transmission sectors). Further, the ECB Policy limits the all-in-cost (including the rate of interest, other fees and expenses in foreign currency except commitment fee, pre-payment fee, and fees payable in Indian Rupees) for external commercial borrowing with minimum average maturity of over five years to 500 basis points above the London Interbank Offered Rate or applicable benchmark. External commercial borrowing not complying with the requirements specified under the ECB Policy require the prior approval of the RBI, in accordance with the ECB Policy. Further, in raising funding in the international capital markets, our Company is also required to comply with the capital markets laws of countries other than India. These limitations on external commercial borrowing could constrain our ability to raise cost effective funding for implementing asset purchases, refinancing existing indebtedness, or financing acquisitions and other strategic transactions in the future, which may adversely affect our financial condition and prospects.

58. Third party statistical and financial data in this Red Herring Prospectus may be incomplete or unreliable.

We have not independently verified data from industry publications and other sources and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economy or the industries in which we operate in this Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. We make no representation or warranty, express or implied, as to the accuracy or completeness of this information. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Red Herring Prospectus. We cannot provide any assurance that the third parties have used correct or sound methodology to prepare the information included in this Red Herring Prospectus.

59. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business. Outbreaks of infectious diseases could have an adverse impact on the Indian economy, which could adversely affect our business and thereby, our financial condition.

The outbreak of an infectious disease or any other serious public health concern in Asia or elsewhere could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Since late 2003, a number of countries in Asia, including India, as well as countries in other parts of the world, have had confirmed cases of the highly pathogenic H5N1 strain of avian influenza in birds and its transmission to humans, which resulted in numerous human deaths. Since April 2009, there have been outbreaks of swine flu, caused by the H1N1 virus, in certain regions of the world, including

India. Such outbreaks of infectious diseases could have an adverse impact on the Indian economy, which could adversely affect our business operations and thereby, our financial condition.

60. *Investors may have difficulty enforcing foreign judgments in India against us or our management.*

We are a limited liability company incorporated under the laws of India. All of our Directors are residents of India. A substantial portion of our assets and the assets of the Directors and our key executives are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against us or such parties outside India.

Further, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered.

61. There may be less company information available in Indian securities markets compared to securities markets in more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities market and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. SEBI received statutory powers in 1992 to assist it in carrying out its responsibilities for improving disclosure and other regulatory standards for the Indian securities market. Subsequently, SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, prospective investors may have access to less information about the business, results of operations and financial condition, and those of the competitors that are listed on the BSE and the NSE of India and other stock exchanges in India on an on-going basis compared to companies subject to reporting requirements of other more developed countries.

RISKS RELATED TO EQUITY SHARES

62. Conditions in and volatility of the Indian securities market may affect the price or liquidity of our Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian stock exchanges have often experienced periods of significant volatility in last three years. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of securities, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

63. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Following the Offer, we may be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond the specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The Stock Exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

64. Substantial future sales or issuances of our Equity Shares in the public market may dilute the position of investors and could adversely affect the market price of our Equity Shares.

Any future issuance of Equity Shares by us or sale of our Equity Shares by the GoI or by other significant shareholders, or any future issuance of convertible securities by us, or the perception in the market that such sale or issuance may occur, may significantly affect the trading price of our Equity Shares. Such issuances of Equity Shares and convertible securities, or the perception in the market that such issuance may occur, may dilute the positions of investors in the Equity Shares and could adversely affect the market price of our Equity Shares.

65. After this Offer, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not be sustained.

The prices of our Equity Shares may fluctuate after this Offer due to a wide variety of factors, including:

- volatility in the Indian and global securities markets;
- our operational performance, financial results and grid expansion;
- developments in India's economic liberalization and deregulation policies, particularly in the power sector; and
- changes in India's laws and regulations impacting our business.

We cannot assure you that an active trading market for our Equity Shares will be sustained after this Offer or that the price at which our Equity Shares are offered will correspond to the prices at which they will trade in the market subsequent to this Offer.

66. There is no guarantee that the Equity Shares offered and sold in this Offer will be listed on the Stock Exchanges in a timely manner or at all.

In accordance with Indian law and practice, permission to list the Equity Shares will not be granted until after those Equity Shares have been offered and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

In addition, pursuant to India regulations, certain actions are required to be completed before the Equity Shares can be listed and trading may commence. Investors' book entry or dematerialized electronic accounts with depository participants in India are expected to be credited only after the date on which the offer and allotment is approved by our Board of Directors. There can be no assurance that the Equity Shares allocated to prospective Investors will be credited to their dematerialized electronic accounts, or that trading will commence on time after allotment has been approved by our Board of Directors, or at all.

67. Our ability to pay dividends in the future will depend upon various factors including future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

The amount of our future dividend payments, if any, will depend upon various factors including our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to declare dividends. For more information, see "***Dividend Policy***" on page 167.

68. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of Equity Shares within 12 months in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares.

69. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing or reporting requirements and does not fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

70. Foreign investors may be restricted in their ability to purchase or sell Equity Shares.

Under Indian law, the total holdings of all FIIs and their sub-accounts cannot exceed 24% of the paid-up equity capital of an Indian company unless such company, pursuant to the approval of its board of directors and a special resolution of its shareholders, authorises an increase of this amount up to the sectoral cap. A prior intimation to the RBI of such increase is also required. The RBI monitors the ceilings on FIIs' investments in Indian companies on a daily basis and has prescribed cut-off points that are two percentage points lower than the FII cap. When the aggregate net purchases of equity shares of the company by FIIs reaches the cut-off point, the RBI issues a caution notice prohibiting FIIs to purchase shares of the company without prior approval of the RBI.

The FII holding of the Company as of September 30, 2013 was approximately 16.87% of its paid-up equity share capital. The Company's cap for FII investments is currently 24% of its paid-up equity share capital. The Company has, pursuant to a resolution of its Board of Directors, dated October 23, 2013, authorised the increase of limit for investment by FIIs and sub-accounts of FIIs in our Company to upto 30% of our paid-up equity share capital. However such increase in limit is subject to a special resolution being passed by the shareholders of our Company, which may or may not be forthcoming. Until the approval of such increase in limit for the investment of FIIs and sub-accounts of FIIs by a special resolution of our shareholders, the ability of FIIs to purchase the Equity Shares may be restricted in the event that the aggregate shareholding of FIIs in the Company increases to 22% of the paid-up equity capital of the Company. This may adversely affect the market price of the Equity Shares and your ability to sell or purchase the Equity Shares.

Prominent Notes:

- Further Public Offer of 787,053,309 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] million. The Offer comprises a Fresh Issue of 601,864,295 Equity Shares by the Company and an Offer for Sale of 185,189,014 Equity Shares by the Selling Shareholder, the President of India acting through the MoP. The Offer comprises a Net Offer to the public of 784,053,309 Equity Shares and a reservation of 3,000,000 Equity Shares for subscription by Eligible Employees bidding in the Employee Reservation Portion. The Offer shall constitute 15.04 % of the post Offer paid-up Equity Share capital of our Company and the Net Offer shall constitute 14.99 % of the post Offer paid-up Equity Share capital of our Company. Discount of ₹ [●] to the Offer Price may be offered to Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion.

- Investors may contact the BRLMs for any complaint pertaining to the Offer. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof. All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

- The average cost of acquisition of our Equity Shares by our Promoter is ₹ 10 which has been calculated on the basis of the average of amounts paid by it to acquire the Equity Shares currently held by it.

- Except as disclosed in the section titled "***Financial Statements – Annexure XX - Related Party Transactions***" on page 219, there have been no transactions between our Company and our Subsidiaries/joint ventures during the last fiscal.

- The net worth of our Company as on March 31, 2013, as per our audited consolidated financial statements, and as on September 30, 2013, as per our standalone, unaudited, reviewed financial statements for the six months ended September 30, 2013, included in this Red Herring Prospectus was ₹ 263,765.9 million and ₹ 284,764.0 million, respectively.

- The net asset value per Equity Share as on March 31, 2013, as per our audited consolidated financial statements, and as on September 30, 2013, as per our standalone, unaudited, reviewed financial statements for the six months ended September 30, 2013, included in this Red Herring Prospectus was ₹ 56.97 and ₹ 61.51, respectively.

- There has been no financing arrangement by which the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with the RoC.

SECTION III – INTRODUCTION
SUMMARY OF INDUSTRY

The information in this section has been obtained or derived from publicly available documents prepared by various sources, including officially prepared materials from the Government of India and its various ministries and from various multilateral institutions. This information has not been prepared or independently verified by us or any of our advisors including the BRLMs, and should not be relied on as if it had been so prepared or verified. Unless otherwise indicated, the data presented exclude captive generation capacity and generation.

THE INDIAN ECONOMY

According to the CIA World Fact Book, India's 2012 GDP in purchasing power parity terms was estimated US$4.761 trillion. This made India the fourth largest economy in the world. (*Source: https://www.cia.gov/library/publications/the-world-factbook/geos/in.html)*

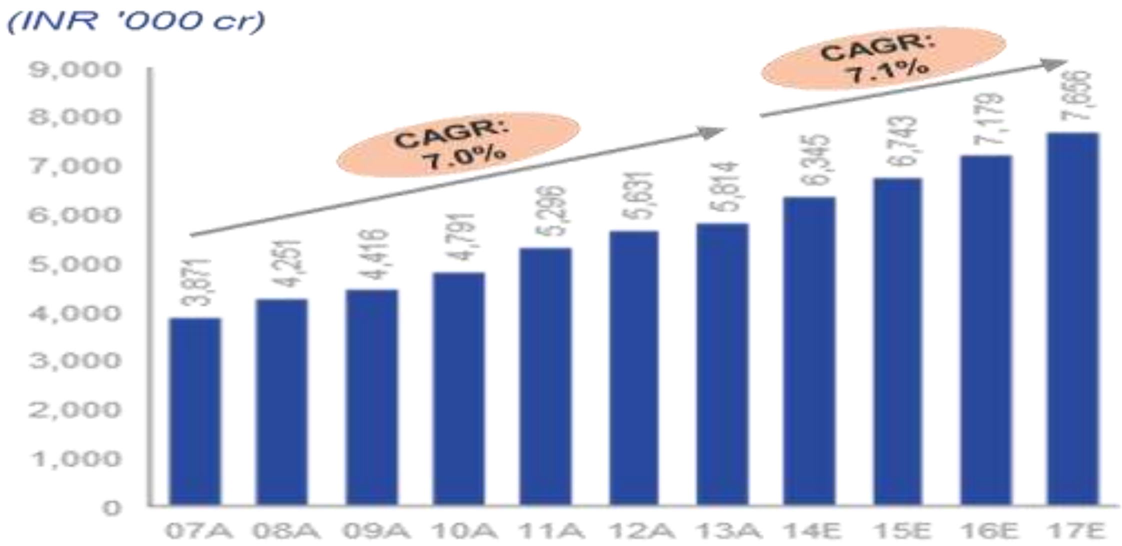
The Indian economy has shown varying but sustained growth in GDP over recent years. In Fiscal 2012 the GDP growth rate (at 2004-05 prices) was at 6.2%. In Fiscal 2013 the GDP growth has lowered to 5%. (*Source: http://www.eaindustry.nic.in/Key_Economic_Indicators/Key_Economic_Indicators.pdf)*

The Indian economy, which recovered from the global economic crisis of 2008 and 2009 with a period of significant growth, has more recently been adversely affected by challenging global market and economic conditions that has caused and may continue to cause a downturn in the rate of economic growth in India. The following table compares India's GDP growth rate with the GDP growth rate of certain other countries:

Country	2008	2009	2010	2011	2012
Australia	3.8	1.6	2.1	2.4	3.4
Brazil	5.2	-0.3	7.5	2.7	0.9
China	9.6	9.2	10.4	9.3	7.8
France	-0.1	-3.1	1.7	2.0	0.0
Germany	1.1	-5.1	4.2	3.0	0.7
India	3.9	8.5	10.5	6.3	3.2
Japan	-1.0	-5.5	4.7	-0.6	1.9
Korea (south)	2.3	0.3	6.3	3.7	2.0
Malaysia	4.8	-1.5	7.2	5.1	5.6
Russia	5.2	-7.8	4.5	4.3	3.4
United Kingdom	-1.0	-4.0	1.8	1.0	0.3
United States	-0.4	-3.1	2.4	1.8	2.2

Source: World Development Indicators (WDI) Database, World Bank, October 2013

As per RBI Handbook of Statistics on Indian Economy 2012-13, the rising income in India in Real GDP terms in 2012 (with base year 2004 – 2005) has witnessed a CAGR of 7% from Fiscal 2007 - 2013 and the same is expected to grow at a CAGR of 7.1% during Fiscal 2014- 2017. (*Source: GoI, RBI Handbook of Statistics on Indian Economy 2012-13 and IMF- World Economic Outlook Database, October 2013)*



(Source: GoI, RBI Handbook of Statistics on Indian Economy 2012-13 and IMF- World Economic Outlook Database, October 2013)

THE INDIAN POWER SECTOR

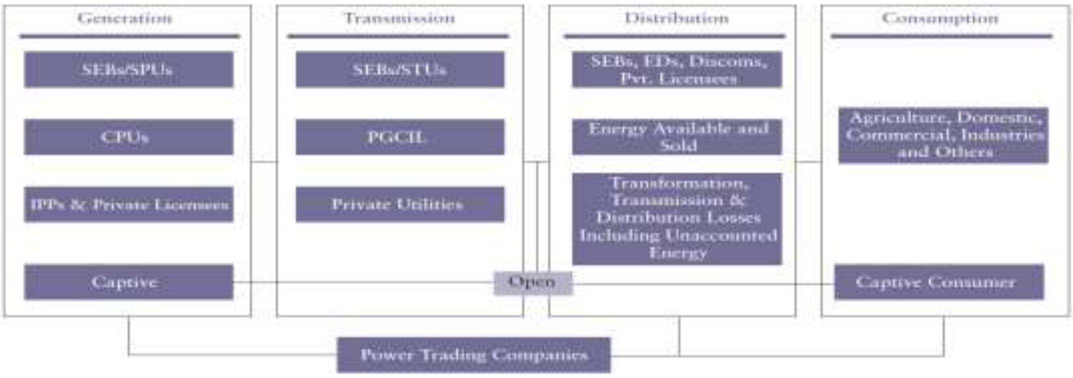
Overview of the Indian Power Sector

The Indian power sector is one of the most diversified in the world. Sources for power generation range from conventional sources like coal, lignite, natural gas, oil, hydro and nuclear power to other viable non-conventional sources like wind, solar and agriculture and domestic waste. The demand for electricity in the country has been growing at a rapid rate and is expected to grow further in the years to come. (*Source: GoI – "Year End Review of Power Ministry" dated December 28, 2012*)

The power sector is currently at a crucial juncture of its evolution from a dominantly public sector environment to a more competitive power sector with many private producers and greater reliance on markets, subject to regulation. The performance of the power sector shows many positive features, especially relating to the pace of addition to power generation but there are numerous problems relating to fuel supply which need to be resolved as also problems relating to the financial viability of the operation of the distribution companies (State Discoms). (*Source: GoI, Planning Commission report titled "Twelfth Five Year Plan (2012-2017") Economic Sectors- Volume II"*)

In spite of the massive addition in generation, transmission and distribution capacity over the last sixty years, growth in demand for power has always exceeded the generation capacity augmentation. According to the report of the Working Group on Power for the Twelfth Plan, although the country has achieved capacity addition of about 1,81,500 MW over the last six decades (until August 2011), peak and energy shortages of varying magnitudes are being experienced. (*Source: GoI, Report of the Working Group on Power for Twelfth Plan (2012-17)*)

The following diagram depicts the structure of the Indian power industry for generation, transmission, distribution and consumption:



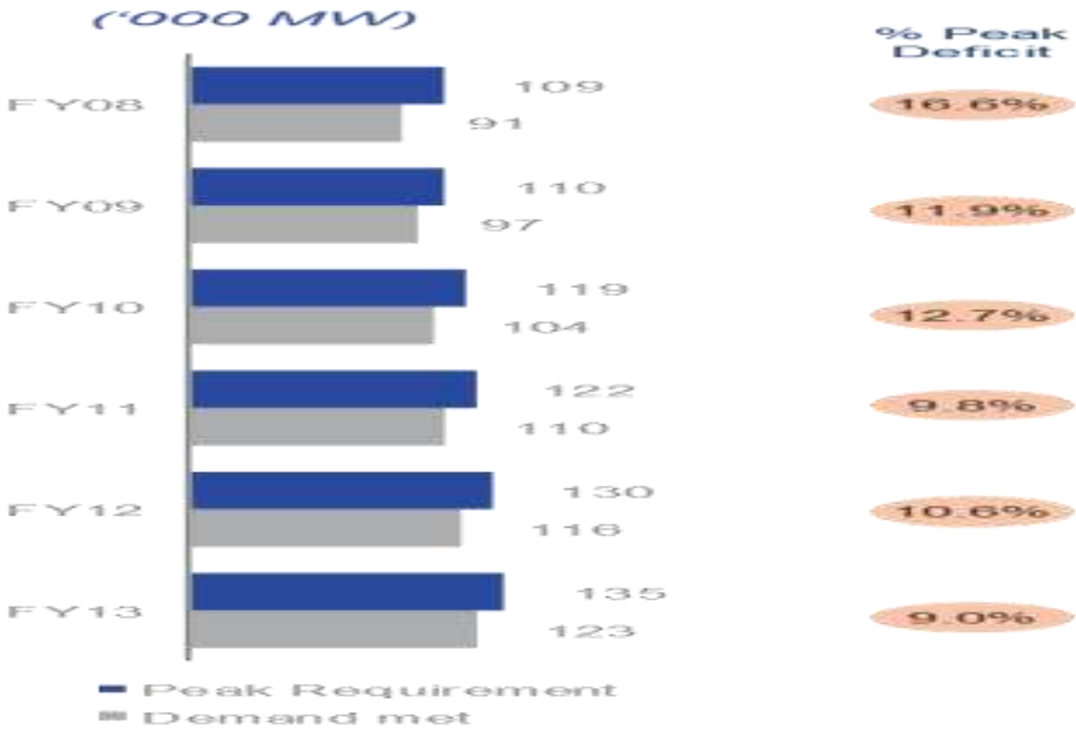
Legend:

IPPs	Independent Power Producers
CPUs	Central Power Utilities
SEBs	State Electricity Boards
STUs	State Transmission Utilities
SPUs	State Power Utilities
PGCIL	Power Grid Corporation of India Limited
EDs	Electricity Departments
Discoms	Distribution Companies

Source: Company

According to the central electricity authority ("**CEA**"), during the year 2012-2013, India has experienced energy shortage of 8.7% and peak power shortage of approximately 9.0%. (*Source: GoI, CEA Load Generation Balance Report (2013 – 14))* According to the monthly review of the power sector by the CEA, the provisional total energy deficit and peak power deficit for September 2013 was approximately 3.4% and 3.6% respectively. (*Source: GoI, CEA Executive Summary for September 2013)*

The below chart depicts India's continued power deficit:



(*Source: GoI, CEA "Power Scenario at a Glance" November 2012 and Load Generation Balance Report (2013-14)*)

The Indian economy is based on planning through successive five year plans ("**Five Year Plan**") that set out targets for economic development in various sectors, including the power sector. During the Ninth Five Year Plan (1997 to 2002) ("**9th Plan**"), capacity addition achieved was 19,119MW, which was 47.5% of the 40,245 MW targeted under the 9th Plan. During the course of the Tenth Five Year Plan (2002 to 2007) ("**10th Plan**"), capacity addition achieved was 21,180 MW, which was 51.6% of the 41,110 MW targeted under the 10th Plan. (*Source: GoI, CEA "Power Scenario at a Glance" November 2012)*

Further, during the Eleventh Five Year Plan (2007 to 2012) ("**11th Plan**") despite a substantial increase in the target for capacity addition to 78,700 MW (which was revised to 62,374 MW in the mid-term appraisal), the actual capacity addition was 54,964 MW. The generation capacity addition target for the Twelfth Five Year Plan (2012-2017) ("**12th Plan**") has been fixed at approximately 88,537MW. In addition, it is planned to add a grid interactive renewable capacity of 30,000 MW, comprising of wind (15,000 MW), solar (10,000 MW), small hydro (2,100 MW) and the balance primarily from bio mass sources. *(Source: GoI, Planning Commission "Twelfth Five Year Plan (2012-2017) Economic Sectors- Volume II")*

The total installed power generation capacity in India was 228,721.73 MW as of September 30, 2013. *(Source: GoI, MoP, CEA Executive Summary for the month of September 2013)*

The 12th Plan also expects the share of renewables in electricity generated to rise from around 6% in 2012 to 9% in 2017 and 16% in 2030. *(Source: GoI, Planning Commission "Twelfth Five Year Plan (2012-2017) Economic Sectors- Volume II")*

SUMMARY OF BUSINESS

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto in the sections, "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages xvii, 286 *and* 169, *respectively*

OVERVIEW

We are India's principal electric power transmission company. We are in the 25th year of our existence. As on September 30, 2013 we owned and operated more than 90% of India's ISTS which, inter-alia, includes inter-regional transmission links. At the end of Fiscal 1993, we owned and operated 22,228 circuit kilometers of electric transmission lines and 39 substations with a total transformation capacity of 12,201 MVA and as at September 30, 2013, we owned and operated 102,109 circuit kilometers of electrical transmission lines and 172 substations with a total transformation capacity of 172,378 MVA. On a consolidated basis, our gross fixed assets, revenues and net profits have grown from ₹35,205.6 million, ₹6,340.6 million and ₹2,366.1 million respectively in Fiscal 1993 to ₹823,264.4 million, ₹137,271.2 million and ₹43,126.1 million respectively in Fiscal 2013. During this period our employees have grown from 5,820 to 9,347.

We have featured in the Platts list of Top 250 Energy Companies of the World since 2009, a study conducted by Platts, a division of the McGraw-Hill Companies. In the list of fastest growing energy companies by Platts, in 2012, we were ranked as the fifth fastest growing electric utility in the world, on the basis of last three years compounded growth rate for revenues.

We were entrusted by the GoI with the statutory role of CTU in 1998 and continued as CTU under Section 38 of the Electricity Act as amended. As the CTU, we are responsible for the planning and development of the country's ISTS network. We are also required to facilitate non-discriminatory open access to available capacity in the ISTS and carry out real time grid management functions through our wholly-owned subsidiary, POSOCO.

We were conferred the status of "Navratna" by the GoI in May 2008, which provides us greater autonomy to incur capital expenditure for our projects without the GoI approval and allows us to make investments in subsidiaries and joint ventures in India and abroad subject to an investment ceiling set by the GoI. We have received the highest annual performance rating of "Excellent" from the GoI in each year since Fiscal 1994.

We commenced our operations in Fiscal 1991 as National Power Transmission Corporation Limited and changed our name to Power Grid Corporation of India Limited in Fiscal 1993 as part of an initiative of the GoI to consolidate all the ISTS assets of the country in a single entity. Accordingly, from Fiscal 1992 to Fiscal 1994 the transmission assets, including transmission lines and substations, of all central electricity generation utilities that operated on an inter-state or inter-regional basis were transferred to us. Our Equity Shares are currently listed on the BSE and the NSE. For details, see "***History and Certain Corporate Matters***" on page 131.

As at September 30, 2013, we had 86 ongoing transmission projects in various stages of implementation. Our Board of Directors had budgeted an investment of ₹1,000 billion in transmission projects during the Twelfth Five Year Plan, which began on April 1, 2012 and ends on March 31, 2017, which was further revised to ₹1,096.8 billion to include new initiatives such as green corridors for renewable energy integration and projects under TBCB route. In Fiscal 2013, we have spent ₹200,370 million towards investment during the Twelfth Five Year Plan. For the six months ended September 30, 2013, we have spent ₹108,945.9 million (on a standalone basis) towards investment during the Twelfth Five Year Plan. The Twelfth Five Year Plan aims to achieve a national power grid with inter - regional power transfer capacity of approximately 65,550 MW, which would primarily include our transmission system.

Our domestic bonds have been given the highest credit rating since Fiscal 2001, 'AAA/Stable' by Credit Rating Information Services of India Limited ("**CRISIL**"), and 'LAAA'/'AAA' by Indian Credit Ratings Agency ("**ICRA**"), and, since Fiscal 2008, 'AAA' by Credit Analysis & Research Limited ("**CARE**"). During Fiscal 2013, we obtained our international credit ratings for the first time and were initially rated by S&P rating services and Fitch Ratings at 'BBB- (outlook negative)' consistent with India's sovereign rating. Fitch Ratings has further revised the sovereign rating to 'stable' from 'negative' and accordingly our Fitch rating is raised which now stands at 'BBB- (outlook stable)'.

The tariff for all our transmission projects assigned to us prior to January 6, 2011 and any new specifically identified projects which may be assigned by the GoI to us shall be based on cost-plus-tariff structure. The tariff based on a cost-plus-tariff structure, which is determined by the CERC, in accordance with the Electricity Act as amended and the Fiscal 2010-2014 CERC Regulations, provides us a return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year. Under our tariffs on a cost-plus basis, we receive reimbursements for our operating and maintenance expenses at normative rates rather than actual expenses incurred. In case of projects commissioned on or after April 1, 2009 an additional return on equity of 0.5% may also be allowed if the project is completed within the stipulated time. These rates may be subject to change in the periods after March 31, 2014. Pursuant to the Tariff Policy, 2006 which was notified on January 6, 2006, the MoP stipulated that investment by a transmission developer other than a CTU/STU was to be invited through competitive bids and that the tariffs of the transmission line projects to be developed by the CTU/STU after a period of five years or when the CERC is satisfied that the situation was suitable to introduce competition through competitive bidding. With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under TBCB route. Under TBCB, tariff for projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on a BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013, we have secured three transmission projects through TBCB each of which are executed by our wholly owned subsidiaries, each of which were acquired by us as part of the TBCB process.

A crucial aspect of the operation of an electric power system is management of the power flow in real time with reliability and security on a sound commercial and economic basis. Since 1994 the GoI has progressively entrusted us with the operation of the RLDCs in each of the five regions namely, North, West, South, East and North East regions into which India is divided for purposes of power transmission and operation. As the RLDC operator, we have modernized the RLDCs and SLDCs and their communication networks. The NLDC was constituted pursuant to a MoP notification dated March 2, 2005 and commenced commercial operation beginning April 1, 2009. The NLDC is responsible for monitoring the operations and grid security of the national grid and supervises the scheduling and despatch of electricity over inter-regional lines in coordination with the RLDCs. All bilateral transactions are undertaken through the RLDCs, while transactions facilitated by the power exchanges are undertaken by NLDC. NLDC has also been designated as the central agency for implementing the renewable energy certificate mechanism, a framework provided by CERC for trading in renewable energy certificates. Our wholly-owned subsidiary, POSOCO, was established in March 2009 to oversee the grid management and load despatch function of the RLDCs and NLDC. Accordingly, RLDC and NLDC have been transferred to POSOCO and are in operation under POSOCO since October 1, 2010. The fees generated from our RLDC and NLDC operations are determined by CERC, in accordance with the Electricity Act and the CERC (Fees and Charges of Regional Load Despatch Centres and Related Matters) Regulations, 2009.

Leveraging on our strength as India's principal power transmission company, we have entered into the consultancy business. Since Fiscal 1995, our consultancy division has provided transmission and distribution consultancy services to over 160 clients (including 22 international clients and about 145 domestic clients (excluding telecom clients)) in over 460 domestic and 55 international projects. As at September 30, 2013, we were engaged in providing consultancy services to our clients in over 116 domestic and 20 international projects. In our consultancy role, we have been facilitating the implementation of the GoI-funded projects for the distribution of electricity to end-users through the RGGVY" in rural areas.

We have also recently signed agreements with six North Eastern region states (Assam, Meghalaya, Mizoram, Manipur, Nagaland and Tripura) to provide consultancy services as "Design cum implementation supervision consultant" for implementation of "North Eastern Region Power System Improvement Project" to be funded by The World Bank.

We have also entered into the telecommunications bandwidth business since 2001. We have been utilizing our nationwide transmission system to create an overhead fibre-optic telecommunication cable network using OPGW on power transmission lines. As at September 30, 2013, the network consisted of approximately 29,279 kilometers and connected 290 Indian cities and towns, including all major metropolitan areas. We believe we are one of the few providers of telecommunications infrastructure with a significant presence in remote and rural areas. The availability of our telecom backbone network has been consistently maintained at 99.92% during Fiscal 2013. As of September 30, 2013 we have been leasing bandwidth on this network to more than 106 customers. We have also facilitated telecom connectivity to our neighbouring country Bhutan through our

OPGW links and by providing domestic bandwidth to International Long Distance ("**ILD**") operators. We are also one of the implementing agencies for the National Knowledge Network ("**NKN**") and National Optical Fibre Network ("**NOFN**"), each a project of GoI.

In Fiscal 2012 we generated a total income on a consolidated basis of ₹110,735.8 million and profit after tax of ₹33,029.9 million. In Fiscal 2012, our revenues on a consolidated basis from transmission and transmission-related activities constituted 95.35% of our revenue from operations, with the balance coming from our consulting and telecommunication businesses. In Fiscal 2013 we generated a total income on a consolidated basis of ₹137,271.2 million and profit after tax of ₹43,126.1 million. In Fiscal 2013, our revenues from transmission and transmission-related activities constituted 95.86% of our revenue from operations, with the balance coming from our consulting and telecommunication businesses. On a standalone basis, in the six months ended September 30, 2013, we generated revenue from operations of ₹75,594.5 million and profit after tax of ₹22,795.4 million. Our revenues from our transmission and transmission related activities constituted 93.99% of our total revenue from operations for the six months ended September 30, 2013 (on a standalone basis). Our total income for six month period ending September 30, 2013 (on a standalone basis) was ₹77,384.6 million.

We are certified for PAS 99:2006, which integrates the requirements of ISO 9001:2008 for quality management, ISO 14001:2004 for environment management and OHSAS 18001:2007 for occupational health and safety management systems. We have been certified for compliance to these standards and specifications by BSI Management Systems until June 2016. We are also accredited with SA 8000:2008 certificate for social accountability system which is implemented for all our facilities.

We seek to operate our transmission system at high levels of efficiency. In Fiscal 2013, we maintained system availability rate of our transmission system at 99.90%. In the six months ended September 30, 2013, our system availability rate was 99.90% and our trippings per line was contained at 0.32.

The following table presents certain company - wide operating parameters for the periods indicated:

	As of March 31					**As at September 30, 2013**
	2009	**2010**	**2011**	**2012**	**2013**	
Transmission Network (circuit kilometers)	71,500	75,290	82,355	92,981	100,200	102,109
Substations (number) (including GIS)	120	124	135	150	167	172
Transformation Capacity (MVA)	79,500	83,100	93,050	124,525	164,763	172,378
	For Fiscal					**For six months ended September 30, 2013**
	2009	**2010**	**2011**	**2012**	**2013**	
System Availability (%)	99.55	99.77	99.8	99.94	99.90	99.90
Trippings per line (T/L^2)	2.56	2.07	1.27	0.59	0.58	0.32

We have been gradually increasing our network of transmission lines. As at March 31, 2011, we operated a total network of 82,355 circuit kilometers at 765 kV, 400 kV, 220 kV and 132 kV extra high voltage alternating current ("**EHVAC**") and +/- 500 kV HVDC. Of this, 62,970 circuit kilometers are 400kV, 2,933 circuit kilometers are 765 kV (including lines that were constructed for 765kV but were charged at 400 kV level), 5,947 circuit kilometers are +/-500 kV HVDC and the balance are at lower voltage levels. As at September 30, 2013, we operated a total network of 102,109 circuit kilometers at 765 kV, 400 kV, 220 kV and 132 kV EHVAC and +/- 500 kV HVDC. Of this 77,699 circuit kilometers are 400 kV, 7,174 circuit kilometers are 765kV (including lines that are constructed for 765kV but currently charged at 400 kV level), 5,947 circuit kilometers are +/-500 kV HVDC and the balance are at lower voltage levels.

OUR STRENGTHS

We believe that the following are our principal business strengths:

Leadership position in Indian power transmission sector

We have featured in the Platts list of Top 250 Energy Companies of the World since 2009, a study conducted by Platts, a division of the McGraw-Hill Companies. In the list of fastest growing energy companies by Platts, in 2012, we were ranked as the fifth fastest growing electric utility in the world, on the basis of last three years compounded growth rate for revenues.

We are India's principal electric power transmission company, owning and operating more than 90% of India's ISTS as on September 30, 2013. As at September 30, 2013, we operated a network of 102,109 circuit kilometers of interstate transmission lines, 172 EHV AC and HVDC substations with transformation capacity of 172,378 MVA.

We are also responsible for the expansion and technological modernization of the national electricity grid of India. Further, in our capacity as CTU, we are instrumental in the planning and co-ordinated development of ISTS in India.

Further, we also carry out the role of the grid manager, through our wholly owned subsidiary, POSOCO. The NLDC has been designated as the central agency for the implementation of the renewable energy certificate mechanism in the country and until March 31, 2013, it had issued more than five million renewable energy certificates ("**RECs**") since the time this mechanism commenced in March 2011.

High operational efficiencies

We have maintained an average system availability of over 99% for our transmission system since Fiscal 2002. The trippings per line, has been gradually reduced to 0.58 for Fiscal 2013 from 2.56 in Fiscal 2009. Our trippings per line has further reduced to 0.32 for the six months ended September 30, 2013. In order to ensure high rates of availability for our transmission systems, we monitor and maintain our infrastructure using modern techniques and technologies. We are entitled to earn an additional return on equity under certain incentive mechanisms based on system availability built into our tariff structures pursuant to the Fiscal 2010-2014 CERC Regulations. Since Fiscal 1994, we have been rated "Excellent" by the GoI on an annual basis as a result of our achievement of performance targets, which include demonstration of high operational efficiencies, set for us in the memoranda of understanding that we agree to annually with the GoI. In the past, we have also been awarded national awards for meritorious performance in the power sector.

Our operation and maintenance activities have been ISO certified and our systems and procedures are updated to keep abreast with modern technology. Maintenance schedule documentation and procedures have been standardized across our assets and are available through our intranet portal. Periodic reviews are conducted at substations and line offices to evaluate the implementation of our systems and procedures and enhance the efficiency of our operations. Further, initiatives such as the replacement of old relays with advanced numerical or static relays, the refurbishment of existing transformers after carrying out residual age analysis have been undertaken to replace ageing transmission assets in accordance with the prevalent Fiscal 2010-2014 CERC Regulations. We have also introduced remote operations of existing substations for optimal utilization of resources and as of September 30, 2013, we have 48 substations which are controlled remotely.

We have introduced operation and maintenance measures such as carrying out live line maintenance using hotline maintenance equipment, including using helicopters to clean polluted insulators, and use of emergency restoration systems ("**ERS**") for the restoration of power supply in the minimum possible time, in the event of collapsed transmission lines due to natural calamities. Patrolling of such vast transmission network traversing the length and breadth of the country is an onerous task and involves more man-hours. Towards this, to start with, aerial patrolling of transmission lines by helicopters, especially in difficult terrain has been undertaken for 15,000 kilometers. If successful, we plan to deploy this system across our network. We are also exploring the possibility of deployment of helicopters for maintenance purposes. Further, we enable interaction between senior officials through multi-location video conferencing facilities.

We are implementing construction of a National Transmission Asset Management Centre ("**NTAMC**") and nine regional transmission asset management centres to oversee the remote operation of most of our substations and to create maintenance hubs to cater to the maintenance requirements of nearby groups of substations rather than placing staff in each substation. Remote operation of substations allows for more effective utilization of manpower and brings direct and indirect returns and benefits both from an operational and cost viewpoint. Further, for enhancing operational efficiency, maintenance service hubs have been introduced with specialist maintenance crew to cater to the need of group of substations.

Effective project implementation

We have extensive experience and expertise in implementing new transmission projects for expansion of India's transmission systems. During the Ninth, Tenth and Eleventh Five Year Plans, we have added 12,436 circuit kilometres, 19,172 circuit kilometres and 33,520 circuit kilometres of transmission lines, respectively, and 14, 36 and 46 substations, respectively. During the Tenth Five Year Plan, we achieved an investment of ₹181,010 million against a target of ₹213,700 million. We have consistently achieved and exceeded the capital expenditure targets set under the Eleventh Five Year Plan. During the Eleventh Plan we achieved our annual capex targets and invested ₹66,560 million, ₹81,670 million, ₹106,170 million, ₹120,050 million and ₹178,140 million respectively during Fiscal 2008 to Fiscal 2012 against the corresponding targets of ₹65,040 million, ₹76,240 million, ₹105,000 million, ₹119,000 million and ₹177,000 million. Our capabilities in project implementation encompass many facets of transmission activities, from conceptualizing to the commissioning of projects. We generally appoint contractors for the construction of our transmission projects, however, we obtain and provide the statutory clearances to the contractors and carry out the supervision and quality control of construction of projects including material supplied.

We prioritize the efficient implementation of our transmission projects to meet stipulated time frames in order to be eligible for additional return on equity of 0.5% as per the Fiscal 2010-2014 CERC Regulations and to derive maximum economic benefits from our commissioned projects. We have an integrated project management and control system for planning, monitoring and execution of projects which has contributed significantly towards this goal. Under the integrated project management and control system, various project implementation activities are broken down to smaller work elements with identified key milestones to enable the monitoring and control of various elements for overall project implementation. Large transmission projects are often broken down into separate elements with phasing in of commissioning that matches with the priority of the requirements and allows for incremental increases to the revenue as parts of a project are commissioned. Procurement for our transmission projects is divided into well-defined contract packages awarded through competitive bidding. Advance action is taken for tendering, forest clearance and land acquisition, which are all critical aspects for the timely completion of transmission projects, before the investment approval by the Board of Directors.

Following the award of contracts, an integrated plan governs the implementation of the transmission project, including control of the quality of materials and work during construction. We have team(s) of trained and experienced personnel having expertise in respective areas of project implementation, which includes system planning, design, engineering, contracts management, project management, supervision of construction, testing and commissioning activities.

Attractive tariffs and networks, competitive landscape and business model

We recover a return on our investment, expenses incurred on operation and maintenance of assets as determined by CERC tariff regulations. Tariff for our operational transmission projects are currently determined on a cost-plus-tariff basis under the Fiscal 2010-2014 CERC Regulations and will continue to provide us with a 15.5% pre-tax return on equity, to be grossed up by the normal tax rate as applicable for the respective year until March 31, 2014. We also earn additional incentives for the timely commissioning of transmission projects and for maintaining high system availability pursuant to CERC norms for such projects.

With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under the TBCB route. Under TBCB, tariff for such projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on a BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013, we have secured three transmission projects through TBCB each of which are executed by our wholly owned subsidiaries, each of which were acquired by us as part of the TBCB process. Further, we will be securing tariff on a cost - plus basis for all the projects specifically identified and assigned by the MoP to us after January 6, 2011, or which were awarded before January 6, 2011 and are under implementation or to be taken up for implementation.

In addition, many aspects of our core transmission business are characterized by growth plans, a business model that benefit from low volatility and accelerated pace of capitalisation. Our core business benefits from demand for power transmission and we provide an essential input for economic and social growth. Since our transmission business has remained our principal activity, we have extensive experience in managing our internal processes and systems, employees and physical assets. We continue to adopt advanced technologies and carry out research and development activities.

Government support

We believe that we derive a strategic advantage and responsibility from our strong relationship with the MoP and we occupy a key position in the GoI plans for the growth and development of the Indian power and transmission sector. The President of India acting through the MoP and the MoDoNER, is our principal shareholder, holding in the aggregate 69.42% of our pre - Offer issued and paid-up equity share capital as on September 30, 2013 and has the power to appoint all our Directors. In each year we enter into a memorandum of understanding with the MoP providing for our annual performance targets. The GoI has been supportive in securing the settlement of outstanding dues owed to us by the SEBs/ State Discoms and addressing the right of way issues and expediting forest clearances that are required during implementation of projects. The grant of "Navratna" status by the GoI in May 2008 provided us with strategic and operational autonomy and enhanced financial powers to our Board of Directors to take investment decisions without seeking the GoI approval, subject to investment ceiling set by the GoI. The GoI's support also helps us to establish international relationships through which we are able to win certain international consultancy projects having credit support from the GoI. Pursuant to the GoI notification from Ministry of Environment and Forest dated February 5, 2013, we have been exempted from obtaining NOCs from the concerned gram sabha(s) for transmission projects, as was required under the Schedule Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 ("**FRA**"), unless recognized rights of primitive tribal groups and pre - agricultural communities are being affected, in order to facilitate expeditious clearance of forest approval proposals.

Growing business portfolio

As a result of our established track record and technical expertise, since Fiscal 1995, our consultancy division has provided transmission-related consultancy services to over 160 clients (including 22 international clients and about 145 domestic clients (excluding telecom clients)) in over 460 domestic and 55 international projects. As at September 30, 2013, we were engaged in providing consultancy services to our clients for over 116 domestic and 20 international projects. We have worked and we continue to work for various power utilities in various Union Territories, Bihar, Odisha, Punjab, Jharkhand, West Bengal, North Eastern States and well known government and private utilities such as NTPC Limited, Rural Electrification Corporation Limited, North Eastern Electric Power Corporation Limited ("**NEEPCO**"), GMR Energy Limited, Power Finance Corporation Limited, Jindal Power Limited, Jaiprakash Power Ventures Limited, Torrent Power Grid Limited, Adani Power Limited among others.

We have also leveraged our nationwide transmission system to create an overhead fibre-optic telecommunication cable network using OPGW on power transmission lines. As at September 30, 2013, the network consisted of approximately 29,279 kilometers and connected 290 Indian cities and towns, including all major metropolitan areas. We believe we are also one of the few providers of telecommunications infrastructure with a significant presence in remote and rural areas. The availability of our telecom backbone network has been consistently maintained at 99.92% during Fiscal 2013. We are also one of the implementing agencies for the NKN and NOFN, each, a project of the GoI.

Strong financial position and cash flow from operations

We believe our financial position will help us finance our expansion plans in the coming years. Our domestic bonds have been given the highest credit rating since Fiscal 2001, 'AAA/Stable' by CRISIL, and 'LAAA'/ 'AAA' by ICRA, and, since Fiscal 2008, 'AAA' by CARE. During Fiscal 2013, we obtained our international credit ratings for the first time and were initially rated by S&P rating services and Fitch Ratings at 'BBB-(outlook negative)' consistent with India's sovereign rating. Fitch Ratings has further revised the sovereign rating to ‘stable’ from ‘negative’ and accordingly our Fitch rating is raised which now stands at ‘BBB- (outlook stable)’.

The Fiscal 2010-2014 CERC Regulation permits return on equity on a maximum of 30% of the equity we invest in our transmission projects, which are typically funded from cash generated from our internal operations or proceeds from our share capital. As at September 30, 2013, our debt-equity ratio was 72:28 (excluding current maturities of long term debt). Our credit rating allows us to access the debt markets to raise funds for capital expenditure. On a consolidated basis, our net cash flow from operating activities was ₹85,819.9 million, ₹114,587.6 million for Fiscal 2012 and Fiscal 2013, respectively, and ₹61,314.7 million for the six months ended September 30, 2013 (on a standalone basis). Our projects have also been funded in part by loans from The World Bank, The International Finance Corporation and The ADB, thereby availing loans at lower interest rates compared to domestic financing costs.

Skilled and experienced senior management team and competent and committed workforce

We believe that our employees possess a high level of competence and commitment that provides us with a key differentiator from our competition. Our senior executives have extensive experience in the power industry and many of them have been with us for a significant period of their career. We believe that our senior management’s expertise has played a key role in the growth of our business and in the development of consistent procedures and internal controls. In addition, the skills and diversity of our senior management team gives us flexibility to respond to changes in the business environment.

We believe we have been successful in attracting and retaining experienced staff in various areas, including operations, project management, engineering, technology, finance, human resources and law. We believe we have an employee team with a strong blend of experience and motivation. We invest resources in employee training and development, and we recruit through university/institutes campus selection and a competitive screening process to attract talent for entry-level positions.

OUR STRATEGY

Expand and strengthen our transmission network including the adoption of a higher voltage level system

We intend to continue to rapidly increase our capacity to maintain and grow our leadership position and remain as India’s principal power transmission company. The GoI’s Twelfth Five Year Plan commenced on April 1, 2012 and aims to achieve a national power grid with inter-regional power transfer capacity of approximately 65,550 MW, which would primarily include our transmission system and thereby enabling transfer of power from surplus regions to deficit regions substantially on a real time basis. During the Twelfth Five Year Plan, as of September 30, 2013, we had invested ₹309,315.9 million (on a standalone basis) to further develop the national grid, including expanding inter - regional transmission systems and developing system strengthening schemes and transmission systems for the evacuation of power from central sector generation projects and UMPPs and IPPs. Based on generation capacity targeted under the Twelfth Five Year Plan, our Board of Directors have budgeted capital expenditure of an amount up to approximately ₹221,500 million for expansion in Fiscal 2014.

For the period from Fiscal 2009 to Fiscal 2013, we have capitalized assets worth ₹49,021.9 million, ₹28,871.1 million, ₹71,490.0 million, ₹130,355.6 million and ₹172,127.1 million. As a result of this increase in capitalization, our gross fixed assets have grown from ₹503,622.5 million as at March 31, 2011 to ₹871,176.4 million as at September 30, 2013.

As at September 30, 2013, we had 86 ongoing transmission projects in various stages of implementation. These projects involve approximately 41,079 circuit kilometers of transmission lines and 60 substations with a total power transformation capacity of approximately 109,190 MVA. We are in the process of adopting a higher voltage level system for our new projects. We are currently establishing a +/- 800 kV, 6,000 MW HVDC, bi-pole line from the north east/eastern region to the northern/western region that we intend to transmit power over a distance of approximately 1,720 kilometers and also a +/- 800 kV, 3,000 MW HVDC, bi-pole line from the western region to the northern region transmitting power over a distance of approximately 1,350 kilometres. Most of the AC corridors are being implemented with 765kV transmission systems. We are facilitating indigenous development and field testing of 1,200 kV ultra high voltage alternating current (“**UHVAC**”) transmission system by establishing a 1,200 kV National Test Station at Bina, Madhya Pradesh, parts of which achieved successful test charging in January, February, May and October 2012.

On May 31, 2010, the CERC accorded regulatory approval to us to proceed with the execution of nine high capacity power transmission corridors, with HVDC links/765 kV UHVAC lines/400kV high capacity lines with an estimated cost of approximately ₹580,600 million, to facilitate the evacuation of power from various generation projects currently being developed by IPPs across India. Further, on December 13, 2011, CERC accorded regulatory approval for the execution of two additional high capacity transmission corridors with an estimated cost of approximately ₹171,200 million. The total estimated cost of these 11 high-capacity corridors is approximately ₹751,800 million. Majority of these projects are being implemented by us. The 11 new corridors will help to transport electricity from approximately 50 new IPP plants, located in the coal belt, coastal areas capable of importing coal, or hydroelectric-rich areas in the eastern, central, northern, north-east and southern regions. In addition, the MoP has directed us to construct transmission systems for the Sasan, Mundra, Tilaiya and Odisha UMPPs, each with capacity of 4,000 MW.

As member of the task force on grid interconnection amongst the SAARC members, the GoI has taken measures to strengthen inter - connections with Nepal and Bhutan. The inter-connection with Bangladesh has recently been completed. Discussions for inter-connections with Sri Lanka are underway. We are working for the GoI for creation of the grid interconnection amongst the SAARC members.

Maintain efficient operating performance by modernising our infrastructure and services and by maintaining industry best practices

We intend to continue to maintain high transmission availability, to optimise our operating costs and to incorporate more energy-efficient technologies. We intend to take up further improvement in operation and maintenance practices.

As part of our continuing focus on efficient preventative maintenance, we have taken initiatives to undertake the aerial patrol of transmission lines. If successful, we plan to deploy this system across our network.

We intend to modernize our infrastructure and services and to maintain industry best practices. Remote operation of substations allows for more effective utilization of our manpower and brings direct and indirect returns and benefits both from an operational and cost viewpoint. As of September 30, 2013, 48 of our substations are controlled remotely. We are implementing construction of the NTAMC and nine regional transmission asset management centres to oversee the remote operation of most of our substations and to create maintenance hubs to cater to the maintenance requirements of nearby groups of substations rather than placing staff in each substation. Further for enhancing operational efficiency, maintenance service hubs have been introduced with specialist maintenance crew to cater to the need of group of substations. In addition, we are in the process of developing and procuring 400 kV ERS for substation (400 kV mobile substations) to allow us to promptly restore power and repair damage to our substation facilities in the event of a natural disaster or major failure.

We are leading the indigenous development of a 1,200 kV UHVAC system in India by establishing a 1,200 kV national test station at Bina, Madhya Pradesh in the Western Region in collaboration with Indian equipment manufacturers through public-private partnerships. A portion of the 1,200 kV switchyard with equipment and 1,200 kV S/C (single circuit) line was successfully charged in Fiscal 2012 and 1,200 kV D/C (double circuit) was successfully charged in October 2012.

As part of our research and development initiatives, synchrophasor pilot projects with 55 phasor measurement units ("**PMUs**") were undertaken and are currently in operation. Based on the experience gained in the pilot projects, the nation-wide large scale wide area measurement system ("**WAMS**") and PMU based project namely "unified real time dynamic state measurement" ("**URTDSM**") has been taken up for implementation in the Indian power sector. Broadly, the URTDSM project involves implementation of phasor data concentrators ("**PDCs**") at NLDC/RLDCs/SLDCs and PMUs at substations and power plants.

New initiatives underway

We have taken various initiatives to use our resources efficiently. In order to promote smart grid technology we are working jointly with the Government of Puducherry to develop a pilot project in the country. We have also implemented real time smart transmission projects in all five regions of the country as pilot projects to enhance situational awareness of the grid events in real time. We have also undertaken URTDSM project for placement of PMUs in State and Central grids. We are also entering into strategic alliances for backward integration in order to control costs effectively and bid competitively in the TBCB projects. We are in the process of registering with the Bureau of Efficiency ("**BEE**") as an Energy Service Company ("**ESCO**") to undertake energy saving projects on shared savings basis. We have undertaken various initiatives to use our resources efficiently and are working across institutional boundaries to set up new standards of success in various areas such as smart grid technologies and energy efficiency. We also engage in continuous research and development to improve the performance of our transmission system, optimise costs and incorporate new technologies.

We are leading the indigenous development of a 1,200 kV UHVAC system in India by establishing a 1,200 kV national test station at Bina, Madhya Pradesh in the Western Region in collaboration with Indian equipment manufacturers through public-private partnerships. A portion of the 1,200 kV switchyard with equipment and 1,200 kV S/C (single circuit) line was successfully charged in Fiscal 2012 and 1,200 kV D/C (double circuit) was successfully charged in October 2012.

We are also undertaking various research and development projects for the deployment of 400kV mobile substations, process - bus architecture for substation automation system, deploying lightning detection systems, creating pollution maps, among others to improve the system efficiency and making the system robust. We are also actively exploring the application of high temperature superconductor ("**HTS**") technology in our network.

We have approached the Odisha Electricity Regulatory Commission to invest in high temperature distribution system and have made an application in October, 2012 for a licence to participate in the distribution wire business in Central Electricity Supply Utility ("**CESU**") area of Odisha. Public hearing of the licence application was concluded in April 2013 and the approval of licence is awaited. We have also entered into intra-state transmission by entering into joint venture with state transmission companies from the State of Bihar and State of Odisha. The estimated cost of these projects is ₹63,000 million and ₹24,900 million, respectively.

We have developed a comprehensive master plan for grid integration of renewable energy capacity addition in Twelfth Five Year plan across India through Green Energy Corridors. The blue print of master plan prepared by us was jointly released by MoP and the Ministry of New and Renewable Energy ("**MNRE**"). The process for implementation of Green Energy Corridors, with an anticipated capacity of approximately 33GW has been initiated.

Continue to expand our consultancy business

We are making efforts to expand our consulting services in the domestic and international markets. We believe that we have attractive growth opportunities as the principal power transmission company in India which we can further leverage to the benefit of our consultancy partners. We are focusing on expanding our business internationally and increasing our reach beyond the domestic market. As at September 30, 2013 we had 20 ongoing international consultancy projects, including in Sri Lanka, Afghanistan, Bhutan, Nepal, Kenya, Tajikistan, Myanmar and Bangladesh. We believe that such initiatives will open new avenues for revenue.

Expand our corporate social responsibility initiatives

We are committed to the cause of inclusive and sustainable socio-economic development and intend to expand our involvement in this area through our CSR policy. Since Fiscal 2011, in furtherance of our CSR initiatives we have invested each year an amount equivalent to 0.75% - 1% of our net profit after tax.

We also intend to invest each year in furtherance of our CSR initiatives an amount equivalent to at least 2% of our average net profit made during the three immediately preceding financial years, as per provisions of the Companies Act, 2013 which are yet to be notified. We plan to expand our work in the areas of infrastructure development, education, health, livelihood, tree plantation, ecology and environment conservation.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial statements derived from our consolidated audited financial statements for and as of Fiscal 2012 and 2013, and our standalone audited financial statements for and as of the Fiscal 2012 and 2013, and our standalone, unaudited reviewed financial statements for the six month ended September 30, 2012 and 2013. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act 1956, the SEBI ICDR Regulations and the letter (No. CFD/DIL/SK/PHV/OW/27755/2013) dated October 29, 2013 issued by SEBI and are presented in "***Financial Statements***" on page 168. The summary financial statements presented below should be read in conjunction with our financial statements, the notes and annexures thereto and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 286.

Statement of Assets & Liabilities - Standalone

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
Non-current assets (A) :			
a) Fixed assets			
(i) Tangible assets	473,397.8	608,776.9	652,834.8
(ii) Intangible assets	3,225.2	5,229.5	5,993.4
(iii) Capital work in progress	154,998.9	189,213.0	247,598.4
(iv) Intangible assets under development	736.1	1,936.2	1,920.2
b) Construction Stores	126,100.4	157,086.2	195,895.1
c) Non Current Investments	11,011.9	9,642.4	9,891.2
d) Deferred foreign currency fluctuation asset	13,166.7	17,162.9	31,947.8
e) Long-term loans and advances	56,147.6	59,634.0	55,897.9
Sub -total (A)	838,784.6	1,048,681.1	1,201,978.8
Current assets (B) :			
a) Current investments	1,832.6	1,832.6	1,832.6
b) Inventories	4,403.1	5,515.3	6,259.3
c) Trade receivables	14,974.9	14,340.9	15,864.6
d) Cash and Bank balances	23,368.8	16,619.7	19,929.5
e) Short-term loans and advances	4,259.6	5,950.3	5,432.8
f) Other current assets	14,459.9	18,395.7	22,957.0
Sub -total (B)	63,298.9	62,654.5	72,275.8
Deferred Revenue (C)	27,762.7	37,176.0	52,031.5
Non Current Liabilities (D)			
a) Long-term borrowings	491,191.9	630,762.7	743,506.9
b) Deferred tax liabilities (Net)	16,008.8	19,591.6	21,763.2
c) Other long term liabilities	14,317.3	9,899.3	14,230.2
d) Long-term provisions	4,214.9	4,426.3	4,919.2
Sub -total (D)	525,732.9	664,679.9	784,419.5
Current Liabilities (E)			
a) Short-term borrowings	16,500.0	20,000.0	20,000.0
b) Trade payables	2,007.8	2,467.3	2,913.6
c) Other current liabilities	84,635.6	116,934.6	122,122.2
d) Short-term provisions	10,566.7	7,683.1	7,577.9
Sub-total (E)	113,710.1	147,085.0	152,613.7
Committed Reserves (F)			
Corporate Social Responsibility (CSR) Activity Reserve	-	**260.6**	**425.9**
NET WORTH (A+B-C-D-E-F)	**234,877.8**	**262,134.1**	**284,764.0**
Represented by :			
Share Capital (G)	**46,297.3**	**46,297.3**	**46,297.3**
Reserves and Surplus	188,580.5	216,097.4	238,892.6
Less : CSR Activity Reserve	-	260.6	425.9
Reserves and Surplus (H)	**188,580.5**	**215,836.8**	**238,466.7**
NET WORTH (G+H)	**234,877.8**	**262,134.1**	**284,764.0**

Statement of Profit & Loss - Standalone

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Half Year Ended September 30, 2012 (Unaudited Reviewed)	Half Year Ended September 30, 2013 (Unaudited Reviewed)
Income :				
Transmission Income	95,441.9	121,626.6	57,336.7	70,810.0
Consultancy Income- Services	2,899.5	2,289.6	1,278.9	1,217.6
Consultancy Income- Sale of Products	-	864.4	-	1,861.3
Telecom Income	2,011.9	2,313.9	1,124.6	1,465.0
Other Operating Revenue	1,289.4	484.0	342.4	240.6
Other Income	6,207.4	5,708.9	2,147.6	1,790.1
Total Income	**107,850.1**	**133,287.4**	**62,230.2**	**77,384.6**
Expenditure :				
Purchases of Stock in trade	-	635.0	-	1,379.2
Employee benefits expense	8,429.7	8,864.0	4,404.1	4,616.6
Depreciation and amortisation expense	25,725.4	33,519.2	15,816.6	19,303.8
Transmission, Administration and Other Expenses	8,099.8	8,715.4	3,997.1	5,120.5
Finance Costs				
a) Interest and other charges	18,588.3	26,091.4	12,444.4	15,612.6
b) Foreign Exchange Rate Variation	844.3	(739.2)	(687.6)	-
Total Finance Costs	19,432.6	25,352.2	11,756.8	15,612.6
Total Expenditure	**61,687.5**	**77,085.8**	**35,974.6**	**46,032.7**
Profit before prior period adjustments and exceptional items	**46,162.6**	**56,201.6**	**26,255.6**	**31,351.9**
Less : Prior Period Adjustments (Expense/(Income))	186.6	(247.0)	(136.5)	(5.5)
Less : Exceptional Items	-	-	-	-
Profit before Tax	**45,976.0**	**56,448.6**	**26,392.1**	**31,357.4**
Provision for :				
Current Tax				
- Current Year	8,911.0	10,715.0	5,143.5	6,390.4
- Earlier Years	(25.9)	(194.2)	(194.7)	-
Total Current Tax	8,885.1	10,520.8	4,948.8	6,390.4
Deferred Tax				
- Current Year	4,541.4	3,418.0	1,483.3	2,171.6
- Earlier Years	-	164.8	-	-
Total Deferred Tax	4,541.4	3,582.8	1,483.3	2,171.6
Total Tax Expenses	**13,426.5**	**14,103.6**	**6,432.1**	**8,562.0**
Profit after Tax	**32,549.5**	**42,345.0**	**19,960.0**	**22,795.4**

Statement of Cash Flows - Standalone

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Half Year Ended September 30, 2013 (Unaudited Reviewed)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax	45,976.0	56,448.6	31,357.4
Adjustment for :			
Depreciation (including prior period)	26,102.9	33,796.9	19,327.6
Transfer from Grants in Aid	(319.9)	(222.9)	(109.9)
Deferred revenue - Advance against Depreciation	(322.9)	(488.2)	(377.4)
Amortised Expenditure(DRE written off)	24.1	-	-
Provisions	23.0	27.5	11.0
Transfer from Self Insurance Reserve	(8.1)	(3.5)	-
Net Loss on Disposal / Write off of Fixed Assets	12.1	63.8	32.8
Interest and Finance Charges	18,588.3	26,091.4	15,612.6
Provisions Written Back	(407.9)	(592.4)	(24.5)
FERV loss / (gain)	844.3	(739.2)	-
Interest earned on Term Deposits, Bonds and loans to State Govts.	(817.6)	(2,624.6)	(543.8)
Dividend received	(541.8)	(606.8)	(230.0)
Operating profit before Working Capital Changes	**89,152.5**	**111,150.6**	**65,055.8**
Adjustment for :			
(Increase)/Decrease in Inventories	(588.0)	(1,112.1)	(744.0)
(Increase)/Decrease in Trade Receivables	(12,013.5)	1,208.2	(1,525.9)
(Increase)/Decrease in Loans and Advances	(16,794.3)	(4,115.7)	3,338.2
(Increase)/Decrease in Other current assets	15,908.5	(4,121.9)	(4,552.7)
Increase/(Decrease) in Liabilities & Provisions	(2,847.0)	18,022.3	4,437.2
Increase/(Decrease) in Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	(451.1)	(1,204.8)	(865.2)
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	1,276.3	1,353.3	1,423.0
	(15,509.1)	**10,029.3**	**1,510.6**
Direct taxes paid	(9,618.1)	(10,719.5)	(5,251.7)
Net Cash from operating activities	**64,025.3**	**110,460.4**	**61,314.7**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Fixed assets (including incidental expenditure during construction)	(6,658.8)	(4,402.3)	(48,222.1)
Capital work in progress	(138,611.7)	(186,119.9)	(40,079.5)
Construction Stores	(18,607.9)	(30,985.8)	(38,808.9)
(Increase)/Decrease in Investments	1,139.0	1,369.5	(248.8)
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	154.2	77.2	77.1
Loans & Advances to Subsidiaries	972.0	-	-
Lease receivables	1,832.6	(463.2)	(90.4)
Interest earned on Term Deposits, Bonds and loans to State Govts.	895.5	2,810.7	535.2
Dividend received	541.8	606.8	230.0
Net cash used in investing activities	**(158,343.3)**	**(217,107.0)**	**(126,607.4)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Loans raised during the year/period	143,630.5	180,428.3	94,663.8
Loans repaid during the year/period	(36,669.3)	(42,480.8)	(13,882.6)
Interest and Finance Charges Paid	(15,049.4)	(22,355.9)	(11,292.1)
Dividend paid	(9,491.1)	(13,518.9)	-
Dividend Tax paid	(1,534.5)	(2,175.2)	(886.6)
Net Cash from Financing Activities	**80,886.2**	**99,897.5**	**68,602.5**
D. Net change in Cash and Cash equivalents(A+B+C)	**(13,431.8)**	**(6,749.1)**	**3,309.8**
E. Cash and Cash equivalents(Opening balance)	**36,800.6**	**23,368.8**	**16,619.7**
F. Cash and Cash equivalents(Closing balance)	**23,368.8**	**16,619.7**	**19,929.5**

Statement of Assets & Liabilities - Consolidated

(₹ in Million)

Particulars	As at March, 31	
	2012	**2013**
Non-current assets (A) :		
a) Fixed assets		
(i) Tangible assets	479,977.0	620,313.7
(ii) Intangible assets	3,241.1	5,371.2
(iii) Capital work in progress	162,487.5	192,562.7
(iv) Intangible assets under development	930.8	2,153.3
b) Construction Stores	126,367.7	157,938.2
c) Non Current Investments	5,738.6	3,906.3
d) Deferred foreign currency fluctuation asset	13,166.7	17,162.9
e) Long-term loans and advances	56,445.3	60,020.3
Sub -total (A)	848,354.7	1,059,428.6
Current assets (B) :		
a) Current investments	1,998.4	1,957.4
b) Inventories	4,412.5	5,528.5
c) Trade receivables	15,291.9	14,913.8
d) Cash and Bank balances	31,113.4	26,788.9
e) Short-term loans and advances	5,252.3	6,326.6
f) Other current assets	14,899.3	18,897.0
Sub -total (B)	72,967.8	74,412.2
Deferred Revenue (C)	28,259.2	37,664.8
Non Current Liabilities (D)		
a) Long-term borrowings	500,057.3	640,301.4
b) Deferred tax liabilities (Net)	15,945.6	19,750.3
c) Other long term liabilities	14,622.5	10,368.0
d) Long-term provisions	4,489.5	4,698.9
Sub -total (D)	535,114.9	675,118.6
Current Liabilities (E)		
a) Short-term borrowings	16,582.8	20,270.6
b) Trade payables	2,346.0	2,580.4
c) Other current liabilities	91,724.4	126,207.4
d) Short-term provisions	11,463.1	7,967.9
Sub-total (E)	122,116.3	157,026.3
Committed Reserves (F)		
Corporate Social Responsibility (CSR) Activity Reserve	-	265.2
NET WORTH (A+B-C-D-E-F)	**235,832.1**	**263,765.9**
Represented by :		
Share Capital (G)	46,297.3	46,297.3
Reserves and Surplus	**189,534.8**	**217,733.8**
Less : CSR Activity Reserve	-	265.2
Reserves and Surplus (H)	189,534.8	217,468.6
NET WORTH (G+H)	**235,832.1**	**263,765.9**

Statement of Profit & Loss - Consolidated

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Income :		
Transmission Income	98,256.3	125,708.7
Consultancy Income- Services	2,847.0	2,268.0
Consultancy Income- Sale of Products	-	864.4
Telecom Income	2,011.9	2,313.9
Other Operating Revenue	1,289.4	484.0
Other Income	6,331.2	5,632.2
Total Income	**110,735.8**	**137,271.2**
Expenditure :		
Purchases of Stock in trade	-	635.0
Employee benefits expense	9,214.1	9,747.2
Depreciation and amortisation expense	26,373.9	34,278.0
Transmission, Administration and Other Expenses	8,264.6	9,118.3
Finance Costs		
a) Interest and other charges	19,013.2	26,733.6
b) Foreign Exchange Rate Variation	844.3	(739.2)
Total Finance Costs	19,857.5	25,994.4
Total Expenditure	**63,710.1**	**79,772.9**
Profit before prior period adjustments and exceptional items	**47,025.7**	**57,498.3**
Less : Prior Period Adjustments (Expense/(Income))	129.1	(258.0)
Less : Exceptional Items	-	-
Profit before Tax	**46,896.6**	**57,756.3**
Provision for :		
Current Tax		
- Current Year	9,388.1	11,224.7
- Earlier Years	(25.6)	(222.6)
Total Current Tax	9,362.5	11,002.1
Credit for MAT entitlement		(176.6)
Deferred Tax		
- Current Year	4,504.2	3,639.9
- Earlier Years	-	164.8
Total Deferred Tax	4,504.2	3,804.7
Total Tax Expenses	13,866.7	14,630.2
Profit after Tax	33,029.9	43,126.1

Statement of Cash Flows - Consolidated

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	46,896.6	57,756.3
Adjustment for :		
Depreciation (including prior period)	26,719.8	34,573.9
Transfer from Grants in Aid	(322.9)	(230.6)
Deferred revenue - Advance against Depreciation	(327.2)	(488.2)
Amortised Expenditure(DRE written off)	24.1	-
Provisions	23.0	27.5
Transfer from Self Insurance Reserve	(8.1)	(2.5)
Net Loss on Disposal / Write off of Fixed Assets	13.9	63.4
Interest and Finance Charges	19,013.2	25,994.4
Provisions Written Back	(409.3)	(593.4)
FERV loss / (gain)	844.3	-
Interest earned on Term Deposits, Bonds and loans to State Govts.	(817.6)	(3,057.4)
Dividend received	(18.1)	(18.0)
Operating profit before Working Capital Changes	**91,631.7**	**114,025.4**
Adjustment for :		
(Increase)/Decrease in Inventories	(589.0)	(1,115.9)
(Increase)/Decrease in Trade Receivables	(11,460.4)	952.3
(Increase)/Decrease in Loans and Advances	6,059.7	(2,109.4)
(Increase)/Decrease in Other current assets	15,832.6	(5,918.5)
Increase/(Decrease) in Liabilities & Provisions	(6,016.3)	19,960.7
Increase/(Decrease) in Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	(451.1)	(1,204.8)
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	1,276.3	1,353.3
	4,651.8	**11,917.7**
Direct taxes paid	(10,463.6)	(11,355.5)
Net Cash from operating activities	**85,819.9**	**114,587.6**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets (including incidental expenditure during construction)	(6,623.6)	(7,795.2)
Capital work in progress	(141,760.2)	(184,470.5)
Construction Stores	(41,691.6)	(31,570.5)
(Increase)/Decrease in Investments	1,779.6	1,873.3
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	154.2	77.2
Lease receivables	1,832.6	(463.2)
Interest earned on term deposits, Bonds and loans to State Govts.	895.5	3,318.4
Dividend from JV Companies (Adj. through surplus Account)	447.2	481.6
Dividend received	18.1	18.0
Net cash used in investing activities	**(184,948.2)**	**(218,530.9)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans raised during the year	146,804.3	182,000.5
Loans repaid during the year	(37,604.6)	(43,133.0)
Interest and Finance Charges Paid	(15,438.2)	(22,970.2)
Dividend paid	(9,968.9)	(14,000.5)
Dividend Tax paid	(1,609.6)	(2,278.0)
Net Cash from Financing Activities	**82,183.0**	**99,618.8**
D. Net change in Cash and Cash equivalents(A+B+C)	**(16,945.3)**	**(4,324.5)**
E. Cash and Cash equivalents(Opening balance)	**48,058.7**	**31,113.4**
F. Cash and Cash equivalents(Closing balance)	**31,113.4**	**26,788.9**

THE OFFER

Offer	787,053,309 Equity Shares
Of which	
Fresh Issue[(1)]	601,864,295 Equity Shares
Offer for Sale[(2)(3)]	185,189,014 Equity Shares
Of which	
Employee Reservation Portion[(4)(5)]	3,000,000 Equity Shares
Therefore,	
Net Offer to the Public	**784,053,309 Equity Shares**
Of which	
A) QIB Category [(5)(6)]	392,026,655 Equity Shares
Of which	
Available for allocation to Mutual Funds only	19,601,333 Equity Shares
Balance for all QIBs including Mutual Funds	372,425,322 Equity Shares
B) Non-Institutional Category[(5)]	Not less than 117,607,996 Equity Shares
C) Retail Category [(4)(5)]	Not less than 274,418,658 Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	4,629,725,353 Equity Shares
Equity Shares outstanding after the Offer	5,231,589,648 Equity Shares
Use of Offer proceeds	See "***Objects of the Offer***" on page 45

Allocation to all categories, except the Retail Category shall be made on a proportionate basis, in accordance with SEBI ICDR Regulations. For details see "***Offer Procedure***" on page 422.

Notes:

1. *The Fresh Issue has been authorized by the Board of Directors pursuant to board resolution dated August 1, 2013 and by the shareholders of our Company pursuant to special resolution dated September 19, 2013 passed at the annual general meetings of shareholders under Section 81(1A) of the Companies Act 1956.*
2. *The Equity Shares offered by the Selling Shareholder in the Offer have been held by it for more than a period of one year as on the date of filing of this Red Herring Prospectus with the RoC. The MoP, through its letter (F. No. 11/39/2013-PG) dated November 12, 2013, conveyed the approval granted by the GoI for the Offer, including the Offer for Sale.*
3. *Our Company will not receive any proceeds from the Offer for Sale.*
4. *The Retail Discount and Employee Discount, if any, will be offered to Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion, respectively, at the time of making a Bid. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion bidding at a price within the Price Band can make payment at the Bid Amount, at the time of making a Bid. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount or Employee Discount, as applicable, at the time of making a Bid. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion must ensure that the Bid Amount, does not exceed ₹ 200,000. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion should note that while filling the "SCSB/Payment Details" block in the Bid cum Application Form, Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion must mention the Bid Amount.*
5. *Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories (including the Employee Reservation Portion), as applicable, on a proportionate basis, subject to applicable laws.*
6. *5% of the QIB Category will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price.*

For details, including in relation to grounds for rejection of Bids, refer to the "***Offer Procedure***" on page 422. For details of the terms of the Offer, see "***Terms of the Offer***" on page 419.

GENERAL INFORMATION

Our Company was incorporated on October 23, 1989 under the Companies Act 1956 as a public limited company under the name 'National Power Transmission Corporation Limited'. We received a certificate for commencement of business on November 8, 1990. The name of our Company was changed to its present name 'Power Grid Corporation of India Limited' and a fresh certificate of incorporation was issued on October 23, 1992. For further details, see "***History and Certain Corporate Matters***" on page 131.

Registered Office of our Company

Power Grid Corporation of India Limited
B-9, Qutab Institutional Area
Katwaria Sarai
New Delhi 110 016
India

Corporate Office of our Company

"Saudamini", Plot No. 2, Sector 29
Gurgaon 122 001
Haryana
India
Tel: +91 (124) 2571 968
Fax: +91 (124) 2571 891

Details	**Registration/Identification number**
Registration Number	55-38121
Corporate Identification Number	L40101DL1989GOI038121

For more information on changes in our Registered Office, see "***History and Certain Corporate Matters***" on page 131.

Address of the Registrar of Companies

Our Company is registered at the office of:

The Registrar of Companies
National Capital Territory of Delhi and Haryana
4^{th} Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019
India
Tel: + 91 (11) 2623 5704
Fax: + 91 (11) 2623 5702

Board of Directors

The following table sets out the current details regarding our Board as on the date of the filing of this Red Herring Prospectus:

Name, Designation and DIN	**Age**	**Address**
Mr. R.N. Nayak **Designation:** Chairman and Managing Director (Whole-time) **DIN:** 02658070	58	Bungalow No. FF1 Power Grid Residential Township Complex Sector-43 Gurgaon 122 002 Haryana
Mr. I. S. Jha	54	House No. 654 Sector 10 A

Name, Designation and DIN	Age	Address
Designation: Director (Projects) (Whole-time) **DIN:** 00015615		Gurgaon 122 001 Haryana
Mr. R. T. Agarwal **Designation:** Director (Finance) (Whole-time) **DIN:** 01937329	57	House No. 16 Sector 41 Gurgaon 122 001 Haryana
Mr. Ravi P. Singh **Designation:** Director (Personnel) (Whole-time) **DIN:** 05240974	53	Bungalow No. GG-2 Power Grid Residential Township Complex Sector 43 Gurgaon 122 002 Haryana
Mr. R.P. Sasmal **Designation:** Director (Operations) (Whole-time) **DIN:** 02319702	55	Bungalow No. GG-3 Power Grid Residential Township Complex Sector 43 Gurgaon 122 002 Haryana
Ms. Rita Acharya **Designation:** Government Nominee Director **DIN:** 03610799	59	D-II/7, Cornwallis Road Subramanian Bharti Marg New Delhi 110 003
Mr. Pradeep Kumar **Designation:** Government Nominee Director **DIN:** 05125269	52	Room No. 309 Kerala House 3 Jantar Mantar Road New Delhi 110 001
Mr. Santosh Saraf **Designation:** Independent Director **DIN:** 00073618	62	108, Standard House 83, Maharshi Karve Road Mumbai 400 002 Maharashtra
Ms. Rita Sinha **Designation:** Independent Director **DIN:** 05169220	63	46, Greenwoods Society Phase-I Plot-2, Sector Omega-I Greater Noida Gautam Buddha Nagar 201 308 Uttar Pradesh
Mr. R. K. Gupta **Designation:** Independent Director **DIN:** 06484088	63	E-6, MDI Campus Mehrauli Road, Sukhrali Gurgaon 122 001 Haryana
Dr. K. Ramalingam **Designation:** Independent Director **DIN:** 00207932	64	B-5/54, Safdarjung Enclave New Delhi 110 029
Mr. R. Krishnamoorthy **Designation:** Independent Director **DIN:** 05292993	68	Flat No. 510 Swapnalok Maangalaya Suryodhaya Apartments HAL Varthur Main Road Maarathahalli Bengaluru 560 037 Karnataka

Name, Designation and DIN	Age	Address
Mr. Mahesh Shah **Designation:** Independent Director **DIN:** 00405556	60	1/1, Monica Building 9B Lord Sinha Road Kolkata 700 071 West Bengal
Mr. Ajay Kumar Mittal **Designation:** Independent Director **DIN:** 00322351	52	B-33, UGF Swasthya Vihar Laxmi Nagar Delhi 110 092

For further information, see "***Our Management***" on page 150.

Company Secretary and Compliance Officer

Ms. Divya Tandon
"Saudamini", Plot No.2, Sector 29
Gurgaon 122 001
Haryana
India
Tel: +91 (124) 2571 968
Fax: +91 (124) 2571 891
E-mail: investors@powergridindia.com

Bidders may contact our Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment and credit of Allotted Equity Shares in the respective beneficiary account or refund orders.

Book Running Lead Managers

SBI Capital Markets Limited
202, Maker Tower E
Cuffe Parade
Mumbai 400 005, India
Tel: +91 (22) 2217 8300
Fax: +91 (22) 2218 8332
Email: pgcil.fpo2013@sbicaps.com
Investor Grievance E-mail:
investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Srihari Santhakumar / Mr. Mayank Gupta
SEBI Registration No.: INM000003531

Citigroup Global Markets India Private Limited
1202, 12th Floor, First International Financial Centre
G-Block, Bandra Kurla Complex, Bandra (East)
Mumbai 400 051, India
Tel: +91 (22) 6175 9839
Fax: +91 (22) 3919 7880
E-mail: pgcil.fpo2013@citi.com
Investor Grievance E-mail: investors.cgmib@citi.com
Website:
www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
Contact Person: Mr. Madhav Tandan
SEBI Registration No.: INM000010718

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg, Churchgate
Mumbai 400 020, India
Tel: +91 (22) 2288 2460
Fax: +91 (22) 2282 6580
Email: pgcil.fpo2013@icicisecurities.com
Investor Grievance E-mail:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Bhavin Vakil
SEBI Registration No.: INM000011179

Kotak Mahindra Capital Company Limited
27 BKC, Plot No. C-27, "G" Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051, India
Tel: +91 (22) 4336 0000
Fax: +91 (22) 6713 2445
E-mail: pgcil.fpo@kotak.com
Investor Grievance E-mail: kmccredressal@kotak.com
Website: www.investmentbank.kotak.com
Contact Person: Mr. Ganesh Rane
SEBI Registration Number: INM000008704

UBS Securities India Private Limited

2 /F, 2 North Avenue
Maker Maxity
Bandra Kurla Complex Bandra (East)
Mumbai 400 051, India
Tel: +91 (22) 6155 6000
Fax: +91 (22) 6155 6300
Email: OL-CCS+-PGCIL-FPO@ubs.com
Investor Grievance E-mail:
customercare@ubs.com
Website: www.ubs.com/indianoffers
Contact Person: Mr. Vibhor Gupta
SEBI Registration No.: INM000010809

Syndicate Members

SBICAP Securities Limited
Mafatlal Chambers, 2nd Floor
C Wing, N. M. Joshi Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 (22) 4227 3300
Fax: +91 (22) 4227 3390
Email: archana.dedhia@sbicapsec.com
Website: www.sbicapsec.com
Contact Person: Ms. Archana Dedhia
SEBI Registration No.: INB231052938/INB11053031

Kotak Securities Limited
32, Raja Bahadur Compound
Opposite Bank of Maharastra
Mumbai Samachar Marg
Mumbai 400 023
Maharashtra, India
Tel: +91 (22) 22655074 / 84 / 05
Fax: +91 (22) 66154060
E-mail: sanjeeb.das@kotak.com
Website: www.kotak.com
Contact Person: Mr. Sanjeeb Kumar Das
SEBI Registration No.: INB230808130/ INB010808153

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg, Churchgate
Mumbai 400 020, India
Tel: +91 (22) 2288 2460
Fax: +91 (22) 2282 6580
Email: pgcil.fpo2013@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Bhavin Vakil
SEBI Registration No.: INB230773037/INB011286854

Domestic Legal Advisors to our Company and the Selling Shareholder in relation to the Offer

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Amarchand Towers
216, Okhla Industrial Estate, Phase-III
New Delhi 110 020, India
Tel: +91 (11) 2692 0500
Fax: +91 (11) 2692 4900

Domestic Legal Advisors to the Underwriters in relation to the Offer

S&R Associates
64 Okhla Industrial Estate Phase III
New Delhi 110 020, India
Tel: +91 (11) 4069 8000
Fax: +91 (11) 4069 8001

International Legal Counsel to the Offer

DLA Piper Singapore Pte. Ltd.
80 Raffles Place
#48-01 UOB Plaza 1
Singapore 048 624
Tel: (+65) 6512 9595
Fax: (+65) 6512 9500

Registrar to the Offer

Karvy Computershare Private Limited

Plot No. 17 to 24, Vithal Rao Nagar
Madhapur, Hyderabad 500 081
India
Tel: +91 (40) 4465 5000
Fax: +91 (40) 2343 1551
E-mail: einward.ris@karvy.com
Investor Grievance E-mail: powergrid-fpo@karvy.com
Website: http://karisma.karvy.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration Number: INR000000221

Investors may contact the BRLMs for any complaint pertaining to the Offer. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Bankers to our Company

State Bank of India
Capital Market Branch
Videocon Heritage (Killick House)
Ground floor, Charanjit Rai Marg
Mumbai 400 001, India
Tel: +91 (22) 2209 4932
Fax: +91 (22) 2209 4921
E-mail: nib.11777@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Mr. Anil Sawant

Indian Overseas Bank
Jeevandeep Building
10, Parliament Street
New Delhi 110 001, India
Tel: +91 (11) 2334 1421 / 2336 2101
Fax: +91 (11) 2334 8928
E-mail: parlibr@delsco.iobnet.co.in
Website : www.iob.in
Contact Person: Mr. Deepak Sudan

State Bank of Hyderabad
16 Kundan House, Nehru Place
New Delhi 110 019, India
Tel : +91 (11) 2641 3581/2642 2318
Fax: +91 (11) 2644 3374/2642 1638
E-mail : nehruplace@sbhyd.co.in
Website: www.sbhyd.com
Contact Person: Mr. N. Lakshmi Kantha Rao

Bank of Baroda
55 Madhuban Building, Nehru Place
New Delhi 110 019, India
Tel : +91 (11) 2641 9290
Fax: +91 (11) 2646 3657
E-mail : nehrup@bankofbaroda.com
Website: www.bankofbaroda.com
Contact Person: Mr. S. D. Sharma

IDBI Bank Limited
Indian Red Cross Society Building
1 Red Cross Road
New Delhi 110 001, India
Tel : +91 (11) 6628 1030
Fax: +91 (11) 2375 2730
E-mail : s.prasad@idbi.co.in
Website: www.idbi.com
Contact Person: Mr. Shantanu Prasad / Mr. Nitin Jain

HDFC Bank Limited
FIG-OPS Department
Lodha, I Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042, India
Tel: +91 (22) 3075 2928
Fax: +91 (22) 2579 9801
E-mail: uday.dixit@hdfcbank.com/
figdelhi@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Uday Dixit

Union Bank of India
73-74 Sheetla House, Nehru Place
New Delhi 110 019, India
Tel : +91 (11) 2641 2541/2642 4013
Fax: +91(11) 2621 6937
E-mail : agmnehruplace@unionbankofindia.com
Website: www.unionbankofindia.co.in
Contact Person: Mr. P.K. Das

ICICI Bank Limited
ICICI Tower, NBCC Place
Bhishma Pitamah Marg, Pragati Vihar
New Delhi 110 003, India
Tel : +91 (11) 3027 8567
Fax: +91 (11) 2436 5231
E-mail : arun.aggarwal@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Arun Aggarwal

Canara Bank
Prime Corporate Branch, First Floor
No. 1, DDA Building, Nehru Place
New Delhi 110 019, India
Tel : +91 (11) 2641 6896/2644 3067
Fax: +91 (11) 2641 6895
E-mail : cb2624@canarabank.com
Website: www.canarabank.com
Contact Person: Mr. G. Suresh Kumar

State Bank of Patiala
Commercial Branch, Chandralok Building,
1st and 2nd Floor, 36 Janpath
New Delhi 110 001, India
Tel : +91 (11) 2335 7617
Fax : +91 (11) 2335 4365
Email : sbpcbnd@yahoo.co.in
Website : www.sbp.co.in
Contact Person : Mr. Rakesh Jindal

Punjab National Bank
ECE House, 28A, Kasturba Gandhi Marg
New Delhi 110 001, India
Tel : +91 (11) 2332 3357
Fax: +91 (11) 2331 8570
E-mail : bo1120@pnb.co.in
Website: www.pnbindia.com
Contact Person: Mr. Anil Sharma

Axis Bank
148, Statesman House
Barakhamba Road
New Delhi 110 001, India
Tel: +91 (11) 4742 5100
Fax: +91 (11) 2331 1054
E-mail: ashish.dhall@axisbank.com/
amit.mishra@axisbank.com/ rajkumar.miglani@axisban
Website: www.axisbank.com
Contact Person: Mr. Ashish Dhall/Mr. Amit Mishra/ Mr
Rajkumar Miglani

Yes Bank Limited
3rd floor, Ion House
Dr. E. Moses Road, Mahalaxmi

Kotak Mahindra Bank Limited
6th floor, Ambadeep Building
14 Kasturba Gandhi Marg

Mumbai 400 011, India
Tel: +91 (22) 6622 9031
Fax: +91 (22) 2497 4875
E-mail: dlbtiservices@yesbank.in
Website: www.yesbank.in
Contact Person: Mr. Mahesh Shirali

New Delhi 110 001, India
Tel: +91 (11) 4587 5131
Fax: +91 (11) 4587 5138
E-mail: amit.r.kumar@kotak.com
Website: www.kotak.com
Contact Person: Mr. Amit Kumar

Corporation Bank
Flat No. 124 to 130, Ansal Chamber -1
Bhikaji Cama Place
New Delhi 110 066, India
Tel: +91 (11) 2619 3911
Fax: +91 (11) 2618 1211
E-mail: cb0373@corpbank.co.in
Website: www.corporationbank.co.in
Contact Person: Mr. G. Venkateswarlu

Dena Bank
285/9, Shivpuri, Old Railway Road
Gurgaon 122 001, India
Tel : +91 (124) 2309 249/ 2309 250
Fax: +91 (124) 230 950
E-mail : gurgao@denabank.com
Website: www.denabank.com
Contact Person: Mr. Dalip Singh

State Bank of Mysore
Kaggalipura
Near Ganesh Temple Kanakapura Road
Bangalore 560 062
Karnataka, India
Tel: +91 (80) 2843 2222
Fax: +91 (80) 2843 2826
E-mail: kaggalipura@sbm.co.in
Website: www.statebankofmysore.co.in
Contact Person: Mr. Seetha Bai K.

Andhra Bank
Plot No. - 6, Pankaj Arcade
Dwarka Sector – 11
New Delhi 110 075, India
Tel: +91 (11) 4277 0131/4277 0132
Fax: Not available
E-mail: bmdel1268@andhrabank.co.in
Website: www.andhrabank.in
Contact person: Mr. Santosh Kumar

Bankers to the Offer and Escrow Collection Banks

ICICI Bank Limited
Capital Markets Division
1st floor, 122, Mistry Bhavan
Dinshaw Vachha Road
Backbay Reclamation, Churchgate
Mumbai 400 020, India
Tel : +91 (22) 2285 9905
Fax: +91 (22) 2261 1138
E-mail: anil.gadoo@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Anil Gadoo
SEBI Registration Number: INBI00000004

State Bank of India
Capital Market Branch
Videocon Heritage (Killick House), Ground Floor
Charanjit Rai Marg
Mumbai 400 001, India
Tel: +91 (22) 2209 4932/ 2209 4927
Fax: +91 (22) 2209 4921/ 2209 4922
E-mail: nib.11777@sbi.co.in / sbi11777@yahoo.co.in
Website: www.statebankofindia.com
Contact Person: Mr. Anil Sawant
SEBI Registration Number: INBI00000038

HDFC Bank Limited
FIG-OPS Department
Lodha – I, Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042, India
Tel : +91 (22) 3075 2928
Fax: +91 (22) 2579 9801
E-mail: uday.dixit@hdfcbank.com /
figdelhi@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Uday Dixit
SEBI Registration Number: INBI00000063

Axis Bank Limited
148, Statesman House
Barakhamba Road
New Delhi 110 001, India
Tel : +91 (11) 4742 5120
Fax: +91 (11) 4350 6565
E-mail:
ashish.dhall@axisbank.com/amit.mishra@axisbank.com/
rajkumar.miglani@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Ashish Dhall /Mr. Amit Mishra/
Mr. Rajkumar Miglani
SEBI Registration Number: INBI00000017

Kotak Mahindra Bank Limited
Kotak Infiniti, 6th floor, Building No. 21

Infinity Park, off Western Express Highway
General AK Vaidya Marg, Malad (E)
Mumbai 400 097, India
Tel: +91 (22) 6605 6959
Fax: +91 (22) 6646 6540
E-mail: prashant.sawant@kotak.com
Website: www.kotak.com
Contact Person: Mr. Prashant Sawant
SEBI Registration Number: INBI00000927

Refund Banks

ICICI Bank Limited
Capital Markets Division
1st floor, 122, Mistry Bhavan
Dinshaw Vachha Road
Backbay Reclamation, Churchgate
Mumbai 400 020, India
Tel : +91 (22) 2585 9905
Fax: +91 (22) 2261 1138
E-mail: anil.gadoo@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Anil Gadoo
SEBI Registration Number: INBI00000004

HDFC Bank Limited
FIG-OPS Department
Lodha – I, Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042, India
Tel : +91 (22) 3075 2928
Fax: +91 (22) 2579 9801
E-mail: uday.dixit@hdfcbank.com / figdelhi@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Uday Dixit
SEBI Registration Number: INBI00000063

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time. For details on Designated Branches of SCSBs collecting the Bid cum Application Forms, refer to the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Syndicate SCSB Branches

In relation to ASBA Bids submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Broker Centres

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012, Bidders can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, a list of which is available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, respectively. In relation to ASBA Bids submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Statutory Auditors of our Company

S.K. Mehta & Co
504, Kirti Mahal
19, Rajendra Place

Chatterjee & Co.
153, Rash Behari Avenue, 3rd floor
Kolkata 700 029, West Bengal, India

New Delhi 110 008, India
Tel: +91 (11) 2581 5156/ 9810169334
Fax: +91 (11) 2581 5156
Email: skmehta@skmehta.co.in
Firm Registration No.: 000478N

Tel: +91 (33) 2465 6114/9803440535
Fax: +91 (33) 2466 9310
Email: chatterjee.ca@rediffmail.com
Firm Registration No.: 302114E

Sagar & Associates
H.No. 6-3-244/5 Sarada Devi Street
Prem Nagar
Hyderabad 500 004
Andhra Pradesh, India
Tel: +91 (40) 2339 5588/9848199705
Fax: +91 (40) 2339 0151
Email: sagarandassociates@yahoo.co.in
Firm Registration No.: 003510S

Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

Trustees

As the Offer is of Equity Shares, the appointment of trustees is not required.

IPO Grading

As this is not an initial public offer ("**IPO**") of our Company's Equity Shares, grading of this Offer is not required.

Monitoring Agency

IFCI Limited
IFCI Tower, 61, Nehru Place
New Delhi 110 019, India
Tel: +91 (11) 4173 2000
Fax: +91 (11) 2648 7421
Email: ciasd@ifciltd.com
Website: www.ifciltd.com
Contact Person: Ms. Priyanka Chaturvedi

The Monitoring Agency has been appointed pursuant to Regulation 16 of the SEBI ICDR Regulations.

Appraisal Agencies

IFCI Limited
IFCI Tower, 61, Nehru Place
New Delhi 110 019, India
Tel: +91 (11) 4173 2000
E-mail: ciasd@ifciltd.com

A.F. Ferguson & Co.
9, Scindia House, Kasturba Gandhi Marg
New Delhi 110 001, India
Tel: +91 (11) 2331 5884
E-mail: indelconsulting@deloitte.com

ICRA Management Consulting Services Limited
Logix Park, 1st floor, Tower A4 & A5, Sector -16
Noida 201301, India
Tel: +91 (120) 4515 8000
E-mail: enquiry@imacs.in

SBI Capital Markets Limited
202, Maker Tower 'E', Cuffe Parade
Mumbai 400 005, India
Tel: +91 (22) 2217 8300
E-mail: corporate.office@sbicaps.com

CRISIL Risk and Infrastructure Solutions Limited
Plot No. 46, Sector 44
Opposite PF Office

IDBI Capital Market Services Limited
3rd floor, Mafatlal Centre, Nariman Point
Mumbai 400 021, India

Gurgaon, India
Tel: +91 (124) 6722 000
E-mail: joyant.nayak@crisil.com

Tel: +91 (22) 4322 1212
E-mail: info@idbicapital.com

Experts

Except for the report of our Auditors on the financial statements and the statement of tax benefits included in this Red Herring Prospectus on pages 168 and 59, respectively, our Company has not obtained any expert opinion.

Statement of Inter se Allocation of Responsibilities for the Offer

The following table sets forth the *inter se* allocation of responsibilities for various activities in relation to this Offer among the BRLMs:

S. No.	Activity	Responsibility	Designated Coordinating Book Running Lead Manager
1.	Capital structuring with relative components and formalities such as type of instruments., etc.	SBICAP, Citi, ISEC, Kotak, UBS	SBICAP
2.	Due-diligence of our Company including operations/management/ business plans/legal, etc. drafting and design of this Red Herring Prospectus including the memorandum containing salient features of the Prospectus. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI, including finalization of Prospectus and the RoC filing	SBICAP, Citi, ISEC, Kotak, UBS	SBICAP
3.	Co-coordinating with Auditors for finalization of all auditor deliverables	SBICAP, Citi, ISEC, Kotak, UBS	SBICAP
4.	Drafting and approving all statutory advertisements	SBICAP, Citi, ISEC, Kotak, UBS	ISEC
5.	Drafting and approving non-statutory advertisements including corporate advertisements	SBICAP, Citi, ISEC, Kotak, UBS	UBS
6.	Preparation and finalization of the road-show presentation and frequently asked questions for the road-show team	SBICAP, Citi, ISEC, Kotak, UBS	UBS, Citi
7.	Appointment of intermediaries, viz., i. Printer(s) ii. Registrar to the Offer iii. Advertising agency iv. Bankers to the Offer	SBICAP, Citi, ISEC, Kotak, UBS	i. Printer(s): ISEC ii. Registrar to the Offer: Kotak iii. Advertising agency: ISEC iv. Bankers to the Offer: Kotak

S. No.	Activity	Responsibility	Designated Coordinating Book Running Lead Manager
8.	Non-institutional and retail marketing of the Offer, which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget • Finalizing media and public relations strategy • Finalizing centers for holding conferences for brokers, etc. • Follow-up on distribution of publicity and Offer material including application form, prospectus and deciding on the quantum of the Offer material • Finalizing collection centers	SBICAP, Citi, ISEC, Kotak, UBS	ISEC
9.	International Institutional marketing International Institutional marketing of the Offer, which will cover, inter alia, • Institutional marketing strategy • Finalizing the list and division of investors for one to one meetings, and • Finalizing road show schedule and investor meeting schedules	SBICAP, Citi, ISEC, Kotak, UBS	Citi
10	Domestic Institutional marketing • Domestic Institutional marketing of the Offer • Finalizing the list and division of investors for one to one meetings • Finalizing road show schedule and investor meeting schedules	SBICAP, Citi, ISEC, Kotak, UBS	UBS
11	Co-ordination with Stock Exchanges for Book Building Process software, bidding terminals and mock trading	SBICAP, Citi, ISEC, Kotak, UBS	Kotak
12	Managing the book and finalisation of pricing in consultation with our Company and the Selling Shareholder	SBICAP, Citi, ISEC, Kotak, UBS	Citi
13	Post bidding activities including essential follow-up steps with Bankers to the Offer and Self Certified Syndicate Bank to get quick estimates of collection and advising the issuer about the closure of issue, management of escrow accounts, co-ordination of allocation, finalization of basis of Allotment / weeding out of multiple applications, intimation of allocation and dispatch of certificates or demat credit and refunds to bidders, dealing with the various agencies connected with the work such as Registrars to the Offer, Bankers to the Offer, Self Certified Syndicate Banks and the bank handling refund business etc. The designated coordinating Book Running Lead Manager shall be responsible for ensuring that the intermediaries fulfill their functions and enable him to discharge this responsibility through suitable agreements with our Company.	SBICAP, Citi, ISEC, Kotak, UBS	Kotak

Book Building Process

Book building refers to the process of collection of Bids on the basis of this Red Herring Prospectus and the Bid cum Application Forms. The Price Band, the minimum Bid lot size and the Rupee amount of the Retail Discount and Employee Discount for the Offer will be decided by our Company and the Selling Shareholder in consultation with the BRLMs, and advertised in all editions of the *Financial Express* (a widely circulated English national newspaper) and all editions of the *Jansatta* (a widely circulated Hindi national newspaper), at least one Working Day prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchange for the purpose of upload on its website. The Offer Price is finalized after the Bid/Offer Closing Date. Investors may be guided in the meantime by the secondary market prices. The principal parties involved in the Book Building Process are:

- our Company;

- the Selling Shareholder;
- the BRLMs;
- the Syndicate Members who are intermediaries registered with the SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters;
- the Registrar to the Offer;
- the Registered Brokers;
- the Escrow Collection Banks; and
- the SCSBs

The Offer is being made through the Book Building Process where 50% of the Net Offer will be available for allocation to QIBs on a proportionate basis. Further, 5% of the QIB Category will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further 3,000,000 Equity Shares shall be made available for allocation on a proportionate basis to the Eligible Employees bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price. Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories (including the Employee Reservation Portion), as applicable, on a proportionate basis, subject to applicable laws.

QIBs and Non-Institutional Investors can participate in the Offer only through the ASBA process and Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion have the option to participate through the ASBA process.

QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until finalization of Basis of Allotment. For further details, see "***Offer Structure***" on page 415.

Our Company and the Selling Shareholder will comply with the SEBI ICDR Regulations and any other directions issued by the SEBI for the Offer. In this regard, our Company and the Selling Shareholder have appointed the BRLMs to manage the Offer and procure subscriptions for the Offer.

The Book Building process under the SEBI ICDR Regulations is subject to change from time to time, and Bidders are advised to make their own judgment about investment though this process prior to making a Bid in the Offer.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Offer; and also excludes bidding under the ASBA process)*

Bidders can bid at any price within the Price Band. For instance, assume a price band of ₹ 20 to ₹ 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer, in consultation with the book running lead managers will, finalize the issue price at or below such cut-off price, i.e., at or below ₹ 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details, see "***Offer Procedure - Who Can Bid***" on page 423).

2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form, as applicable.

3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain the Demographic Details of the Bidders from the Depositories.

4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depositary Participant's verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims.

5. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

6. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs or to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centres. Ensure that the SCSB where the ASBA Account (as specified in the Bid cum Application Form) is maintained has named at least one branch at the Specified Location or the Broker Centre for the members of the Syndicate or the Registered Broker, respectively, to deposit Bid cum Application Forms (a list of such branches is available at the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

7. Bids by ASBA Bidders may be submitted in the physical mode to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centres and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. ASBA Bidders should ensure that the ASBA Accounts have adequate credit balance at the time of submission to the SCSB or the Syndicate or the Registered Brokers to ensure that the Bid cum Application Form is not rejected.

8. Bids by QIBs and Non-Institutional Investors must be submitted through the ASBA process only.

Underwriting Agreement

After the determination of the Offer Price but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved, in the event their Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC

(₹ in million)

Name, address, telephone, fax and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and would be finalized after the pricing and actual allocation and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

Our share capital as on the date of filing of this Red Herring Prospectus with the RoC is set forth below.

(₹ in million, except share data)

	Aggregate nominal value	Aggregate Value at Offer Price
A. Authorised Share Capital*		
10,000,000,000 Equity Shares of ₹ 10 each	100,000.0	-
B. Issued, Subscribed and Paid-Up Share Capital before the Offer		
4,629,725,353 Equity Shares of ₹ 10 each	46,297.3	-
C. Present Offer in terms of this Red Herring Prospectus**		
Offer of : 787,053,309 Equity Shares of ₹ 10 each fully paid up	7,870.5	[●]
Comprising :		
• Fresh Issue of 601,864,295 Equity Shares of ₹ 10 each fully paid-up.	6,018.6	[●]
• Offer for Sale of 185,189,014 Equity Shares of ₹ 10 each fully paid-up.	1,851.9	[●]
D. Employee Reservation in terms of this Red Herring Prospectus		
3,000,000 Equity Shares of ₹ 10 each fully paid up	30.0	[●]
E. Net Offer to the Public		
784,053,309 Equity Shares of ₹ 10 each fully paid up	78,405.3	[●]
Of Which:		
QIB Category of 392,026,655 Equity Shares:	3,920.3	[●]
Non-Institutional Category of not less than 117,607,996 Equity Shares (available for allocation):	1,176.1	[●]
Retail Category of not less than 274,418,658 Equity Shares (available for allocation):	2,744.2	[●]
F. Issued, Subscribed and Paid-Up Share Capital after the Offer		
5,231,589,648 Equity Shares of ₹ 10 each fully paid up	52,315.9	[●]
G. Share Premium Account		
Before the Offer (as on September 30, 2013)	48,751.5	
After the Offer	[●]	

* *For more information on changes in the authorised share capital of our Company, see "**History and Certain Corporate Matters**" on page 131.*

*** The Fresh Issue has been authorized by the Board of Directors pursuant to board resolution dated August 1, 2013 and by the shareholders of our Company pursuant to special resolution dated September 19, 2013 passed at the annual general meetings of shareholders under Section 81(1A) of the Companies Act 1956. The MoP, through its letter (F. No. 11/39/2013-PG) dated November 12, 2013, conveyed the approval by the GoI for the Offer.*

The Selling Shareholder has offered 185,189,014 Equity Shares as part of the Offer. This amounts to 4% of the pre-Offer equity capital of our Company. The Equity Shares constituting the Offer for Sale portion have been held by the Selling Shareholder for a period of at least one year prior to the filing of this Red Herring Prospectus with the RoC.

Our Promoter presently holds 69.42% of the issued and paid up equity capital of our Company. After the Offer, the shareholding of our Promoter will be 57.90% of the fully diluted post Offer paid-up equity capital of our Company.

Notes to the Capital Structure

1. Build-up of Promoter's shareholding and Lock-in

(a) ***Details of the build up of our Promoter's shareholding in our Company:***

Date of Allotment/Transfer and when fully paid up	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative Shareholding of the Promoter
October 23, 1989	11	1,000	1,000	Cash	Allotment of shares to the President of India, acting through MoP, and his nominees on subscription to the Memorandum and Articles of Association	11
November 9, 1990	5,989	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	6,000
December 24, 1990	10,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	16,000
June 25, 1991	35,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	51,000
October 24, 1991	25,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	76,000
March 9, 1992	435,000	1,000	1,000	Cash	Further issue to the President of India acting through the MoP	511,000
May 13, 1992	100,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	611,000
July 30, 1992	16,700	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	627,700
September 22, 1992	11,300	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	639,000
November 19, 1992	36,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	675,000
February 3, 1993	20,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	695,000
March 22, 1993	16,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	711,000
April 22, 1993	40,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	751,000
July 9, 1993	530,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	1,281,000
November 24, 1993	920,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	2,201,000
January 17, 1994	180,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	2,381,000
January 17, 1994	77,819	1,000	1,000	Cash	Further issue to the President of India,	2,458,819

Date of Allotment/Transfer and when fully paid up	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative Shareholding of the Promoter
					acting through the MoDoNER	
March 18, 1994	370,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	2,828,819
March 18, 1994	52,500	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	2,881,319
June 7, 1994	5,675,000	1,000	1,000	Other than cash against conversion of loan	Further issue to the President of India, acting through MoP	8,556,319
June 7, 1994	1,096,800	1,000	1,000	Partly for consideration other than cash on account of capitalisation of interest	Further issue to the President of India, acting through MoP	9,653,119
September 27, 1994	17,780,511	1,000	1,000	Partly for consideration other than cash against transfer of assets of NTPC Limited, NHPC Limited and North Eastern Electric Power Corporation Limited (“**NEEPCO**”)	Further issue to the President of India, acting through MoP	27,433,630
November 8, 1994	65,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	27,498,630
April 7, 1995	503,600	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,002,230
April 7, 1995	57,179	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,059,409
August 31, 1995	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,109,409
August 31, 1995	84,131	1,000	1,000	Other than cash against transfer of assets of Tehri Hydro Development Corporation Limited	Further issue to the President of India, acting through MoP	28,193,540
January 16, 1996	100,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,293,540
May 21, 1996	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,343,540
June 20, 1996	78,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,421,540

Date of Allotment/Transfer and when fully paid up	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative Shareholding of the Promoter
March 4, 1997	150,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,571,540
April 10, 1997	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,621,540
September 17, 1997	15,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,636,540
December 6, 1997	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,686,540
February 2, 1998	100,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,786,540
March 22, 1999	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,836,540
August 12, 1999	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,886,540
April 24, 2000	30,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,916,540
January 5, 2001	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,966,540
January 5, 2001	35,200	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	29,001,740
March 22, 2001	58,200	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	29,059,940
July 26, 2001	39,300	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	29,099,240
March 28, 2002	1,190,746	1,000	1,000	Partly for consideration other than cash against transfer of assets of Neyveli Lignite Corporation Limited	Further issue to the President of India, acting through MoP	30,289,986
October 25, 2002	62,500	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	30,352,486
January 28, 2005	1,300,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	31,652,486
September 16, 2005	1,000,000	1,000	1,000	Cash	Further issue to the President of India,	32,652,486

Date of Allotment/Transfer and when fully paid up	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative Shareholding of the Promoter
					acting through MoP	
October 17, 2005	1,250,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	33,902,486
January 17, 2006	600,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	34,502,486
March 27, 2006	1,343,800	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	35,846,286
June 13, 2006	330,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	36,176,286
July 5, 2006	27,787	1,000	1,000	Other than cash against the transfer of assets of Tehri Hydro Development Corporation Limited*	Further issue to the President of India, acting through MoP	36,204,073
August 3, 2006	1,200,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	37,404,073
November 23, 2006	470,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	37,874,073
Each Equity Share of our Company of face value ₹1,000 has been split into 100 Equity Shares of the face value of ₹10 each, pursuant to a shareholders' resolution dated March 28, 2007.						
April 14, 2007	38,812,000	10	10	Other than cash against transfer of assets of National Hydroelectric Power Corporation Limited	Further issue to the President of India, acting through MoP	3,826,219,300
September 26, 2007	(191,310,965)	10	52	Cash	Offer for sale by the President of India, acting through MoP, under the initial public offering by our Company	3,634,908,335
November 23, 2010	(420,884,123)	10	90	Cash	Offer for sale by the President of India, acting through MoP, under the further public offering by our Company	3,214,024,212

** Pursuant to the CAG audit with respect to the transfer of assets from Tehri Hydro Development Corporation Limited in August 1993, it was observed that there was an error in arriving at the net purchase consideration by Tehri Hydro Development Corporation Limited at the time of transfer of assets to our Company. The net purchase consideration was consequently amended through letter no. 3/5/2003 – H.I. of the MoP dated September 28, 2006 from ₹84.13 million to ₹111.92 million. Accordingly, our Company was required to issue an additional 27,787 equity shares of ₹1,000 each, with effect from August 1, 1993, towards the differential in the net purchase consideration for the assets transferred to our Company.*

(b) ***Equity Shares issued for consideration other than cash:***

Except as detailed below, no Equity Shares of our Company have been issued for consideration other than cash:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)*	Nature of Allotment
June 7, 1994	5,675,000	1,000	1,000	Other than cash against conversion of loan into equity	Further issue to the President of India, acting through MoP
June 7, 1994	1,096,800	1,000	1,000	Partly for consideration other than cash on account of capitalisation of interest	Further issue to the President of India, acting through MoP
September 27, 1994	17,780,511	1,000	1,000	Partly for consideration other than cash against transfer of assets of NTPC Limited, NHPC Limited and NEEPL	Further issue to the President of India, acting through MoP
August 31, 1995	84,131	1,000	1,000	Other than cash against transfer of assets of Tehri Hydro Development Corporation Limited	Further issue to the President of India, acting through MoP
March 28, 2002	1,190,746	1,000	1,000	Partly for consideration other than cash against transfer of assets of Neyveli Lignite Corporation Limited	Further issue to the President of India, acting through MoP
July 5, 2006	27,787	1,000	1,000	Other than cash against transfer of assets of Tehri Hydro Development Corporation Limited**	Further issue to the President of India, acting through MoP
April 14, 2007	38,812,000	10	10	Other than cash against transfer of assets of National Hydroelectric Power Corporation Limited	Further issue to the President of India, acting through MoP

** The benefits accrued to our Company are as detailed above, including, conversion of loan, capitalization of interest and transfer of assets.*
***Pursuant to the CAG audit with respect to the transfer of assets from Tehri Hydro Development Corporation Limited in August 1993, it was observed that there was an error in arriving at the net purchase consideration by Tehri Hydro Development Corporation Limited at the time of transfer of assets to our Company. The net purchase consideration was consequently amended through letter no. 3/5/2003 – H.I. of the MoP dated September 28, 2006 from ₹84.13 million to 111.92 million. Accordingly, our Company was required to issue an additional 27,787 equity shares of ₹1,000 each, with effect from August 1, 1993, towards the differential in the net purchase consideration for the assets transferred to our Company.*

(c) ***Details of Equity Shares locked in for one year:***

The post-Offer shareholding of our Promoter, in our Company, i.e., an aggregate of 3,028,835,198 Equity Shares, shall be locked-in for a period of one year from the date of Allotment or for such other time as may be required in terms of Regulation 36(b) of the SEBI ICDR Regulations. Our Promoter is exempt from the requirement of minimum Promoters' contribution in terms of Regulation 34(b) of the SEBI ICDR Regulations.

(d) ***Other requirements in respect of lock-in:***

As per Regulation 39 read with Regulation 36(b) of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoter, as specified above, may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoter and locked in pursuant to Regulation 36(b) of the SEBI ICDR Regulations, may be transferred *inter se* or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

2. Shareholding Pattern of our Company

Shareholding pattern of our Company, as on the date of filing of this Red Herring Prospectus, is set forth below:

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES (PRE-OFFER)	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL NUMBER OF SHARES (POST OFFER)*	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		NUMBDER OF SHARES PLEDGE OR OTHERWISE ENCUMBERED
						PRE-OFFER AS A PERCENTAGE of (A+B)	POST-OFFER* AS A PERCENTAGE of (A+B)	NUMBER OF SHARES
(I)	(II)	(III)	(IV)	(V)		(VI)	(VII)	(VIII)
(A)	**PROMOTER AND PROMOTER GROUP**							
(1)	INDIAN							
(a)	Individual /HUF	0	0	0	0	0.00	0.00	0
(b)	Central Government/State Government(s)	2	3,214,024,212	3,214,024,212	3,028,835,198	69.42	57.90	0
(c)	Bodies Corporate	0	0	0	0	0.00	0.00	0
(d)	Financial Institutions / Banks	0	0	0	0	0.00	0.00	0
(e)	Others	0	0	0	0	0.00	0.00	0
	Sub-Total A(1) :	**2**	**3,214,024,212**	**3,214,024,212**	**3,028,835,198**	**69.42**	**57.90**	**0**
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0	0.00	0.00	0
(b)	Bodies Corporate	0	0	0	0	0.00	0.00	0
(c)	Institutions	0	0	0	0	0.00	0.00	0
(d)	Qualified Foreign Investor	0	0	0	0	0.00	0.00	0
(e)	Others	0	0	0	0	0.00	0.00	0
	Sub-Total A(2) :	**0**	**0**	**0**	**0**	**0.00**	**0.00**	**0**
	Total A=A(1)+A(2)	**2**	**3,214,024,212**	**3,214,024,212**	**3,028,835,198**	**69.42**	**57.90**	**0**
(B)	**PUBLIC SHAREHOLDING**							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	118	54,961,565	54,961,565	54,961,565	1.19	1.05	0
(b)	Financial Institutions /Banks	65	88,766,192	88,766,192	88,766,192	1.92	1.69	0
(c)	Central Government / State Government(s)	0	0	0	0	0.00	0.00	0
(d)	Venture Capital Funds	0	0	0	0	0.00	0.00	0
(e)	Insurance Companies	6	171,916,856	171,916,856	171,916,856	3.71	3.29	0
(f)	Foreign Institutional Investors	416	793,979,776	793,979,776	793,979,776	17.15	15.18	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0.00	0.00	0
(h)	Qualified Foreign Investor	0	0	0	0	0.00	0.00	0
(i)	Others	0	0	0	0	0.00	0.00	0
	Sub-Total B(1) :	**605**	**1,109,624,389**	**1,109,624,389**	**1,109,624,389**	**23.97**	**21.21**	**0**
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	2,899	108,499,912	108,499,912	108,499,912	2.34	2.07	0

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES (PRE-OFFER)	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL NUMBER OF SHARES (POST OFFER)*	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES: PRE-OFFER AS A PERCENTAGE of (A+B)	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES: POST-OFFER* AS A PERCENTAGE of (A+B)	NUMBDER OF SHARES PLEDGE OR OTHERWISE ENCUMBERED: NUMBER OF SHARES
(I)	(II)	(III)	(IV)	(V)		(VI)	(VII)	(VIII)
(b)	Individuals							
	(i) Individuals holding nominal share capital upto ₹1 lakh	833,482	179,225,287	179,182,129	179,225,287	3.87	3.42	0
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	347	9,734,833	9,734,833	9,734,833	0.21	0.19	0
(c)	Others							0
	TRUSTS	83	2,908,871	2,908,871	2,908,871	0.06	0.06	0
	NON RESIDENT INDIANS	5,698	3,109,181	3,109,181	3,109,181	0.07	0.06	0
	CLEARING MEMBERS	270	2,598,633	2,598,633	2,598,633	0.06	0.05	0
(d)	Qualified Foreign Investor	1	35	35	35	0.00	0.00	0
	Sub-Total B(2) :	**842,780**	**306,076,752**	**306,033,594**	**306,076,752**	**6.61**	**5.85**	**0**
	Total B=B(1)+B(2) :	**843,385**	**1,415,701,141**	**1,415,657,983**	**1,415,701,141**	**30.58**	**27.06**	**0**
(e)	PUBLIC (PURSUANT TO THE ISSUE) B(3)	-	-	-	787,053,309	-	15.04	0
	Total B= B(1)+B(2)+B(3)	**843,385**	**1,415,701,141**	**1,415,657,983**	**2,202,754,450**	**30.58**	**42.10**	**0**
	Total (A+B) :	**843,387**	**4,629,725,353**	**4,629,682,195**	**5,231,589,648**	**100.00**	**100.00**	**0**
(C)	Shares held by custodians, against which Depository receipts have been issued							
(1)	Promoter and Promoter Group	0	0	0	0	0.00	0.00	0
(2)	Public	0	0	0	0	0.00	0.00	0
	GRAND TOTAL (A+B+C) :	**843,387**	**4,629,725,353**	**4,629,682,195**	**5,231,589,648**	**100.00**	**100.00**	**0**

**Assuming the Offer is fully subscribed.*

3. Except as provided below, as on the date of this Red Herring Prospectus, there is no public shareholder holding more than 1% of the pre-Offer share capital of our Company.

S. No.	Name of Shareholder	No. of Equity Shares
1.	Europacific Growth Fund	189,167,599
2.	Life Insurance Corporation of India	158,647,346
3.	American Funds Insurance Series International Fund	63,361,640
4.	ICICI Prudential Life Insurance Company Limited	59,582,756

4. Except as provided below, there has been no subscription to or sale or purchase of our Equity Shares, within three years preceding the date of filing of this Red Herring Prospectus, by our Promoter or Directors which in aggregate equals to or is greater than 1% of the pre-Offer share capital of our Company:

S. No.	Name of Shareholder	Promoter/Director	Number of Equity Shares Acquired	Number of Equity Shares Sold
1.	President of India, acting through MoP	Promoter	-	420,884,123

5. 3,000,000 Equity Shares constituting a total of 0.38% of the Offer, have been reserved for allocation to Eligible Employees bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price and subject to the maximum Bid Amount by each Eligible Employee not exceeding ₹ 200,000. An Employee Discount of ₹ [●] to the Offer Price may be offered to Eligible

Employees bidding in the Employee Reservation Portion. Only Eligible Employees bidding in the Employee Reservation Portion would be eligible to apply in the Offer under the Employee Reservation Portion on a competitive basis. Bids by Eligible Employees bidding in the Employee Reservation Portion can also be made in the Net Offer and such Bids shall not be treated as multiple Bids. The Employee Reservation Portion will not exceed 5% of the post-Offer capital of our Company.

6. Any unsubscribed portion in any reserved category will be added to the Net Offer to the public. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories (including the Employee Reservation Portion), as applicable, on a proportionate basis, subject to applicable laws.

7. Our Promoter will not participate in this Offer.

8. Neither our Promoter nor our Directors and their immediate relatives (as defined in Regulation 2 (1) (zb) (ii) of the SEBI ICDR Regulations) have purchased or sold any Equity Shares or financed the purchase of securities of our Company by any other person, other than in the normal course of business of the financing entity, during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with the RoC.

9. Except Mr. R.N. Nayak, Mr. I.S. Jha, Mr. R.T. Agarwal, Mr. Ravi P. Singh, Mr. R.P. Sasmal, Mr. Santosh Saraf, Mr. R. Krishnamoorthy and Mr. Ajay Kumar Mittal, none of our Directors hold Equity Shares of our Company. For more information, see "***Our Management***" on page 150.

10. As on the September 30, 2013, the total number of holders of our Equity Shares is 850,252.

11. Except as disclosed under "***Capital Structure – Notes to capital Structure – Note 1(b) – Equity Shares issued for consideration other than cash***" above, our Company has not issued any Equity Shares for consideration other than cash.

12. Our Company has not issued any Equity Shares out of its revaluation reserves.

13. As on date of this Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act 1956.

14. Our Promoter, our Company, our Directors and the BRLMs have not entered into any buy-back or standby arrangements or any safety net arrangements for purchase of Equity Shares from any person.

15. The BRLMs and their associates have no Equity Shareholding in our Company as on September 30, 2013, except as set forth below:

S. No.	Name of Entity	Number of Equity Shares
1.	SBI Funds Management Private Limited*	2,219,665
2.	State Bank of Travancore*	75,000
3.	State Bank of Bikaner & Jaipur*	24,000
4.	Citigroup Global Markets Mauritius**	409,628
5.	ICICI Prudential Life Insurance Company Limited***	60,084,423
6.	ICICI Prudential Asset Management Company Limited***	15,273,188
7.	ICICI Bank Limited***	192,830

**Associate of SBI Capital Markets Limited*
***Associate of Citigroup Global Markets India Private Limited.*
**** Associate of ICICI Securities Limited.*

16. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares as on the date of this Red Herring Prospectus.

17. There will be only one denomination of the Equity Shares, unless otherwise permitted by law. We will comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

18. We presently do not intend or propose any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period

commencing from the date of filing of this Red Herring Prospectus with the RoC until the Equity Shares have been listed on the Stock Exchanges or all application moneys have been refunded on account of failure of the Offer. Further, we presently do not intend or propose to alter our capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus issue or on a rights basis or by way of further public issue of Equity Shares or qualified institutional placements or otherwise.

19. No Equity Shares held by our Promoter are subject to any pledge.

20. Our Company does not have any scheme of employee stock option or employee stock purchase.

21. Our Company has not issued any Equity Shares at a price lesser than the Offer Price in the last one year preceding the date of filing this Red Herring Prospectus.

22. The Equity Shares Allotted pursuant to the Offer will be fully paid-up at the time of Allotment, failing which no Allotment will be made.

23. Our Company will ensure that transactions in the Equity Shares by our Promoter between the date of filing of this Red Herring Prospectus with the RoC and the Bid/Offer Closing Date will be intimated to the Stock Exchanges within 24 hours of such transaction.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholder.

The Offer for Sale

The object of the Offer for Sale is to carry out the disinvestment of 185,189,014 Equity Shares of ₹ 10 each by the Selling Shareholder. Our Company will not receive any of the proceeds from the Offer for Sale.

The Fresh Issue

Our Company intends to utilize the net proceeds of the Offer, i.e., gross proceeds of the Offer less the Offer related expenses and the proceeds of the Offer for Sale (the "**Net Proceeds**") for the following objects:

(a) to meet the capital requirements for the implementation of certain identified transmission projects ("**Identified Projects**"); and

(b) general corporate purposes.

The main objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which the funds are being raised by us in the Fresh Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

The details of the proceeds of the Offer are summarized in the table below:

(In ₹ million)

S. No.	Particulars	Amount*
1.	Gross Proceeds of the Offer	[●]
2.	Offer related Expenses	[●]
3.	Offer for Sale portion	[●]
4.	Net Proceeds of the Offer	[●]
	Total	[●]

**To be finalised on determination of Offer Price.*

Requirement of Funds and Means of Finance

The fund requirements described below are based on management estimates, our Company's current business plan and appraisals of the Identified Projects by the management of our Company as well as certain banks or financial institutions.

In view of the dynamic nature of the sector and specifically that of our business, we may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects of the Offer mentioned above subject to applicable law.

We intend to utilize the Net Proceeds of ₹ [●] for financing the objects as set forth below.

(In ₹ million)

	Total Estimated Cost as on September 30, 2013	Amount deployed as of September 30, 2013 (1)		Amount proposed to be financed from Net Proceeds	Balance amount proposed to be financed from loans, internal accruals and proceeds from any future issuances
		Internal Accruals	Debt		
Fund expenditure to meet the	483,544.4	42,804.6	195,377.1	46,000.0	199,362.7

	Total Estimated Cost as on September 30, 2013	Amount deployed as of September 30, 2013 (1)		Amount proposed to be financed from Net Proceeds	Balance amount proposed to be financed from loans, internal accruals and proceeds from any future issuances
		Internal Accruals	Debt		
capital requirements for the implementation of the Identified Projects					
Fund expenditure for general corporate purposes	[●]*	-	-	[●]*	-
Total	**[●]***	**42,804.6**	**195,377.1**	**[●]***	**199,362.7**

(1)As certified by Ajay Agarwal & Co., Chartered Accountants by certificate dated October 29, 2013
** To be finalised on determination of Offer Price*

Whilst we intend to utilize the Net Proceeds in the manner provided above, in the event of a surplus, we will use such surplus towards general corporate purposes including meeting future growth requirements, in accordance with applicable law. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Offer. In the event of any shortfall in the Net Proceeds, our Company will bridge the fund requirements from identifiable internal accruals, debt or equity financing.

Details of the Objects

- ***Fund expenditure to meet the capital requirements for the implementation of the Identified Projects***

We are developing 27 identified transmission projects. The Identified Projects include projects for transmission lines for evacuation of power from generation projects and strengthening of existing grid and inter-regional system. The transmission projects are expected to enhance the length of our transmission system by 22,103 circuit kilometers.

Pursuant to the Office Memorandum (DPE OM No. DPE/11(2)/97-Fin) dated July 22, 1997, the DPE has directed all public sector undertakings to which the above-mentioned office memorandum is applicable, to obtain appraisal, by financial institutions or reputed professional organizations with expertise, for capital expenditure, investment or other matters that involve substantial financial or managerial commitments or where they would have a long term impact on the structure and functioning of the public sector undertaking. On November 18, 2008, our Board of Directors, pursuant to the Office Memorandum, approved the obtaining of appraisal reports for all projects undertaken by us where the estimated project cost is above ₹ 5,000.0 million.

The details of each of the Identified Projects including the name and nature, appraisal report issued in relation to the project, if applicable, expected date of commissioning, certain operating data and total approved project cost are set forth below:

S. No.	Name and Nature of project	Appraisal Report	Circuit kms	MVA (unless otherwise indicated)	Expected commissioning#	Approved Cost as per Investment Approvals and Appraisal Reports (In ₹ million)
1.	Transmission System for connectivity of Essar Power Gujarat Limited - Generation Linked	Appraisal report dated October 2011, issued by IFCI Limited ("**IFCI**")	450	-	Fiscal 2014	5,524.4
2.	Transmission System associated with Rihand-III & Vindhyachal-IV -	Financial appraisal report dated March	1,665	3,000	Fiscal 2015	46,729.9*

S. No.	Name and Nature of project	Appraisal Report	Circuit kms	MVA (unless otherwise indicated)	Expected commissioning#	Approved Cost as per Investment Approvals and Appraisal Reports (In ₹ million)
	Generation-linked	2010, issued by A.F. Ferguson & Co. (“**AFF**”)				
3.	Transmission System For Phase-I Generation Projects in Odisha (Part-C) - Generation-linked	Financial appraisal report dated November 2010, issued by AFF	1,248	-	Fiscal 2015	25,692.5*
4.	System Strengthening - XIX in Southern Regional Grid - Grid strengthening	Financial appraisal report dated June 2012, issued by ICRA Management Consulting Services Limited (“**ICRA**”)	813	3,000	Fiscal 2015	19,353.5*
5.	Transmission system strengthening in western part of WR for IPP Generation Projects in Chhattisgarh - Grid strengthening	Financial appraisal report dated September 2011, issued by ICRA	1,337	3,500	Fiscal 2015	21,275.1
6.	Transmission System associated with Krishnapatnam UMPP - PART B – Inter-regional system/ Grid strengthening	Financial appraisal report dated September 2011, issued by SBI Capital Markets Limited (“**SBICaps**”)	564	9,000	Fiscal 2015	19,271.6*
7.	Common system associated with ISGS projects in Krishnapatnam Area of Andhra Pradesh - Generation-linked	Financial appraisal report dated June 2011, issued by ICRA	739	3,000	Fiscal 2015	16,373.4
8.	Common system associated with Coastal Energen Private Limited and Ind-Barath Power (Madras) Limited LTOA Generation Projects in Tuticorin Area (Part-B) - Generation-linked	Financial appraisal report dated April 20, 2011, issued by CRISIL Risk and Infrastructure Solutions Limited (“**CRISIL**”)	1,099	-	Fiscal 2015	19,401.3*
9.	Establishment of Pooling Stations at Champa and Raigarh (near Tamnar) for IPP Generation Projects in Chhattisgarh - Generation-linked	Appraisal report dated May 2011, issued by IFCI	547	13,500	Fiscal 2015	19,618.7
10.	Establishment of Pooling Stations at Raigarh (Kotra) and Raipur for IPP Generation Projects in Chhattisgarh - Generation-linked	Financial appraisal report dated November 2010, issued by AFF	536	7,500	Fiscal 2015	17,195.2
11.	System Strengthening – XVIII in Southern Regional Grid - Grid strengthening	Appraisal report dated April 2012, issued by IFCI	1,322	-	Fiscal 2015	12,632.6
12.	Transmission system for Phase I Generation Projects in Odisha -Part A - Generation-linked	Financial appraisal report dated May 2010, issued by ICRA	599	9,000	Fiscal 2015	20,748.6*
13.	Transmission System for IPP Generation projects in Madhya Pradesh & Chhattisgarh - Generation-linked	Financial appraisal report dated August 12, 2011, issued by CRISIL	557	3,000	Fiscal 2015	13,663.4
14.	Integration of Pooling Stations in Chhattisgarh with central part of	Financial appraisal report dated July	740	-	Fiscal 2015	13,919.7

S. No.	Name and Nature of project	Appraisal Report	Circuit kms	MVA (unless otherwise indicated)	Expected commissioning[#]	Approved Cost as per Investment Approvals and Appraisal Reports (In ₹ million)
	WR for IPP Generation Projects in Chhattisgarh (DPR - 3) - Grid strengthening	2011, issued by IDBI Capital Market Services Limited (“**IDBI**”)				
15.	System strengthening in Wardha-Aurangabad corridor for IPP Projects in Chhattisgarh (DPR -7) - Grid strengthening	Financial appraisal report dated February 2012, issued by AFF	712	-	Fiscal 2015	13,108.5
16.	Transmission system for Phase I generation Projects in Odisha -Part B - Generation-linked	Financial appraisal report dated November 2010, issued by IDBI	1,137	3,000	Fiscal 2015	27,431.9
17.	Immediate Evacuation System associated with Barh II TPS - Generation-linked	Financial appraisal report dated November 2011, issued by ICRA	697	-	Fiscal 2015	9,017.7
18.	Northern Region System Strengthening Scheme - XXI - Grid strengthening	Financial appraisal report dated July 2010, issued by ICRA	833	3,000	Fiscal 2015	16,775.7*
19.	Transmission system for establishment of 400/220kV GIS Substation at Magarwada in UT DD - Grid strengthening	Not applicable	31	630	Fiscal 2015	2,592.8
20.	Transmission System for Transfer of power from Generation Projects in Sikkim to NR/ WR - Part –B - Generation-linked	Financial appraisal report dated January 2011, issued by IDBI	813	1,980	Fiscal 2016	15,851.2
21.	Transmission system for Phase-I generation projects in Jharkhand and West Bengal - Part-B - Generation-linked	Financial appraisal report dated January 2012, issued by SBICaps	1,097	3,000	Fiscal 2016	32,014.4*
22.	Transmission System for Phase - I Generation Projects in Jharkhand and West Bengal - Part A2 - Generation-linked	Financial appraisal report dated November 2011, issued by AFF	765	3,000	Fiscal 2016	24,226.6
23.	Common System associated with East Coast Energy Private Limited and NCC Power Projects Limited LTOA Generation Projects in Srikakulam Area - Part-A - Generation-linked	Financial appraisal report dated April 2012, issued by ICRA	550	1,500	Fiscal 2016	19,092.4*
24.	Transmission System associated with Pallatana Gas Based Power Project and Bongaigaon Thermal Power Station - Generation-linked	Appraisal report dated December 2009, issued by ICRA	1,441	675	Fiscal 2016	21,440.0*
25.	Transmission System associated with Mauda Stage-II (2x660 MW) - Generation-linked	Appraisal report dated June 2013, issued by IFCI	1,118	630	Fiscal 2017	15,753.0
26.	Northern Region System Strengthening Scheme - XXVI - Grid strengthening	Financial appraisal report September 2012, issued by SBICaps	324	-	Fiscal 2016	8,033.4
27.	Northern Region System Strengthening Scheme - XXV - Grid strengthening	Financial appraisal report dated September 2013,	369	-	Fiscal 2016	6,806.9

S. No.	Name and Nature of project	Appraisal Report	Circuit kms	MVA (unless otherwise indicated)	Expected commissioning#	Approved Cost as per Investment Approvals and Appraisal Reports (In ₹ million)
		issued by CRISIL				
	Total					**483,544.4***

** The above project cost for each Identified Project is based on our management estimates and appraisal reports and where there is a variation between the two, the project cost as per the investment approval of our Board has been provided. The approved project cost as per the investment approval in certain cases vary from the approved cost as per the respective appraisal report primarily on account of escalation/reduction in equipment cost, escalation clause for change in the prices of raw materials in the contracts entered into with the contractors and variation in interest during construction. Similarly, our project costs may be subject to variation in the future on account of, the above mentioned factors as well as any additional interest costs incurred due to delay in projects and changes in statutory duties and taxes. In the event we exceed the approved cost beyond prescribed limits in implementing a certain project, such variation would need to be approved by our Board.*

*# For details relating to delays experienced with project completion, see "**Risk Factors**" on page xvii.*

We have received certain government approvals required for undertaking these projects. For further details of the pending approvals, see "***Government and Other Approvals***" and "***Risk Factors***" on pages 361 and xvii, respectively.

Further, the abovementioned appraisal reports mention certain risks applicable to our Company and the mitigating factors in relation to these risks. For certain risks and weakness disclosed in the appraisal reports, see "***Risk Factors***" on page xvii.

Except as stated above, our fund requirements and deployment thereof are based on internal management estimates, and have not been appraised by any bank or financial institution. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by surplus funds, if any available in respect of the other activities. Any surplus left out of the Net Proceeds will be used for general corporate purposes in accordance with applicable law.

Details of Means of Finance for the Identified Projects

The aggregate of the estimated approved project cost of the Identified Projects as on September 30, 2013 is ₹ 483,544.4 million. These projects are proposed to be funded through a mix of debt and equity in accordance with CERC norms. The equity component of the Identified Projects is to be funded by a combination of identifiable internal accruals of our Company, the proceeds of the Fresh Issue and proceeds of any future issuances.

Details of the means of finance for the Identified Projects are as follows:

(In ₹ million)

	Particulars	Amount
I.	*Aggregate of the estimated project cost of the Identified Projects as on September 30, 2013*	483,544.4
	a) Expenditure already incurred as on September 30, 2013	238,181.7*
	b) Amount proposed to be financed from the Net Proceeds	46,000.0
	c) Funding required excluding the Net Proceeds	199,362.7
II.	*Arrangements regarding 75% of the funds required excluding the Net Proceeds*	149,522.0
	a) State Bank of India loan facilities**	124,450.0
	b) Undrawn amount from World Bank, ADB***	28,845.1

Particulars	Amount
Total	**153,295.1**

** As certified by Ajay Agarwal & Co., Chartered Accountants by certificate dated October 29, 2013.*
***To be drawn from State Bank of India loan facilities as per sanction letter dated October 18, 2013 and loan agreement dated March 21, 2012.*
**** To be drawn from two loan facilities (i) ADB: Amount of US$ 25.1 million (₹1,588.5 million at an exchange rate of 1US$=₹63.37) as per loan agreement dated March 30, 2012 towards Transmission System for establishment of 400/220kV GIS Substation at Magarwada in UT DD; and (ii) World Bank as per loan agreement dated October 13, 2009: (a) amount of US$ 219.1 million (₹13,881.6 million at an exchange rate of 1US$=₹63.37) towards the Transmission System for Krishnapatnam UMPP -PART B (b) amount of US$ 105.2 million (₹6,668.1 million at an exchange rate of 1US$=₹63.37) towards the Transmission System for Northern Region System Strengthening-XXVI (c) amount of US$ 105.8 million (₹6,706.9 million at an exchange rate of 1US$=₹63.37) towards the Transmission System for Northern Region System Strengthening-XXV. For details, see "**Financial Indebtedness**" on page 320.*

Except as disclosed above, the entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. In view of above, we confirm that, with respect to the Identified Projects, our Company has made firm arrangement of finance through verifiable means towards 75% of the stated means of finance, excluding the amount proposed to be raised through the Offer and expenditure already incurred as on September 30, 2013, and we will ensure that our projects are funded in the debt equity ratio as per CERC norms. While we have available debt financing for 75% of the funds required excluding the Net Proceeds, we may, at the discretion of the management, utilize our internal accruals in order to reduce our financing costs.

The total amount spent as on September 30, 2013, aggregating to ₹ 238,181.7 million has been funded through debt and internal accruals. The debt component aggregates to ₹ 195,377.1 million, comprising utilization of facilities to the extent of ₹ 3,494.7 million from the World Bank, ₹ 667.3 million from the ADB, and the remaining through domestic and foreign currency bonds. The remaining amount of ₹ 42,804.6 million has been funded through our internal accruals.

Schedule of Expenditure

The schedule of expenditure for each Identified Project is set forth below:

(In ₹million)

S. No.	Name of project	Approved Cost as per Investment Approvals and Appraisal Reports	Expenditure incurred as on September 30, 2013**	Estimated expenditure for Fiscal 2014	Estimated expenditure for Fiscal 2015	Estimated expenditure for Fiscal 2016	Estimated expenditure for Fiscal 2017
1.	Transmission System for connectivity of Essar Power Gujarat Limited - Generation Linked	5,524.4	3,438.1	1,229.7	511.7	1,377.3	0.0
2.	Transmission System associated with Rihand-III & Vindhyachal-IV - Generation-linked	46,729.9*	27,603.8	5,866.8	3,805.8	10,004.3	3,450.0
3.	Transmission System For Phase-I Generation Projects in Odisha (Part- C) - Generation-linked	25,692.5*	19,854.3	6,555.3	3,337.1	996.9	470.0
4.	System Strengthening - XIX in Southern Regional Grid - Grid strengthening	19,353.5*	3,971.7	4,884.8	8,442.2	3,504.3	960.0
5.	Transmission system strengthening in western part of WR for IPP Generation Projects in Chhattisgarh - Grid	21,275.1	12,481.1	6,707.8	3,171.1	3,752.3	540.0

S. No.	Name of project	Approved Cost as per Investment Approvals and Appraisal Reports	Expenditure incurred as on September 30, 2013**	Estimated expenditure for Fiscal 2014	Estimated expenditure for Fiscal 2015	Estimated expenditure for Fiscal 2016	Estimated expenditure for Fiscal 2017
	strengthening						
6.	Transmission System associated with Krishnapatnam UMPP - PART B - Inter-regional system/ Grid strengthening	19,271.6*	5,290.0	6,852.5	4,562.5	3,995.6	1,380.0
7.	Common system associated with ISGS projects in Krishnapatnam Area of Andhra Pradesh - Generation-linked	16,373.4	10,098.6	6,797.8	1,473.1	1,001.3	570.0
8.	Common system associated with Coastal Energen Private Limited and Ind-Barath Power (Madras) Limited LTOA Generation Projects in Tuticorin Area (Part-B) - Generation-linked	19,401.3*	10,717.0	4,910.4	4,253.5	1,501.5	650.0
9.	Establishment of Pooling Stations at Champa and Raigarh (near Tamnar) for IPP Generation Projects in Chhattisgarh - Generation-linked	19,618.7	11,886.7	6,057.4	2,427.8	1,627.0	500.0
10.	Establishment of Pooling Stations at Raigarh (Kotra) and Raipur for IPP Generation Projects in Chhattisgarh - Generation-linked	17,195.2	13,408.8	3,314.4	1,334.4	1,717.3	250.0
11.	System Strengthening – XVIII in Southern Regional Grid - Grid strengthening	12,632.6	3,699.2	5,183.7	3,341.8	2,001.3	640.0
12.	Transmission system for Phase I Generation Projects in Odisha -Part A - Generation-linked	20,748.6*	12,982.1	2,984.1	2,770.0	3,906.3	1,000.0
13.	Transmission System for IPP Generation projects in Madhya Pradesh & Chhattisgarh - Generation-linked	13,663.4	8,258.8	3,236.1	2,636.5	1,498.7	850.0
14.	Integration of Pooling Stations in Chhattisgarh with central part of WR for IPP Generation Projects in Chhattisgarh (DPR - 3) - Grid	13,919.7	10,773.7	2,993.7	973.0	599.6	350.0

S. No.	Name of project	Approved Cost as per Investment Approvals and Appraisal Reports	Expenditure incurred as on September 30, 2013**	Estimated expenditure for Fiscal 2014	Estimated expenditure for Fiscal 2015	Estimated expenditure for Fiscal 2016	Estimated expenditure for Fiscal 2017
	strengthening						
15.	System strengthening in Wardha-Aurangabad corridor for IPP Projects in Chhattisgarh (DPR - 7) - Grid strengthening	13,108.5	4,810.8	2,568.3	2,657.8	3,995.7	1,200.0
16.	Transmission system for Phase I generation Projects in Odisha -Part B - Generation-linked	27,431.9	17,842.6	5,411.2	2,091.4	3,504.0	1,910.0
17.	Immediate Evacuation System associated with Barh II TPS - Generation-linked	9,017.7	4,296.2	3,419.1	1,719.9	995.3	1,090.0
18.	Northern Region System Strengthening Scheme - XXI - Grid strengthening	16,775.7*	8,936.7	2,346.1	1,901.2	3,682.9	1,000.0
19.	Transmission system for establishment of 400/220kV GIS Substation at Magarwada in UT DD - Grid strengthening	2,592.8	904.4	922.7	501.9	402.1	160.0
20.	Transmission System for Transfer of power from Generation Projects in Sikkim to NR/ WR - Part –B - Generation-linked	15,851.2	10,841.2	2,810.1	2,785.2	702.9	1,200.0
21.	Transmission system for Phase-I generation projects in Jharkhand and West Bengal - Part-B - Generation-linked	32,014.4*	11,972.3	6,041.1	11,120.4	4,587.6	3,200.0
22.	Transmission System for Phase - I Generation Projects in Jharkhand and West Bengal - Part A2 - Generation-linked	24,226.6	5,616.3	5,478.7	3,839.0	9,428.9	2,950.0
23.	Common System associated with East Coast Energy Private Limited and NCC Power Projects Limited LTOA Generation Projects in Srikakulam Area-Part-A - Generation-linked	19,092.4*	2,434.7	2,234.5	7,439.9	5,006.5	3,350.0
24.	Transmission System associated with Pallatana Gas Based Power Project and Bongaigaon Thermal Power Station -	21,440.0*	14,797.3	3,642.2	1,947.2	1,651.3	1,340.0

S. N o.	Name of project	Approved Cost as per Investment Approvals and Appraisal Reports	Expenditure incurred as on September 30, 2013**	Estimated expenditure for Fiscal 2014	Estimated expenditure for Fiscal 2015	Estimated expenditure for Fiscal 2016	Estimated expenditure for Fiscal 2017
	Generation-linked						
25.	Transmission System associated with Mauda Stage-II (2x660 MW) - Generation-linked	15,753.0	0.0	626.7	3,847.1	8,999.2	2,280.0
26.	Northern Region System Strengthening Scheme - XXVI - Grid strengthening	8,033.4	1,265.3	1,557.7	1,984.9	2,263.1	1,500.0
27.	Northern Region System Strengthening Scheme - XXV - Grid strengthening	6,806.9	0.0	473.6	2,384.9	2,948.3	1,000.0
	Total	**483,544.4***	**238,181.7**	**105,106.5**	**87,261.4**	**85,651.4**	**33,790.0**

** The above project cost for each Identified Project is based on our management estimates and appraisal reports and where there is a variation between the two, the project cost as per the investment approval of our Board has been provided. The approved project cost as per the investment approval in certain cases vary from the approved cost as per the respective appraisal report primarily on account of escalation/reduction in equipment cost, escalation clause for change in the prices of raw materials in the contracts entered into with the contractors and variation in interest during construction. Similarly, our project costs may be subject to variation in the future on account of, the above mentioned factors as well as any additional interest costs incurred due to delay in projects and changes in statutory duties and taxes. In the event we exceed the approved cost beyond prescribed limits in implementing a certain project, such variation would need to be approved by our Board.*
***As certified by Ajay Agarwal & Co., Chartered Accountants by certificate dated October 29, 2013.*

Contracts for the implementation of the Identified Projects

Our transmission projects are generally implemented by dividing the project into well-defined "packages" depending on the size and the nature of the project for which contracts are awarded on a competitive bidding basis. We typically enter into separate engineering, procurement and construction ("**EPC**") contracts for tower erection and stringing of power lines and for substation construction, and we procure from vendors and supply to our EPC contractors the necessary conductors and insulators for transmission lines and transformers and reactors for substations. In respect of the Identified Projects for which the Net Proceeds are intended to be used, as of the date of this Red Herring Prospectus, we have already awarded major contracts amounting to approximately ₹ 295,820.0 million. Some of the contracts for the projects which are yet to be awarded, will be awarded by us at an appropriate time during the course of the implementation of the projects.

All project implementation contracts usually contain, amongst others, price variation clauses subject to a specified limit, completion time guarantee clauses, defect liability clauses and indemnity clauses. Any increase in the price of contracts, due to price variation provisions or due to change in design or force majeure situations or due to certain other circumstances is borne by our Company.

- ***Fund expenditure for general corporate purposes***

We intend to use a part of the Net Proceeds, approximately ₹ [●] million, towards general corporate purposes subject to such utilization not exceeding 25% of the proceeds of the Fresh Issue, in compliance with the SEBI ICDR Regulations. Such general corporate purpose may include the following:

i. funding cost overruns of our projects (if any);
ii. repayment of existing or future indebtedness;
iii. funding new projects; and
iv. meeting any exigencies, which we may face in the ordinary course of business.

Our management, in accordance with the competitive and dynamic nature of our business and the policies of the Board, will have the flexibility to determine the quantum of utilization towards the indicative purposes disclosed above and to revise its business plan from time to time and in utilizing the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds.

Schedule of Implementation and Deployment of Funds

Detailed below is the estimated schedule of deployment of the Net Proceeds in the current fiscal and the next fiscal:

(In ₹ million)

S. No.	Object	Fiscal 2014	Fiscal 2015	Total
1.	Fund expenditure to meet the capital requirements for the implementation of the Identified Projects	20,000.0	26,000.0	46,000.0
2.	Fund expenditure for general corporate purposes*	[●]	[●]	[●]
	Total*	**[●]**	**[●]**	**[●]**

** To be finalised at the time of filing the Prospectus*

Offer related expenses

The estimated Offer expenses are as under:

Activity Expense	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the Book Running Lead Managers	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar	[●]	[●]	[●]
Underwriting commission, fees payable to the Bankers to the Offer, brokerage and selling commission, as applicable	[●]	[●]	[●]
Brokerage and selling commission payable to Registered Brokers			
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate and Registered Brokers and submitted with the SCSBs	[●]	[●]	[●]
Others (legal fees, listing fees etc.)			
Total	**[●]**	**[●]**	**[●]**

**Will be incorporated at the time of filing of the Prospectus.*

Processing fees payable to SCSBs

In relation to Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant branches of the SCSBs at the Specified Locations for processing, up to 5% of the selling commission payable to the members of the Syndicate for such Bid cum Application Forms will be available for distribution as processing fee to the relevant SCSBs (the "**Syndicate ASBA Processing Fee**"). The Syndicate ASBA Processing Fee will be divided by the total number of Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant branches of the SCSBs at the Specified Locations, including the Bid cum Application Forms procured by the members of the Syndicate in the QIB Category, for processing, to arrive at the per application Syndicate ASBA Processing Fee ("**Per Application Syndicate ASBA Processing Fee**"), which will be subject to a cap of ₹ 10 per Bid cum Application Form. Each SCSB will receive a product of the Per Application Syndicate ASBA Processing Fee, and the number of Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant SCSBs at the Specified Locations for processing. The remaining selling commission in relation to Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant branches of the SCSBs at the Specified Locations for processing, after deducting the Syndicate ASBA Processing Fee, will be payable to the members of the Syndicate.

In relation to Bid cum Application Forms procured by the Registered Brokers and submitted to the relevant branches of the SCSBs at the Broker Centres for processing, up to 5% of the selling commission payable to the Registered Brokers for such Bid cum Application Forms will be available for distribution as processing fee to the relevant SCSBs in proportion to the Bid cum Application Forms processed subject to a cap of ₹ 10 per Bid cum Application Form.

Commission payable to the Registered Brokers

Subject to the cap as mentioned below, the commission payable to the Registered Brokers (the "**Registered Broker Commission**") shall be as follows:

Size of the Bid cum Application Form	Commission Payable
Up to ₹ 100,000	₹ 10 per Bid cum Application Form which is considered eligible for Allotment in the Offer
Greater than ₹ 100,000	₹ 15 per Bid cum Application Form which is considered eligible for Allotment in the Offer

The total Registered Broker Commission to be paid to the Registered Brokers for the Bid cum Application Forms procured by them which are considered eligible for Allotment in the Offer ("**Eligible Bid cum Application Forms**") calculated as per the table above, shall be capped at 0.35%, 0.15% and 0.25% of the product of the number of Equity Shares Allotted to Retail Individual Investors, Non-Institutional Investors and Eligible Employees bidding in the Employee Reservation Portion, respectively, and the Offer Price in relation to the Eligible Bid cum Application Forms procured by them (the "**Maximum Brokerage**").

In case the total Registered Broker Commission payable to the Registered Brokers exceeds the Maximum Brokerage, then the commission paid to the Registered Brokers per Eligible Bid cum Application Form as per the table above would be proportionately adjusted such that the total Registered Broker Commission payable to them does not exceed the Maximum Brokerage.

The terminal from which the Bid has been uploaded will be taken into account in order to determine the commission payable to the relevant Registered Broker. The Registered Broker Commission payable to Registered Brokers shall be inclusive of all taxes.

Other than listing fees, advertising and marketing expenses in respect of the Equity Shares offered in the Fresh Issue, which will be borne by our Company, the above-mentioned Offer expenses will be borne by our Company and the Selling Shareholder, in proportion to the number of Equity Shares offered and sold by them in this Offer in the Fresh Issue and the Offer for Sale, respectively.

Working Capital Requirement

The Net Proceeds will not be used to meet our working capital requirements as we expect to have internal accruals, and/or availability of existing or new lines of credit to meet our working capital requirements.

Interim Use of Funds

The management of our Company, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including investments in mutual funds, deposits with banks and other investment grade interest bearing securities. Such investments would be in accordance with investment policies approved by our Board from time to time. We confirm that pending utilization of the Net Proceeds, we will not use the funds for any investments in the equity markets.

Bridge Loans

We have not raised any bridge loans which are required to be repaid from the Net Proceeds.

Monitoring Utilization of Funds

We have appointed IFCI Limited as the monitoring agency in relation to the Fresh Issue. The monitoring agency will monitor the utilization of the Net Proceeds and submit its report to us, in terms of Regulation 16(2) of SEBI ICDR Regulations.

We will disclose the details of the utilization of the Net Proceeds, including interim use, under a separate heading in our financial information specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our Equity Listing Agreements with the Stock Exchanges, until such time as the Net Proceeds remain unutilized. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a fiscal, we will utilize such unutilized amount in the subsequent fiscal. As per the requirements of Clause 49 of the Equity Listing Agreements, we will disclose to the Audit Committee the uses and applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. This disclosure shall be made until such time that the Net Proceeds have been fully spent and shall be certified by our statutory auditors. Further, in terms of Clause 43A of the Equity Listing Agreements, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of the Net Proceeds, as stated in this Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Equity Listing Agreements and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49 of the Equity Listing Agreement.

Other Confirmations

No part of the Net Proceeds will be paid by us to our Promoter, our Directors or key managerial personnel, except for contracts for implementation of the Identified Projects that may be awarded to government entities.

BASIS FOR OFFER PRICE

The face value of our Equity Shares is ₹ 10 and the Offer Price of ₹ [●] is [●] times the face value at the Floor Price and [●] times the face value at the Cap Price.

The Offer Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs, on the basis of assessment of market demand from the Bidders for the offered Equity Shares by way of the Book Building Process, and on the basis of the following qualitative and quantitative factors. Bidders should also see "***Our Business***", "***Risk Factors***" and "***Financial Statements***" on pages 83, xvii and 168, respectively. The financial data presented in this section are based on the Company's audited standalone financial statements.

Qualitative Factors

- Leadership position in Indian power transmission sector;
- High operational efficiencies;
- Effective project implementation;
- Attractive tariffs, competitive landscape and business model;
- Government support;
- Growing business portfolio;
- Strong financial position and cash flow from operations; and
- Skilled and experienced senior management team and competent and committed workforce.

For further details which form the basis for computing the price, see "***Our Business***" and "***Risk Factors***" on pages 83 and xvii, respectively.

Quantitative Factors

The information presentation below relating to the Company is based on our standalone audited financial statements as of and for fiscal 2013 and 2012 and standalone unaudited reviewed financial statement as of and for six months period ended September 30, 2013, prepared in accordance with Indian GAAP. For more information, see "***Financial Statements***" page 168.

1. EARNING PER SHARE ("EPS"):

As per our audited standalone financial statements:

Fiscal	Basic & Diluted EPS (in ₹)	Weight
2012	7.03	1
2013	9.15	2
Weighted Average	8.44	

As per our standalone reviewed financial statements for the six months ended September 30, 2013, the basic and diluted EPS was ₹ 4.92.

Notes:
a) Basic EPS has been computed by dividing profit/(loss) after tax and before extraordinary items, by the number of Equity Shares outstanding during the period/year.
b) Diluted EPS has been computed by dividing profit/(loss) after tax and before extraordinary items, by the number of diluted Equity Shares outstanding during the period/year.
c) EPS calculations have been done in accordance with Accounting Standard 20-"Earning per share" notified under the Companies Act 1956.

2. PRICE EARNING RATIO ("P/E RATIO"):

P/E Ratio in relation to Offer Price of ₹ [●] per Equity Share of face value of ₹ 10 each:

a) As per our audited standalone financial statements for Fiscal 2013: [●]
b) As per our Weighted Average EPS: [●]

c) Industry P/E – We believe none of the listed companies in India are in the business of power transmission. Hence, comparative data for the peer group/industry is not available.

3. AVERAGE RETURN ON NET WORTH ("RoNW"):

RoNW as per audited standalone financial statements

Fiscal	RoNW (%)	Weight
2012	13.86	1
2013	16.15	2
Weighted Average	15.39	

As per our standalone reviewed financial statements for the six months ended September 30, 2013, the RoNW was 8.01%.

Note:
Average RoNW has been computed by dividing net profit/(loss) after tax by closing net worth.

4. Minimum Return on increased Net Worth after Offer needed to maintain Pre-Offer EPS for the year ended March 31, 2013:

a. At the lower end of the Price Band: [●]%
b. At the higher end of the Price Band: [●]%
c. At the Offer Price: [●]%

5. NET ASSET VALUE ("NAV") PER EQUITY SHARE:

a. As of March 31, 2013 (standalone)[1] : ₹56.62
b. As of September 30, 2013 (standalone)[1] : ₹61.51
c. Offer Price[1] : ₹ [●]*
d. After the Offer[2] : ₹ [●]

** Since the Offer is being made through the Book Building Process, the Offer Price will be determined on the basis of market demand from the Bidders for the offered Equity Shares, on conclusion of the Book Building Process.*

Note:
1. *NAV has been worked out by dividing Net Worth with number of Equity Shares outstanding.*
2. *NAV per Equity Share has been computed by dividing post Offer net worth by number of Equity Shares outstanding at the end of the period.*

Bidders should note that discount of ₹ [●] to the Offer Price may be offered to Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion.

6. COMPARISON WITH OTHER LISTED COMPANIES

We believe none of the listed companies in India have power transmission as their core and significant business. Hence, comparative data for the peer group/industry is not available.

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of market demand from the Bidders for the offered Equity Shares by way of the Book Building Process, and is justified based on the above quantitative and qualitative factors. Bidders should also see "***Our Business***", "***Risk Factors***" and "***Financial Statements***", including important profitability and return ratios, on pages 83, xvii and 168, respectively, to have a more informed view. The trading price of the Equity Shares of the Company could decline due to the factors mentioned in "***Risk Factors***" on page xvii, and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

The Board of Directors,
Power Grid Corporation of India Limited
“Saudamini”, Plot No.2, Sector 29
Gurgaon 122 001, India

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits that may be available to Power Grid Corporation of India Limited (the “**Company**”) and to the shareholders of the Company under the Direct and Indirect tax laws presently prevailing and in force in India.

The contents of this annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of current laws in force in India.

Several of benefits are subject to the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence the ability of the Company or its Shareholders to derive tax benefits is subject to fulfillment of such conditions. Additionally, in respect of the Company benefits listed, the business imperatives faced by the Company in the future will also affect the benefits actually claimed.

The benefits discussed in the annexure are not exhaustive. The information being furnished by us is general in nature and it is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the offer.

We do not express any opinion or provide any assurance as to whether

i. the Company is currently availing any of these benefits or will avail these benefits in future; or
ii. the Company’s Shareholders will avail these benefits in future; or
iii. the conditions prescribed for availing the benefits would be met with.

This report is intended solely for information purposes for the inclusion in the Offer document in Connection with the Proposed offer for Sale of Equity Shares of “the Company” by the President of India and further issue of equity shares of “the Company” (collectively “the offer”) and is not to be used in, referred to or distributed for any other purpose.

For S. K. Mehta & Co.	**For Chatterjee & Co.**	**For Sagar & Associates**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Firm Regn. No. 000478 N	Firm Regn. No. 302114 E	Firm Regn. No. 003510 S
(Rohit Mehta)	**(R. N. Basu)**	**(D. Manohar)**
Partner	**Partner**	**Partner**
Membership No. 91382	Membership No. 50430	Membership No. 29644

Place :
Date :

Annexure to Statement of "Tax Benefits" available to Power Grid Corporation of India Limited and its shareholders

I. SPECIAL TAX BENEFITS

To the Company

1. Under Customs Tariff

- In terms of Notification No. 12/2012-Cus. dated 17.3.2012 as amended by last Notification No. 43/2013-Cus. Dated 13.09.2013 under Customs Tariff of India, the goods, parts and components, as per List 10 required for setting up of any Transmission Project, are eligible to import at the rate of 5% basic custom duty subject to fulfillment of certain conditions.
- In terms of Notification No. 84/1997-Cus dated 11.11.1997 the goods imported under World Bank/Asian Development Bank / any other International Organisation funded projects are eligible for nil customs duty subject to fulfillment of certain conditions.

2. Under Foreign Trade Policy

- Supply of goods to projects funded by World Bank, Asian Development Bank and other funding agencies as notified under the policy is entitled to deemed export benefits as available under Chapter 8 of Foreign Trade Policy.

II. GENERAL TAX BENEFITS

A. To the Company

1. Under the Income Tax Act, 1961 (IT Act)

- Energy saving devices being Electrical equipments such as Shunt capacitors, automatic power cut off devices, automatic voltage controller, power factor controller for AC, series compensation equipments, equipment to establish transmission highways for National Power Grid, etc are entitled for higher depreciation at the rate of 80% on W.D.V. as per Appendix I of Income Tax Rules under Section 32 of the IT Act.
- In accordance with and subject to the condition specified in Section 80-IA of' the IT Act, the Company would be entitled to deduction of 100% of profits derived from Undertaking engaged in generation and/or distribution or transmission of power for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking generates power or commences transmission or distribution of power before 31.03.2014 subject to the limit prescribed under section 80A(2).
- In accordance with and subject to the provisions of Section 35 of the IT Act, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.
- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the Company subject to provisions of Section 14A read with Rule 8D.
- By virtue of Section 10(38) of' the IT Act, income arising from transfer of a long-term capital asset, being an equity share in the Company is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to the Securities Transaction Tax under that Chapter. However, the long-term capital gain of a share holder being a company shall be subject to income tax computed on book profit under section 115JB of' the IT Act.
- By virtue of Section 111A of the IT Act, short term capital gain on transfer of equity share of the Company shall be chargeable to tax @ 15% (plus applicable surcharge and education cess), if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under that Chapter.
- Under Section 112 of the IT Act, and other relevant provisions of the Act, long term capital gains (in

cases not covered under section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders

- While calculating dividend distribution tax as per provision of section 115-O, the reduction shall be allowed in respect of the dividend received by the domestic company during the financial year for dividend received from its domestic subsidiary company where such subsidiary domestic company has paid dividend tax on such dividend . Further dividend received by domestic company from its foreign subsidiary company and the tax is paid by the domestic company under section 115BBD then such dividend received will be allowed as reduction while calculating dividend distribution tax. Reduction is also allowed for the amount of dividend, if any paid to any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10. Provided that the same amount of dividend shall not be taken into account for reduction more than once. For this purpose a company shall be subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of another company.
- By virtue of Section 10(15)(i) of the IT Act, interest income earned from 8.5% SLR Power Bonds and long term advances of Delhi Government are exempt from tax in the hands of the company, subject to provisions of Section 14A read with Rule 8D.

2. Under Central Sales Tax Act, 1956

- Tax on inter state sales leviable under Section 6(1) of the Central Sales Tax Act, 1956 is not applicable on transmission of electrical energy.
- In terms of section 8(3)(b) of the Central Sales Tax Act, 1956, the purchases made in the course of inter-state trade or commerce for use in the generation or distribution or any other form of power is eligible for concessional rate of sales tax of 2%.

B. To the Members of the Company

B1. Under the Income Tax Act, 1961(IT Act)

1. All Members

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the shareholders, subject to provisions of Section 14A read with Rule 8D.
- By virtue of Section 10(38) of' the IT Act, income arising from transfer of a long-term capital asset, being an equity share in the Company is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to the Securities Transaction Tax under that Chapter. However, the long-term capital gain of a share holder being a company shall be subject to income tax computed on book profit under section 115JB of' the IT Act.
- By virtue of Section 111A IT Act, short term capital gain on transfer of equity share of the Company shall be chargeable to tax @ 15% (plus applicable surcharge and education cess), if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under that Chapter.
- Deduction Under Section 36(1)(xv) shall be allowed of an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transaction is included in the income computed under the head “profits and gains of business or profession”.

2. Resident Members

- Under Section 54EC of the IT Act, and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested upto ₹ 50 lakhs within a period of Six months from the date of transfer in the bonds issued by

  - * National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988;
  - * Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

  If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the IT Act, and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

  If any part of the consideration is reinvested, the exemption will be reduced proportionately. The amount so exempted shall be chargeable to tax subsequently, if residential property is transferred within a period of three years from the date of purchase/construction. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, the original exemption will be taxed as capital gains in the year in which the additional residential house is purchased or constructed.

- Under Section 112 of the IT Act, and other relevant provisions of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders.

- As per Section 80CCG of IT Act, 50% of amount invested in listed equity Shares or ₹ 25000 is allowable as deduction to a new individual investor whose gross total income for the relevant assessment year does not exceed ₹ 12 lakhs subject to fulfilling certain conditions as specified under the scheme. Further the deduction under this section subject to conditions specified there in, shall be allowed for three consecutive assessment years beginning with the assessment year relevant to the previous year in which the listed equity shares were first acquired.

3.Non Resident Indians/Members (other than FIIs and Foreign Venture Capital Investors)

Tax on Investment Income and Long Term Capital Gain

- A non resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XII-A of the IT Act, viz. "Special Provisions Relating to Incomes of Non-Residents.

- Under Section 115E of the IT Act, where shares in the Company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident on transfer of shares held for period exceeding 12 months shall (in cases not covered under section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge and education cess) without indexation benefit but with protection against foreign exchange fluctuation.

- As per section 90(2) of the Act, the provision of the Act would prevail over the provision of the tax treaty to the extent they are more beneficial to the Non Resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

<u>Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases</u>

- Under provisions of Section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

Return of Income not to be filed in certain cases

- Under provisions of Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of Income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible has been deducted at source there from.

Other Provisions

- Under Section 115-I of the IT Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under Section 139 of the IT Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so, the provisions of this Chapter shall not apply to him instead the other provisions of the Act shall apply.
- Under the first proviso to Section 48 of the IT Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under Section 54EC of the IT Act, and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested upto ` 50 lakhs within a period of Six months from the date of transfer in the bonds issued by

  * National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988;

  * Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

  If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- Under Section 54F of the IT Act. and subject to the condition and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from Capital gains tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

  If any part of the consideration is reinvested the exemption will be reduced proportionately. The amount so exempted shall be chargeable to tax subsequently, if residential property is transferred within a period of three years from the date of purchase/construction. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, the original exemption will be taxed as capital gains in the year in which the additional residential house is purchased or constructed.

- Under Section 112 of the IT Act, and other relevant provisions of the Act, long term capital gains arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and Education Cess) after indexation as provided in the second proviso to Section 48; indexation not available if investments made in foreign currency as per the first proviso to section 48 stated above) or at 10% (plus applicable surcharge and Education Cess) (without indexation), at the option of assessee.

4. Mutual Funds

In terms of Section 10(23D) of the IT Act, mutual funds registered under the Securities and Exchange Board of India Act 1992 and such other mutual funds set up by public sector banks or public financial institutions authorized by the Reserve Bank of India and subject to the conditions specified therein, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the Company.

5. Foreign Institutional Investors (FIls)

- The income by way of short term or long term capital gains (not covered under Section 10(38) of the Act) realized by FIls on sale of shares in the Company would be taxed at the following rates as per Section 115AD of the IT Act.

  * Short term capital gains - 30% (plus applicable surcharge and Education Cess) and 15%(plus applicable surcharge and Education Cess) if transaction for sale is subject to security transaction tax.
  * Long term capital gains - 10% (without cost indexation plus applicable surcharge and Education Cess) and 20% (plus applicable surcharge and Education Cess) with indexation benefit.

  (Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding twelve months).

- Under Section 54EC of the IT Act, and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested within a period of six months after the date of such transfer for a period of three years in the bonds issued by

  * National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988;

  * Rural Electrification Corporation Limited, registered under the Companies Act, 1956;

  If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- As per section 90(2) of the Act, the provision of the Act would prevail over the provision of the tax treaty to the extent they are more beneficial to the Non Resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

6. Venture Capital Companies / Funds

In terms of Section 10 (23FB) of the IT Act, all Venture Capital Companies / Funds set up to raise funds for investment and registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from dividend.

B2. Under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of Section 2 (ea) of Wealth Tax Act, 1957, hence Wealth Tax Act will not be applicable.

Notes

- All the above benefits are as per the current tax law as amended by the Finance Act, 2013 and will be available only to the sole/ first named holder in case the shares are held by joint holders

- In respect of non residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

- In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor, with respect to specific tax consequences of his/her participation in the issue.

- The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

SECTION IV- ABOUT US
INDUSTRY OVERVIEW

The information in this section has been obtained or derived from publicly available documents prepared by various sources, including officially prepared materials from the Government of India and its various ministries and from various multilateral institutions. This information has not been prepared or independently verified by us or any of our advisors including the BRLMs, and should not be relied on as if it had been so prepared or verified. Unless otherwise indicated, the data presented exclude captive generation capacity and generation.

THE INDIAN ECONOMY

According to the CIA World Fact Book, India's 2012 GDP in purchasing power parity terms was estimated US$4.761 trillion. This made India the fourth largest economy in the world. (*Source: https://www.cia.gov/library/publications/the-world-factbook/geos/in.html)*

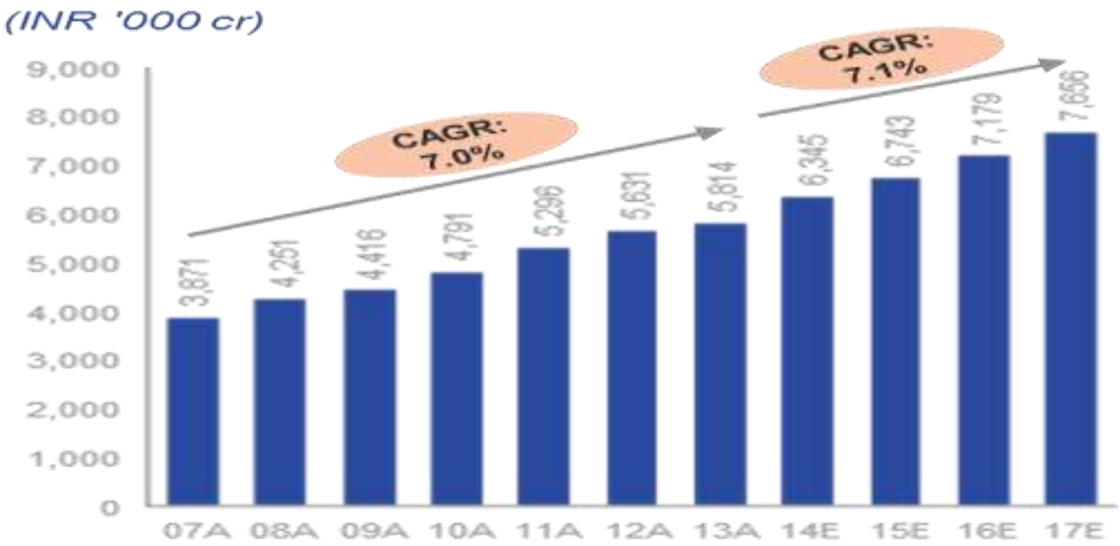
The Indian economy has shown varying but sustained growth in GDP over recent years. In Fiscal 2012 the GDP growth rate (at 2004-05 prices) was at 6.2%. In Fiscal 2013 the GDP growth has lowered to 5%. (*Source: http://www.eaindustry.nic.in/Key_Economic_Indicators/Key_Economic_Indicators.pdf)*

The Indian economy, which recovered from the global economic crisis of 2008 and 2009 with a period of significant growth, has more recently been adversely affected by challenging global market and economic conditions that has caused and may continue to cause a downturn in the rate of economic growth in India. The following table compares India's GDP growth rate with the GDP growth rate of certain other countries:

Country	2008	2009	2010	2011	2012
Australia	3.8	1.6	2.1	2.4	3.4
Brazil	5.2	-0.3	7.5	2.7	0.9
China	9.6	9.2	10.4	9.3	7.8
France	-0.1	-3.1	1.7	2.0	0.0
Germany	1.1	-5.1	4.2	3.0	0.7
India	3.9	8.5	10.5	6.3	3.2
Japan	-1.0	-5.5	4.7	-0.6	1.9
Korea (south)	2.3	0.3	6.3	3.7	2.0
Malaysia	4.8	-1.5	7.2	5.1	5.6
Russia	5.2	-7.8	4.5	4.3	3.4
United Kingdom	-1.0	-4.0	1.8	1.0	0.3
United States	-0.4	-3.1	2.4	1.8	2.2

Source: World Development Indicators (WDI) Database, World Bank, October 2013

As per RBI Handbook of Statistics on Indian Economy 2012-13, the rising income in India in Real GDP terms in 2012 (with base year 2004 – 2005) has witnessed a CAGR of 7% from Fiscal 2007 - 2013 and the same is expected to grow at a CAGR of 7.1% during Fiscal 2014- 2017. (*Source: GoI, RBI Handbook of Statistics on Indian Economy 2012-13 and IMF- World Economic Outlook Database, October 2013)*



(Source: GoI, RBI Handbook of Statistics on Indian Economy 2012-13 and IMF- World Economic Outlook Database, October 2013)

THE INDIAN POWER SECTOR

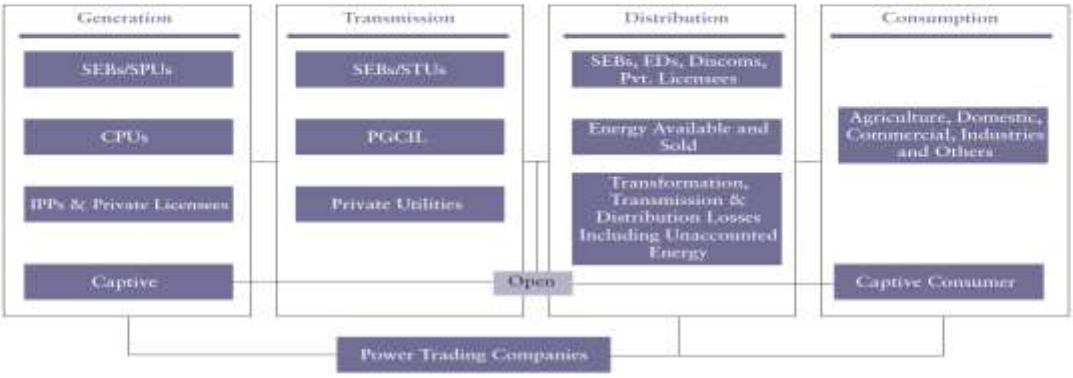
Overview of the Indian Power Sector

The Indian power sector is one of the most diversified in the world. Sources for power generation range from conventional sources like coal, lignite, natural gas, oil, hydro and nuclear power to other viable non-conventional sources like wind, solar and agriculture and domestic waste. The demand for electricity in the country has been growing at a rapid rate and is expected to grow further in the years to come. (*Source: GoI – "Year End Review of Power Ministry" dated December 28, 2012*)

The power sector is currently at a crucial juncture of its evolution from a dominantly public sector environment to a more competitive power sector with many private producers and greater reliance on markets, subject to regulation. The performance of the power sector shows many positive features, especially relating to the pace of addition to power generation but there are numerous problems relating to fuel supply which need to be resolved as also problems relating to the financial viability of the operation of the distribution companies (State Discoms). (*Source: GoI, Planning Commission report titled "Twelfth Five Year Plan (2012-2017") Economic Sectors- Volume II"*)

In spite of the massive addition in generation, transmission and distribution capacity over the last sixty years, growth in demand for power has always exceeded the generation capacity augmentation. According to the report of the Working Group on Power for the Twelfth Plan, although the country has achieved capacity addition of about 1,81,500 MW over the last six decades (until August 2011), peak and energy shortages of varying magnitudes are being experienced. (*Source: GoI, Report of the Working Group on Power for Twelfth Plan (2012-17)*)

The following diagram depicts the structure of the Indian power industry for generation, transmission, distribution and consumption:



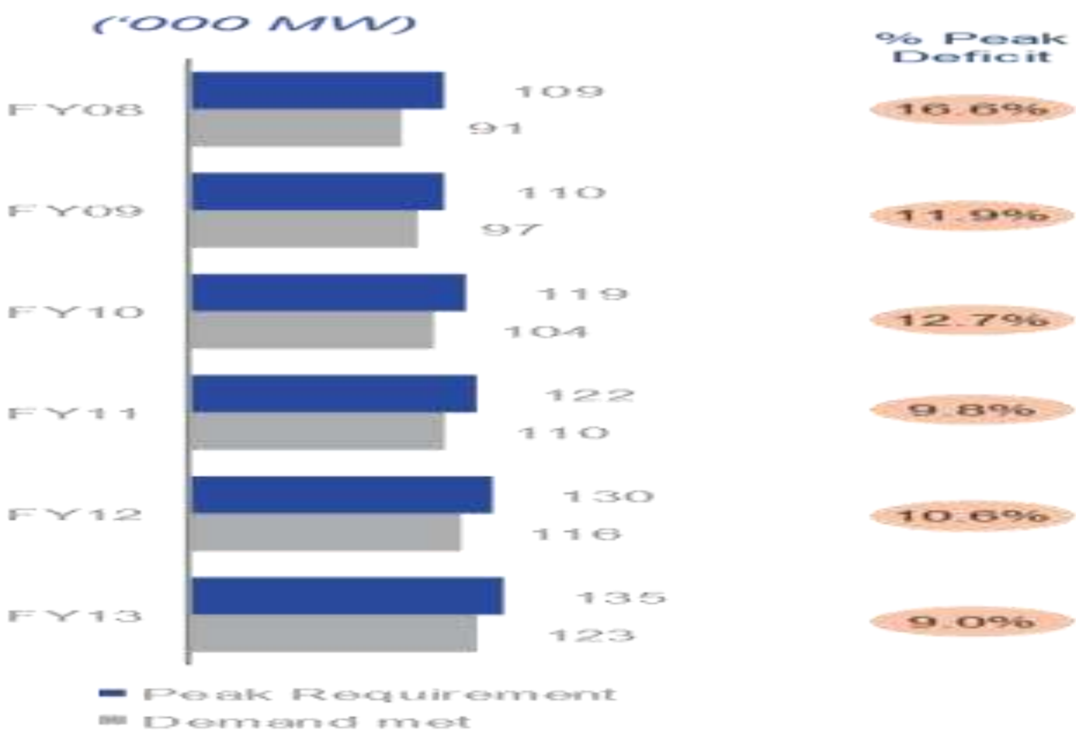
Legend:

IPPs	Independent Power Producers
CPUs	Central Power Utilities
SEBs	State Electricity Boards
STUs	State Transmission Utilities
SPUs	State Power Utilities
PGCIL	Power Grid Corporation of India Limited
EDs	Electricity Departments
Discoms	Distribution Companies

Source: Company

According to the central electricity authority ("**CEA**"), during the year 2012-2013, India has experienced energy shortage of 8.7% and peak power shortage of approximately 9.0%. (*Source: GoI, CEA Load Generation Balance Report (2013 – 14))* According to the monthly review of the power sector by the CEA, the provisional total energy deficit and peak power deficit for September 2013 was approximately 3.4% and 3.6% respectively. (*Source: GoI, CEA Executive Summary for September 2013)*

The below chart depicts India's continued power deficit:



(*Source: GoI, CEA "Power Scenario at a Glance" November 2012 and Load Generation Balance Report (2013-14)*)

The Indian economy is based on planning through successive five year plans ("**Five Year Plan**") that set out targets for economic development in various sectors, including the power sector. During the Ninth Five Year Plan (1997 to 2002) ("**9th Plan**"), capacity addition achieved was 19,119MW, which was 47.5% of the 40,245 MW targeted under the 9th Plan. During the course of the Tenth Five Year Plan (2002 to 2007) ("**10th Plan**"), capacity addition achieved was 21,180 MW, which was 51.6% of the 41,110 MW targeted under the 10th Plan. (*Source: GoI, CEA "Power Scenario at a Glance" November 2012)*

Further, during the Eleventh Five Year Plan (2007 to 2012) ("**11th Plan**") despite a substantial increase in the target for capacity addition to 78,700 MW (which was revised to 62,374 MW in the mid-term appraisal), the actual capacity addition was 54,964 MW. The generation capacity addition target for the Twelfth Five Year Plan (2012-2017) ("**12th Plan**") has been fixed at approximately 88,537MW. In addition, it is planned to add a grid interactive renewable capacity of 30,000 MW, comprising of wind (15,000 MW), solar (10,000 MW), small hydro (2,100 MW) and the balance primarily from bio mass sources. *(Source: GoI, Planning Commission "Twelfth Five Year Plan (2012-2017) Economic Sectors- Volume II")*

The total installed power generation capacity in India was 228,721.73 MW as of September 30, 2013. *(Source: GoI, MoP, CEA Executive Summary for the month of September 2013)*

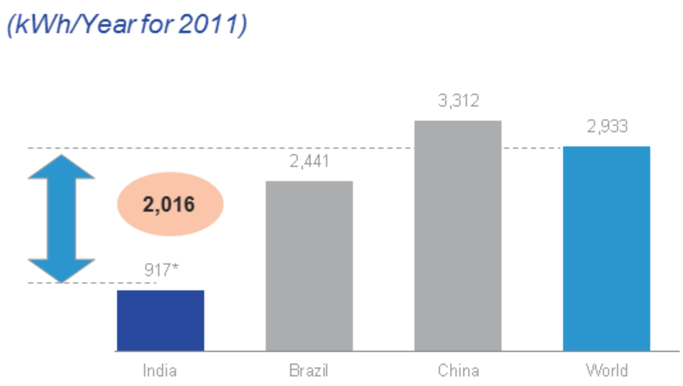
The 12th Plan also expects the share of renewables in electricity generated to rise from around 6% in 2012 to 9% in 2017 and 16% in 2030. *(Source: GoI, Planning Commission "Twelfth Five Year Plan (2012-2017) Economic Sectors- Volume II")*

Demand for Electricity in India

Per Capita Electricity Consumption in India

The per capita consumption of electricity in India has increased from 15 kWh in 1950 to about 814 kWh in 2011. *(Source: GoI, CEA report titled "National Electricity Plan" dated January 2012)* However, the per capita consumption of power in India remains relatively low compared to other major economies.

The below chart depicts India's low per capita power consumption and electrification:



*(Source: IEA Key World Energy Statistics 2013); (*Source; GoI, CEA, Provisional data for the period April 2012 - March 2013)*

For financial year 2012- 13 the per capita total consumption of electricity in India was estimated to be 917.18 kWh (provisional). *(Source: GoI, CEA Monthly Review, September 2013)*. The low per capita consumption of electricity in India compared to the world average, coupled with the abundant natural and renewable sources of energy, presents significant potential for the sustainable growth in energy generation. *(Source: GoI, report titled*

"National Energy Map for India: Technology Vision 2030" by the Energy and Resource Institute, Office of the Principal Scientific Adviser)*

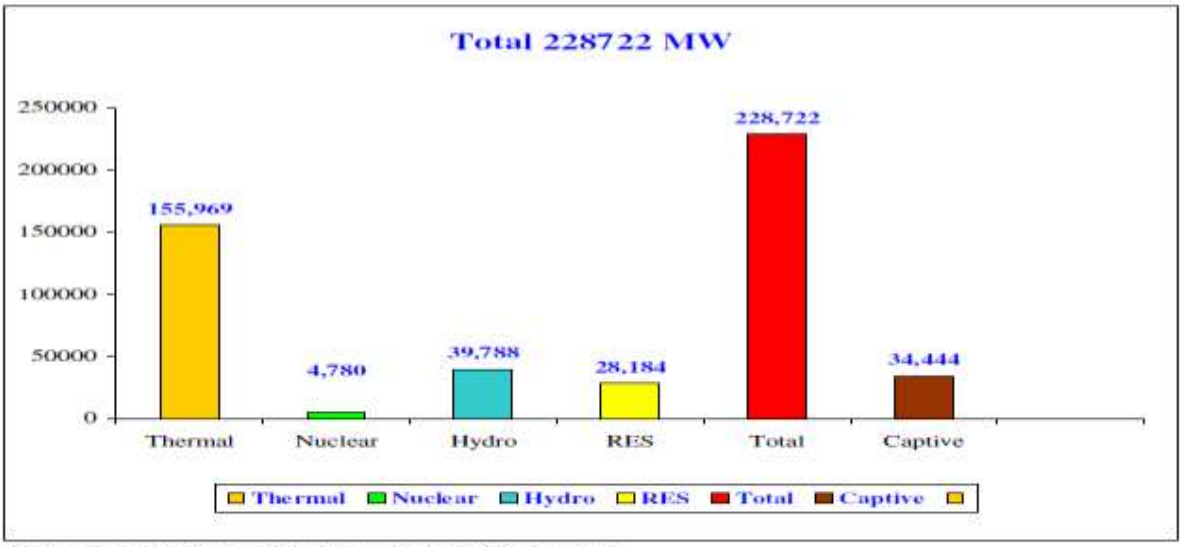
Supply of Electricity in India

Historical Capacity Additions

Each successive Five Year Plan of the GoI has had increased targets for the addition of power generation capacity. From 42,584.72 MW which was the installed capacity at the end of the 6th Five Year Plan, the installed capacity as of the end of the 11th Five Year Plan was 199,877.03 MW. *(Source: GoI, CEA Monthly Review, March 2013)*

Current Capacity

According to the CEA, the per capita consumption of electricity in India has increased from 883.63 kWh in 2011-2012 to 917.18 kWh in 2012-2013. Out of India's total installed capacity of 228,721.73 MW as on September 30, 2013, the installed capacity of thermal, hydro, renewable energy and nuclear sources accounted for approximately 68.2%, 17.4%, 12.3% and 2.1%, respectively. *(Source: GoI, CEA Monthly Review, September 2013)*



Note: Captive Genaration is not included in the total

(Source: GoI, CEA Monthly Review (September 2013))

OVERVIEW OF THE POWER INDUSTRY OF INDIA

Demand-Supply Imbalance in India

The Indian power sector has historically been beset by energy shortages which have been rising over the years. In Fiscal 2013, peak energy deficit was 9.0% and total energy deficit was 8.7%. The demand for electricity has consistently exceeded the supply. The following table provides the peak and normative shortages of power in India for the periods indicated:

	Peak Demand				Energy Requirement			
Period	Demand	Availability	Deficit		Demand	Availability	Deficit	
	(MW)	(MW)	(MW)	(%)	(MU)	(MU)	(MU)	(%)
Fiscal 2008	108,866	90,793	18,073	16.6%	739,345	666,007	73,338	9.9%
Fiscal 2009	109,809	96,785	13,024	11.9%	777,039	691,038	86,001	11.1%
Fiscal 2010	119,166	104,009	15,157	12.7%	830,594	746,644	83,950	10.1%
Fiscal 2011	122,287	110,256	12,031	9.8%	861,591	788,355	73,236	8.5%
Fiscal 2012	130,006	116,191	13,815	10.6%	937,199	857,886	79,313	8.5%

Fiscal 2013	135,453	123,294	12,159	9.0%	998,114	911,209	86,905	8.7%
Fiscal 2014 (April - September, 2013) (provisional)	135,561	129,269	6,292	4.6%	512,142	487,724	24,148	4.8%

(Source: GoI, CEA Monthly Review (September 2013); GoI, CEA Load Generation Balance Report (2013 – 14); and GoI, CEA "Power Scenario at a Glance" (November 2012))

The energy deficit of 8.7% in Fiscal 2013 can be compared to energy deficits of 8.5% in each of Fiscal 2011 and Fiscal 2012. Similarly, the peak deficit of 9.0% in Fiscal 2013 can be compared to peak deficits of 10.6% and 9.8% in Fiscal 2012 and Fiscal 2011, respectively. *(Source: GoI, CEA report titled "Power scenario at a glance" dated November 2012)*

The deficits in electric energy and peak power requirements vary across different regions in India. The peak deficit was only 1.5% in the western region of the country, and 18.5% in the southern region of the country in Fiscal 2013. The larger deficit in the southern region is as a result of inter- regional transmission constraints. *(Source: GoI, CEA Load Generation Balance Report (2013 – 14))* The following table outlines the peak and normative power shortages in India for the period April 2013 to September 2013 across the indicated regions of India:

April 2013 – September 2013[(1)]

	Energy Requirement	Deficit (%)	Peak Demand	Deficit (%)
Northern	166,568	6.1	45,752	7.1
Western	144,604	0.8	38,054	1.8
Southern	137,931	8.6	39,015	12.5
Eastern	56,585	1.4	15,885	2.2
North-Eastern	6,454	6.7	2,164	8.2

(1) Provisional

(Source: GoI, CEA Monthly Review (September 2013))

The power supply position estimated for Fiscal 2014, as indicated in the Loan Generation Balance Report (2013-2014) published by the CEA is outlined in the table below:

All India Power Supply Position

State / Region	Energy				Peak			
	Requirement	Availability	Surplus(+)/ Deficit (-)		Demand	Met	Surplus(+)/ Deficit (-)	
	(MU)	(MU)	(MU)	(%)	(MW)	(MW)	(MW)	(%)
Northern	319885	301418	-18467	-5.8	47500	46879	-621	-1.3
Western	286752	283396	-3356	-1.2	43456	46389	2934	6.8
Southern	309840	250583	-59257	-19.1	44670	33001	-11669	-26.1
Eastern	119632	131880	12248	10.2	18257	19700	1443	7.9
North-Eastern	12424	11024	-1400	-11.3	2251	2025	-226	-10.0
All India	1048533	978301	-70232	-6.7	144225	140964	-3261	-2.3*

*Considering transmission constraints, anticipated all India peak shortage works out to 6.2%

(Source: GoI, CEA Loan Generation Balance Report (2013-2014))

Demand Projections

To deliver a sustained economic growth rate of 8.0% through Fiscal 2032, India must increase its primary energy supply between three and four times Fiscal 2004 levels and its electricity generation capacity between five and six times Fiscal 2004 levels. Using Fiscal 2004 as a baseline, India's commercial energy supply would need to grow from 5.2 % to 6.1 % per annum while its total primary energy supply would need to grow at 4.3 % to 5.1 % annually. Further, power generation capacity must increase to approximately 800,000 MW by Fiscal 2032 from Fiscal 2004 capacity levels of around 160,000 MW, inclusive of all captive plants, according to the GoI's Planning Commission's Integrated Energy Policy Report of the Expert Committee on Power, August 2006 *(Source: GoI, Integrated Energy Policy report of the Export Committee (August 2006))*. This represents a need for the substantial augmentation of power generation capacity. Such investment in power generation will require increased investment in power transmission and distribution if the additional power is to be effectively disseminated among potential customers.

Future Capacity Additions

Twelfth Five Year Plan (2012-2017)

A capacity addition of approximately 88,537 MW has been envisaged for the 12th Plan. This comprises an estimated 72,340 MW of thermal power, 10,897 MW of hydro power and 5,300 MW of nuclear power. In addition, a grid interactive renewable capacity addition of about 30,000 MW has been envisaged during the 12th Plan. This comprises of wind, small hydro, biomass and solar energy. *(Source: GoI, Planning Commission report titled "Twelfth Five Year Plan (2012-2017) Economic Sectors- Volume II")* The total investment anticipated in generation, including renewable is ₹8,387 billion. *(Source: GoI, Planning Commission, report of the Working Group on Power for Twelfth Plan, dated January 2012)*

The Working Group on Power has estimated that the total fund requirement during the 12th Plan, considering each aspect of the power sector, is expected to be about ₹13,725.8 billion including ₹1,351 billion required for renewable energy. *(Source: GoI, Planning Commission, report of the Working Group on Power for Twelfth Plan, dated January 2012)*

Ultra Mega Power Projects

For meeting the growing needs of the economy, generation capacity in India must rise significantly and sustainably over the coming decades. There is therefore a need to develop large capacity projects at the national level to meet the requirements of different states. Development of UMPPs is one step the MoP is taking to meet this objective. Each project is a minimum of 4,000 MW and involves an estimated investment of approximately US$4.00 billion. The projects are expected to substantially reduce power shortages in India, according to the MoP. *(Source: http://www.powermin.nic.in/generation/pdf/ultra%20mega%20project.pdf)*

Identification of project developers for these projects is being carried out through and international competitive bidding process under the Guidelines for determination of tariff by bidding process for procurement of power by distribution licensees, issued by MoP.

According to the 12th Five Year Plan Final Document, Volume II, so far power purchase agreements have been signed for four UMPPs of 4,000 MW each on the basis of competitive tariff-based bidding. They are based in Sasan (Madhya Pradesh), Mundra (Gujarat), Krishnapatnam (Andhra Pradesh) and Tilaiya (Jharkhand). Out of these, one unit of 800 MW of Mundra by Tata Power has been commissioned in March 2012. Twelve more supercritical UMPPs are being planned covering Chhattisgarh, Gujarat, Tamil Nadu, Andhra Pradesh, Odisha, Maharashtra and Karnataka. *(Source: GoI, Planning Commission report titled "Twelfth Five Year Plan (2012-2017) Economic Sectors- Volume II")* The Power Finance Corporation has issued the request for qualification for two new UMPPs to be based in Odisha and Cheyyur in September 2013. *(Source: http://www.pfcindia.com/Content/UltraMegaPower.aspx)*

Transmission of Power in India

In order to increase installed power generation capacity by 88,537 MW by 2017 and add an additional 30,000 MW of renewable energy capacity, the GoI must also facilitate an expansion of the transmission network and inter-regional transmission capacity. *(Source: GoI, Report of the Working Group on Power for Twelfth Plan, dated January 2012)*

Electric Power Transmission and Distribution

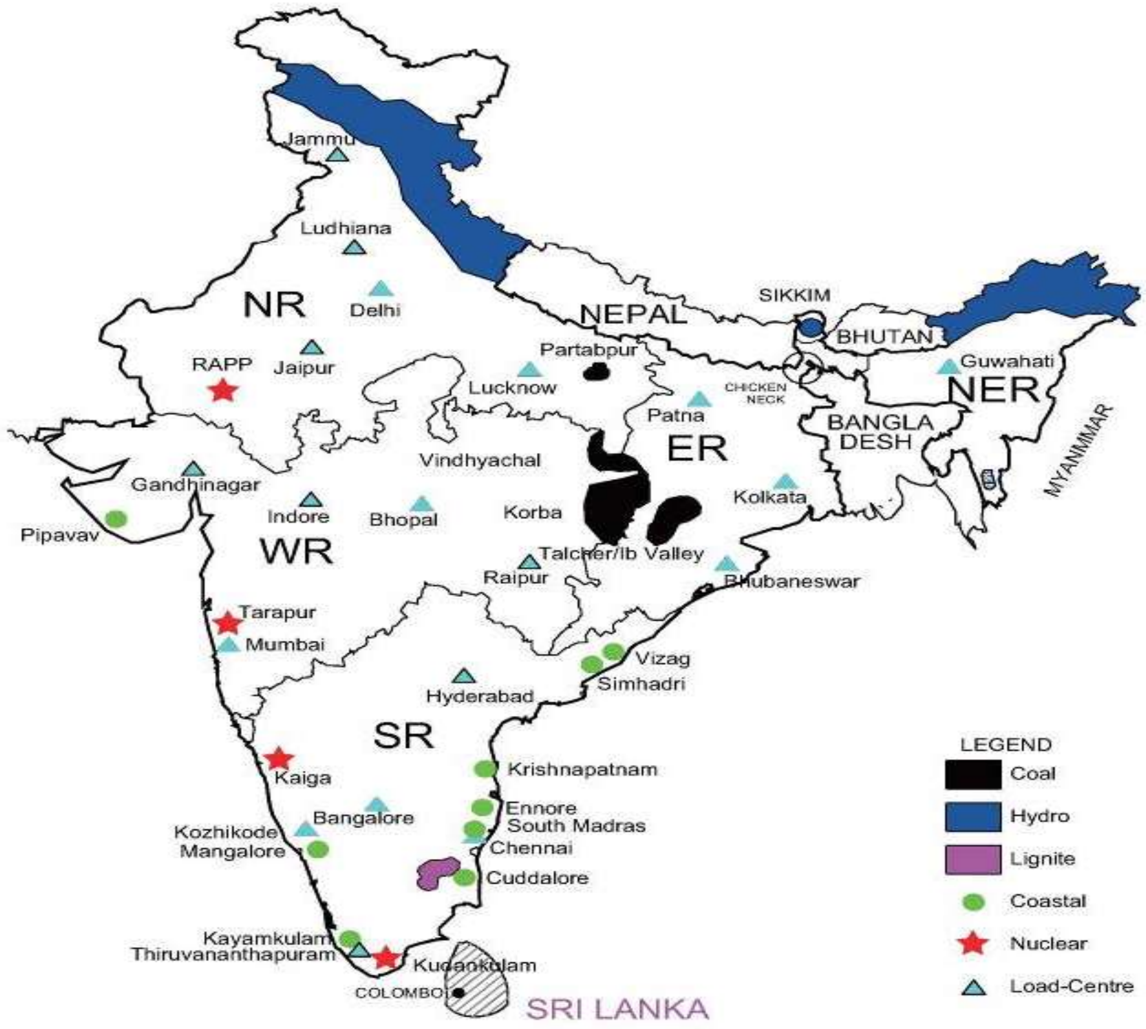
The transmission of electricity is typically defined as the bulk transfer of power over a long distance at a high voltage, generally 132 kV and above. The distribution of electricity is the delivery of power from the transmission system to the customer. A reliable transmission and distribution system is important for the proper and efficient transfer of power from generating stations to load centers and beyond. A transmission and distribution system is typically comprised of transmission lines, sub-stations, switching stations, transformers and distribution lines.

Inter-regional transmission networks are required in India because power generation sources are unevenly distributed and power needs to be carried over large distances from areas where power is generated to areas where load centers and demand exist.

The large generation resources in the country are mainly confined to specific parts of the country viz. Northern (including Himachal Pradesh, Uttarakhand and Jammu and Kashmir) and North Eastern part of the country is a major source of hydro power, the coal rich areas of Chhattisgarh, Jharkhand, Bihar and Odisha are major sources for domestic coal based power plants and the imported coal and gas based power plants are coming up in the coastal areas of Gujarat, Tamil Nadu and Andhra Pradesh. The neighboring country, Bhutan is also a major source of hydro power. On the demand side, the main load centres are located in Western, Northern and Southern parts of India. Thus, the power needs to be carried over great distances to areas where load centres exist. Further, UMPPs and IPPs are coming up either at pithead or at coastal locations and power from these projects is being allocated to a number of States located in different electric power regions.

Thus, there was a need for development of high capacity transmission corridors for evacuation of power from resource rich areas to demand centers, located far away, in an economical manner. For this purpose, the implementation of eleven high capacity transmission corridors has been taken up subsequent to the regulatory approval to ensure development of an efficient, coordinated and economical inter-state transmission system. (*Source: GoI, CERC Orders in Petition No. 233/2009 (May 31, 2010) and Petition No. 154/MP/2011 (December13,2011)*)

The following map illustrates the relation of power generation sources and load centers in India:



(*Source: Company*)

In order to ensure the reliable supply of power, efficient utilization of generating capacity and effective exploitation of unevenly distributed generating resources in the country so as to optimize their potential, a strong interconnected transmission grid is required, which interconnects various generating stations and load centers. This ensures an uninterrupted supply of power to a load center, even if there is a failure at the local generating station or a maintenance shutdown. In addition, power can be transmitted through an alternative route if a particular section of the transmission system is unavailable. Transmission network also helps transmit power from areas with surplus generation to areas with deficit. (*Source: Company*)

The Three-Tier Structure in India

In India, the T&D system is a three-tier structure comprising distribution networks, state grids, and regional grids. The distribution networks and state grids are principally owned and operated by SEBs or other state utilities, or state governments (through state electricity departments). Most of the interstate and inter-regional transmission lines are owned and operated by us or our joint ventures. There are five regional grids operating in India, namely the northern, eastern, western, southern and north-eastern regions. Regional or inter-state grids facilitate the transfer of power across the states within and outside the region. These regional grids also facilitate the scheduling of maintenance outages and coordination between power plants. Currently, the northern, eastern, western and north-eastern regions are operating in one synchronous mode with total installed capacity of 171,822.42 MW and the southern region is interconnected with the western region and eastern region through HVDC links, according to the MoP and the CEA. *(Source: GoI, Planning Commission "Twelfth Five Year Plan (2012-2017) – Volume II")*

As on September 30, 2013, the total installed capacity of power stations located in India was 228,721.73 MW. *(Source: GoI, CEA, monthly report for September 2013) (http://www.cea.nic.in/reports/monthly/inst_capacity/sep13.pdf)*

Towards an All-India Grid

At the time of independence, transmission power systems in India were isolated systems developed in and around urban and industrial areas. The SEBs were responsible for development of generation, transmission, distribution and utilization of electricity in their respective states. The objective of development was to have a coordinated process towards an integrated system. In 1964, for the purpose of coordinated power sector planning on a larger scale and integration of state grid systems towards optimum development and utilization of resources, the country was divided into five regions. Regional Electricity Boards were established in each region for facilitating the integrated operation of state systems and encouraging exchange of power among the states. For this, inter-state lines were planned, which were treated as a centrally sponsored scheme. In 1981, the GoI approved a plan for setting up a national grid. (*Source: Company*)

The process of setting up the national grid was initiated with the formation of Power Grid Corporation of India Limited. Power Grid Corporation of India Limited was made responsible for planning, constructing, operating and maintaining all inter-state transmission system including inter-regional links and managing the integrated operation of national and regional grids. (*Source: Company*)

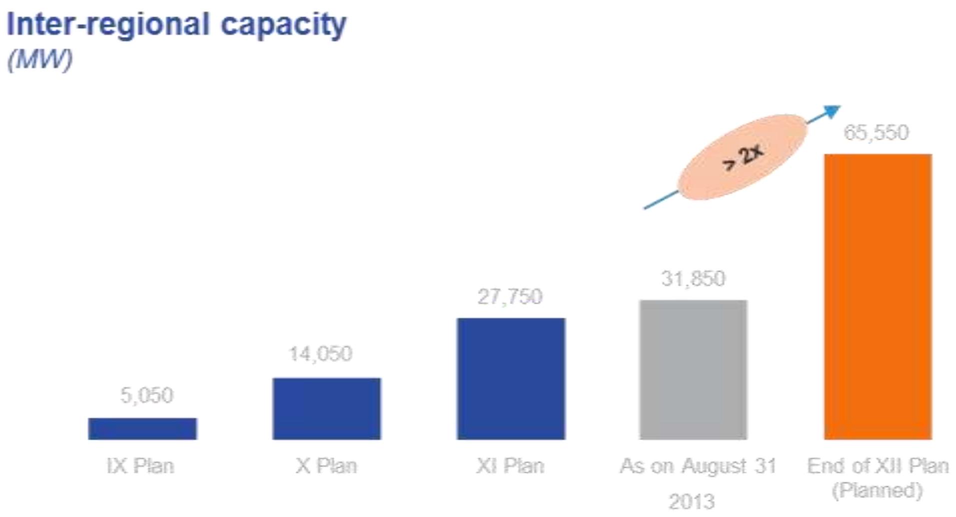
Development of a national grid started with the establishment of limited capacity asynchronous links between the regions for transfer of operational surplus power from one region to other. With the establishment of large capacity pit head power plants having beneficiaries in other regions, AC and HVDC bipole links were implemented between regions. (*Source: Company*)

Four regional grids have been operating in synchronous mode as a single system for the past few years. Only the southern grid is yet to be connected to the rest of the system. The high voltage link to connect southern grid is under construction and likely to be completed by January 2014. Once this is achieved, all the five regional grids will operate as a single system in synchronous mode. This will be the largest single such system in the world, both in terms of the grid size and system capacity of around 2,00,000 MW, though, at a given point of time, actual power flow may be lower than this level. *(Source: GoI, Planning Commission report titled "Twelfth Five Year Plan (2012-2017) Economic Sectors- Volume II")* We were made responsible for planning, constructing, operating and maintaining all inter-state transmission system. (*Source: GoI, MoP notifications dated December 31,1998 and November 27, 2003*)

With the setting up of IPP plants in resource rich areas, the focus of planning the generation and the transmission system in the country has shifted from regional self-sufficiency towards optimization of utilization of resources on a nationwide basis. Thus a number of 765 kV D/C and +/- 800 kV HVDC inter-regional links are being implemented as a part of high capacity transmission corridors associated with IPPs in the country. (*Source: CERC Orders dated May 31, 2010 and December 13, 2011*)

Increase in Transmission Capacity under the Eleventh and Twelfth Five Year Plans

The focus of transmission system development during the 11^{th} Plan was to provide adequate inter-regional and intra-regional transmission capacity so as to facilitate consolidation and strengthening of the national grid in anticipation of a strong all-India grid. With the strengthening of inter-regional connections, the inter-regional capacity grew to 27,750 MW by the end of the 11^{th} Plan. (*Source: GoI, MoP, press release dated May 21, 2012) (available at http://pib.nic.in/newsite/erelease.aspx?relid=84321*) As on September 30, 2013, the inter-regional capacity stood at 31,850 MW. The CEA anticipates that inter-regional transmission capacity will increase to approximately 65,550 MW by the end of the 12^{th} Plan. (*Source: GoI, CEA September 2013 monthly executive report)* The actual increase in transmission capacity will depend on corresponding growth in generation capacity.



(Source: GoI, CEA, "Inter-region transmission capacity: Existing capacity and 10th Plan Programme", CEA, "Executive Summary for September, 2013", GoI, Planning Commission 11th Five Year Plan and 12th Five Year Plan GOI, Planning Commission "Report of Working Group on Power for Twelfth Plan (2012-2017)" January 2012 and GoI, CEA Monthly Review, September 2013)

Setting up a national grid requires the gradual strengthening and improvement of regional grids and their progressive integration through extra high voltage and HVDC transmission lines. Of particular importance during the 12th Plan is the development of an inter-regional transmission system for the transfer of power from various IPP complexes. The capacity at the end of 11th Plan and the proposed addition to transmission lines during the 12th Plan are set forth in the table below:

Transmission Line at the End of the Twelfth Plan Period

Transmission System Type/ Voltage Class	Unit	At the end of Eleventh Plan	Expected addition during Twelfth Plan	Expected by end of Twelfth Plan
HVDC Bipole lines	ckm	9,432	7,440	16,872
765 kV	ckm	5,250	27,000	32,250
400 kV	ckm	1,06,819	38,000	1,44,819
220 kV	ckm	1,35,980	35,000	1,70,980
Total	ckm	2,57,481	1,07,440	3,64,921
Sub-Station				
765 kV	MVA	2,5000	1,49,000	1,74,000
400 kV	MVA	1,51,027	45,000	1,96,027
230/220 kV	MVA	2,23,774	76,000	2,99,774
Total	MVA	3,99,801	2,70,000	6,69,801
HVDC				
Bi-pole link capacity	MW	6,750	12,750	19,500
Back-to-back capacity	MW	3,000	0	3,000
Total	MW	9,750	12,750	22,500

(*Source: GoI, Planning Commission "Twelfth Five Year Plan (2012-2017) Economic Sectors- Volume II"*)

Historical inter-regional transmission capacity planned at the outset of the 12th Plan are set forth in the table below:

Inter-Regional Flow of Power at the End of Twelfth Plan Period

Region	End of Eleventh Plan	End of Twelfth Plan (Tentative)
Eastern/Southern	3,630	3,630
Eastern/Northern	12,130	17,930
Eastern/Western	4,390	12,790
Eastern/North Eastern	1,260	2,860
Northern/Western	4,220	14,420
Western/Southern	1,520	7,920
132/110 KV Lines	600	–
North Eastern/Eastern–Northern/Western	–	6,000
Total	27,750	65,550

(*Source: GoI, Planning Commission "Twelfth Five Year Plan (2012-2017) Economic Sectors- Volume II"*)

Investment in Transmission under the Eleventh and Twelfth Five Year Plans

Traditionally, the GoI has focused on investments in power generation to alleviate the acute power shortage in the country. In the process, the T&D segment has remained neglected and attracted significantly less investments in comparison to generation. The investment ratio between generation and T&D in India has historically been 2:1 against an ideal investment ratio of 1:1. Average investment in T&D during the 11th Plan was about 46% of investment in generation, according to MoP. (*Source: GOI, "Report of Working Group on Power for Twelfth Plan (2012-2017)" January 2012)*

An investment of ₹1,800 billion (central sector ₹1,000 billion and state sector ₹550 billion and ₹250 billion by private sector) has been estimated for investment in the transmission sector in 12th Plan (*Source: GoI, Report of the Working Group on Power for Twelfth Plan (2012-2017) January 2012)* as compared to ₹1,400 billion that was originally planned in the transmission sector in the 11th Plan as set out below:

Projected Investment in transmission (₹ in billions)		
Sector	**Eleventh Five Year Plan**	**Twelfth Five Year Plan**
Central Sector	750	1,000
State Sector	650	550
Private Sector	-	250
Total	**1,400**	**1,800**

In the distribution sector the 12th Plan Working Group on Power estimates investments for addition of 1,35,000 circuit kilometre (33 kV) and 138,000 MVA addition and augmentation (33/11 kV). The total investment required in distribution sector is estimated as approximately ₹3,062 billion which includes ₹95 billion in smart grid. The estimated investment in transmission and distribution to be made in the 12th Plan is set forth below:

Projected investment in the Twelfth Five Year Plan	(₹ in billions)
Transmission	1,800
Distribution (including 95 billion for Smart Grid)	3,062
Total	**4,862**

Source: GoI, Report of the Working Group on Power for Twelfth Plan (2007-2012)

Developments Regarding Investments in Indian Electric Power Transmission Sector

In 1998, the Electricity Laws (Amendment) Act was enacted, which recognized transmission as an independent activity, distinct from generation and distribution, and allowed private investment in the sector.

In 2000, the GoI issued guidelines whereby the state transmission utilities (STUs, SEBs or their successor entities) and the CTU could identify transmission projects for the intra-state and the inter-state/inter-regional transmission of power, respectively. The STUs and the CTU could invite private companies to implement these projects through an Independent Power Transmission Company as it deemed appropriate or on a joint venture basis. *(Source: GoI, Guidelines for Private Sector Participation in Transmission Sector, dated January 2000)*

The role of the Independent Power Transmission Company was limited to the construction, operation and maintenance of the transmission systems. Pursuant to the Tariff Policy, 2006 which was notified on January 6, 2006, the MoP stipulated that investment by a transmission developer other than a CTU/STU be invited though competitive bids and that the tariffs of the transmission projects is to be developed by the CTU/STU after a period of five years or when the CERC is satisfied that the situation was right to introduce competitive bidding. With effect from January 6, 2011, all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under the TBCB route. Under TBCB, tariff for projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing a transmission line on a BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013 we have secured three transmission projects through TBCB each of which are to be executed by our wholly owned subsidiaries. The GoI has issued tariff-based competitive bidding guidelines for transmission services and bid process management and also issued guidelines for encouraging competition in development of transmission projects. The GoI also created an empowered committee, headed by a member of CERC. The functions of the Empowered Committee include identifying projects under the scheme described above, facilitating, evaluating bids and developing projects under the scheme. Further, the MoP has notified thirteen new transmission schemes under tariff-based competitive bidding which are under various stages of bidding process. (*Source: GoI notification no S.O. 2390 (E) dated October 8, 2012 and notification no. S.O. 1263 (E) dated May 20, 2013)*

Rajiv Gandhi Grameen Vidyutikaran Yojana

To further strengthen the pace of rural electrification, and with an objective to electrify all villages and rural households, the GoI launched the RGGVY in April 2005. RGGVY aims to create a rural electricity distribution backbone by providing for substations, distribution transformers and decentralized distribution generation systems where grid supply is not feasible. Under the RGGVY, the GoI provides a 90% capital subsidy, and makes soft loans for the 10% balance to SEBs through REC Limited.

Under RGGVY, the MoP has sanctioned 687 projects to electrify 1,13,073 villages and to provide free electricity connections to 28.536 million below poverty line rural households. As on September 30, 2013, works in 1,07,615 villages have been completed and 21.263 million free electricity connections have been released to below poverty line households. Under the 11th Plan, approximately ₹280 billion had been sanctioned in capital subsidies. (*Source: http://powermin.nic.in/bharatnirman/bharatnirman.asp)*

As on October 15, 2013 approximate 24.72 million below poverty line households were provided with the connection. (*Source: http://rggvy.gov.in/rggvy/rggvyportal/plgsheet_frame3.jsp*)

OTHER REFORMS

In October 2012, the Scheme for Financial Restructuring of State Owned Distribution Companies was formulated and approved by the GoI to enable the turnaround of the state distribution companies and ensure their long term viability. The scheme contains measures to be taken by the state distribution companies and state governments for achieving a financial turnaround by restructuring their debt with support through a transitional finance mechanism by the GoI. (*Source: GoI, MoP notification no- 20/11/2012- APDRP)*

POLICY INITIATIVES AND ECONOMIC REFORMS IN INDIA

Since 1991, India has witnessed reforms across the policy spectrum in the areas of fiscal and industrial policy, trade and finance. Some of the key reform measures are:

- industrial policy reforms: removal of capacity licensing and opening up various sectors to foreign direct investment;

- trade policy reforms: lowering of tariffs and restrictions on imports across industries; and

- monetary policy and financial sector reforms: lowering interest rates, relaxing restrictions on fund movement and the introducing private participation in the insurance sector.

In addition, foreign direct investment has been recognized as an important driver of economic growth in the country. The GoI has taken a number of steps to encourage and facilitate foreign direct investment, and foreign direct investment is allowed in many key sectors of the economy, such as manufacturing, services, infrastructure and financial services. For many sectors, 100 % foreign direct investment is allowed on the automatic route, i.e., without prior approval from the Foreign Investment Promotion Board.

Foreign direct investment inflows into India have accelerated since fiscal 2007. From April 2000 to July 2013, foreign direct investment equity inflows into the power sector of India amounted to ₹373.36 billion (about US$8,043 million) according to the Department of Industrial Policy and Promotion. (*Source: Factsheet on Foreign Direct Investment from April 2000 to July 2013 dated July 2013)*

In recent years, in light of persistent power shortages and given the estimated rate of increase in demand for electricity in India, the GoI has taken significant action to restructure the power sector, increase capacity, improve transmission, sub-transmission and distribution, and attract investment to the sector. Some of the various strategies and reforms adopted by the GoI and other initiatives in the power sector in India are summarized below.

Electricity Act, 2003

The most significant reform package was the Electricity Act, which modified the legal framework governing the electricity sector and was designed to alleviate many of the problems facing India's power sector and to attract capital for large scale power projects. The Electricity Act replaced the multiple legislations that previously governed the Indian electricity sector.

National Electricity Policy, 2005

The National Electricity Policy, 2005 was notified in February 2005. This policy aims at accelerated development of the power sector, focusing on the supply of electricity to all areas, protecting interests of consumers and other stakeholders, keeping in view the availability of energy resources, the technology available to exploit resources, the economics of generation using different resources and energy security issues. *(Source: MoP notification number -No. 23/40/2004-R&R (Vol.II) dated February 12, 2005)*

National Tariff Policy, 2006

The National Tariff Policy ("**NTP**") was notified by the GoI on January 6, 2006. Its main objectives are to:

- ensure availability of electricity to consumers at reasonable and competitive rates;

- ensure financial viability of the sector and attract investments;

- promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risk; and

- promote competition, efficiency in operations and improvement in quality of supply.

The NTP stipulates that all future power requirements should be procured competitively by distribution licensees except in cases of expansion of pre-existing projects or where there is a public sector controlled or owned developer involved. In these cases, regulators must resort to tariffs set by reference to CERC standards, provided that expansion of generating capacity by private developers for this purpose will be restricted to a one time addition of not more than 50% of the existing capacity. Under the NTP, even for public sector projects, tariffs for all new generation and transmission projects will be decided on the basis of competitive bidding after January 6, 2011 provided that a developer of a hydroelectric project would have the option of getting the tariff determined by appropriate commission on the basis of performance-based cost of service regulations subject to satisfaction of conditions specified in the Tariff Policy, subject to certain exemptions. *(Source: GoI, MoP notification number-No.23/2/2005-R&R(Vol.III) dated January 6, 2006)*

OVERVIEW OF THE INDIAN INTERNET BROADBAND SECTOR

Internet Broadband Technologies

Some popular technological platforms for internet broadband use include fibre optics, DSL/ADSL broadband, satellite and wireless technologies such as WiMAX, WiFi and 3G. Fibre-optic cable uses lasers or light emitting diodes to transmit pulses of light through fibre cable. Fibre-optic cable can carry thousands of times more data than either electric signals or radio waves because light uses higher frequencies. The infrared laser light that is typically used in the telecom industry has a frequency of approximately 100 MHz. Currently, most fibre-optic cables transmit light only at one frequency, but, as technology improves, the bandwidth on fibre optic lines can be increased by simply adding more frequencies, thereby multiplying the capacity to carry data. According to the TRAI, there is no limit to the upstream and downstream bandwidths and fibre-ethernet will remain the key "wired" network of the future. *(Source: TRAI Recommendations on Growth of Broadband dated January 2, 2008)*

Growth in the Indian Internet Broadband Sector

In the 1990s, the GoI recognized the need to encourage the spread of the internet in the country. It launched internet services in India in 1995 through Videsh Sanchar Nigam Limited. In November 1998, it opened the sector to private operators with liberal license conditions, no license fees and an unlimited number of players. According to TRAI, the number of subscribers grew more than 200 % per year, from 0.28 million in March 1998 to 3.04 million in March 2001, owing to a supportive GoI policy and low internet tariffs resulting from the entry of a large number of private players. *(Source: GoI, TRAI Recommendations on Growth of Broadband dated January 2, 2008)* According to TRAI report titled "*Indian Telecom Services Performance Indicators-January 2013- March 2013*" dated August 1, 2013 India has 164.81 million internet connections for the quarter ending March 31, 2013. Out of the 164.81 internet connections, around 6.56 million were narrowband connections, registering a quarterly decrease of 0.5%. India reported a total of 15.05 million broadband subscription, registering a quarterly growth of 0.45% and Year-on-Year growth of 8.98%. This excludes the connections to access internet through wireless phones.

TRAI also noted in this report that around 143.20 million were accessing the internet through wireless phones. Uttar Pradesh has the most number of internet connections at about 14.85 million, followed by Maharashtra and Goa with about 12.64 million internet connections. Mumbai alone has about 10.22 million internet connections. (*Source: GoI, TRAI report titled Indian Telecom Services Performance Indicators - January 2013 - March 2013" dated August 1, 2013)*

Use of the internet has evolved over the years. When internet access became available in India in 1995, the vast majority of users accessed the internet through dial-up connections. The websites accessed were simple text pages that used low bandwidth. At the time, the internet was used primarily as a tool to obtain information easily and to facilitate communication through applications such as email.

The proliferation and popularity of internet applications has brought about a surge in internet usage. Reliable high-speed internet connections for business and commercial use have become a necessity. The internet is commonly used for email communication with large attachments, while narrow band e-commerce applications, such as online bill payment facilities, are also gaining in popularity. In addition, the internet has emerged as a source of personal entertainment. New usage categories are emerging, such as social networking sites and media-sharing sites. Such sites require large bandwidth consumption at the consumer level.

The rise in internet traffic has created a growing requirement for internet service that is "always on", while capable of handling high throughput levels. Fixed line internet users are tending towards higher bandwidth services with the share of broadband subscribers in total internet subscribers increasing to 60.4% as at March 2012, according to TRAI.

According to TRAI's Consultation Paper on National Broadband Plan released in June 2010, access providers and national long distance operators were laying very limited amounts of fibre-optic cables and instead concentrating on wireless, as the cost of right of way was very high. Because of the increase in bandwidth consumption, which wireless internet may not be able to support, TRAI recommended urgent action to encourage penetration of fibre-optics in urban areas. (*Source: GoI, Ministry of Communications and IT, press release dated June 10, 2010)*

OVERVIEW OF THE INDIAN TELECOM SECTOR

Types of Telecom Infrastructure

Telecom service providers utilize a combination of active and passive telecom infrastructure to provide access services to their customers.

- Active telecom infrastructure includes the hardware and software which is involved in the actual transmission and reception of telecom including the transceivers, antennae, cabling, feeders and other related equipment.

- Passive telecom infrastructure includes the various infrastructure components which support the active telecom infrastructure. These include ground based and rooftop towers, masts, shelters, switched-mode power supplies, battery backups, diesel generator sets and air conditioning equipment.

Demand for Telecom Infrastructure

Demand for infrastructure solutions in the active and passive telecom infrastructure sector is largely dependent on the development, demand and new investment in wired and wireless telecom sectors.

The telecom sector in India has shown remarkable growth during the last decade propelled largely by unprecedented demand for mobile telephones. India has the second largest telecom network and the second largest wireless network in the world, according to the DoT.

The Indian telecom market has the potential to grow further. With a large percentage of the rural population yet to have access to telecommunication and with nationwide teledensity of 73.34% and rural teledensity of 39.90% as at December 31, 2012, potential for the sector remains large, especially in areas where wireline and internet services are yet to make significant inroads. (*Source: GoI, Department of Telecommunication, Annual Report 2012-2013)* Even the mobile services space, which has seen exponential growth in urban areas, has not reached the vast majority in rural areas. The focus of the stakeholders is now shifting to untapped rural areas, which will provide the engine for a second phase of the growth of the Indian telecom market. The Indian telecom sector has registered a phenomenal growth during the past few years and has become second largest telephone network in the world, only after China. (*Source: GoI, Department of Telecommunication, Annual Report 2012-2013)* A series of reform measures by the GoI, the wireless technology and active participation by private sector played an important role in the exponential growth of telecom sector in the country. National Telecom Policy-2012 ("**NTP 2012**") was announced with the primary objective of maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country. With the implementation of NTP 2012, the number of telephonic connections rose exponentially.

The number of telephone connection was 898.02 million as on March 31, 2013 with the rural telephone connections having increased by nearly 10 million in the last year. The overall teledensity stood at 73.32 per cent as on March 31, 2013 with the rural teledensity crossing 40 per cent. This is in sharp contrast with the overall teledensity of 7.04 per cent and rural teledensity of merely 1.7 per cent in March 2004. The wireless subscriber base increased from 33.6 million in March 2004 to 867.80 million as on March 31, 2013. (*Source: Ministry of Communications and IT, press release dated May 28, 2013 and TRAI The Indian Telecom Services Performance Indicators January – March, 2013 dated August 1, 2013)*

Given the significant economic and social benefits of telecom, expanding affordable access to broadband has become a high priority for the GoI. The development of a robust broadband ecosystem will be the key to meet the GoI's objectives. To ensure broadband coverage, on October 25, 2011 the GoI approved a project for creation of a national fibre-optic network for providing broadband connectivity to 250,000 Gram Panchayats (village councils). (*Source: GoI, Cabinet press release dated October 25, 2011 and http://www.bbnl.nic.in/content/faq.php*)

To move the project forward a special purpose vehicle has been incorporated named Bharat Broadband Network Limited which will be the executing agency for the project and will use the capabilities of three prominent telecom PSUs, namely BSNL, RailTel, and us to implement the project. (*Source: http://www.bbnl.nic.in/content/faq/what-is-bbnl.php and http://www.bbnl.nic.in/content/faq/which-psus-are-*

likely-to.php) Potential for further growth in the requirements for telecom infrastructure is also due to increased bandwidth demands for value-added services.

National Telecom Policy 2012

The GoI's Union Cabinet approved the NTP 2012 on 31 May 2012. The salient features of the NTP-2012 are as follows:

The policy envisions providing secure, reliable, affordable and high quality converged telecom services anytime, anywhere, for an accelerated inclusive socio-economic development. The main thrust of the policy is on the multiplier effect and transformational impact of such services on the overall economy. The focus areas of NTP 2012 are:

- increase rural teledensity from the current level of around 39 % to 70 % by the year 2017 and 100 % by the year 2020;
- repositioning of the mobile phone as an instrument of empowerment;
- "broadband for all" at a minimum download speed of 2 Mbps;
- domestic manufacturing - making India a global hub;
- convergence of network, services and devices;
- liberalisation of spectrum: any service in any technology;
- simplification of the licensing regime: unified licensing, delinking of spectrum from license, online real time submission and processing;
- consumer focus: achieve one nation - full mobile number portability and work towards one nation - free roaming;
- resale of services;
- voice over internet protocol; and
- cloud computing, next generation networking including IPV6.

(Source: GoI, Ministry of Communication and IT) (press release dated May 31, 2012)

OUR BUSINESS

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto in the sections, "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages xvii, 286 *and* 168*, respectively*

OVERVIEW

We are India's principal electric power transmission company. We are in the 25th year of our existence. As on September 30, 2013 we owned and operated more than 90% of India's ISTS which, inter-alia, includes inter-regional transmission links. At the end of Fiscal 1993, we owned and operated 22,228 circuit kilometers of electric transmission lines and 39 substations with a total transformation capacity of 12,201 MVA and as at September 30, 2013, we owned and operated 102,109 circuit kilometers of electrical transmission lines and 172 substations with a total transformation capacity of 172,378 MVA. On a consolidated basis, our gross fixed assets, revenues and net profits have grown from ₹35,205.6 million, ₹6,340.6 million and ₹2,366.1 million respectively in Fiscal 1993 to ₹823,264.4 million, ₹137,271.2 million and ₹43,126.1 million respectively in Fiscal 2013. During this period our employees have grown from 5,820 to 9,347.

We have featured in the Platts list of Top 250 Energy Companies of the World since 2009, a study conducted by Platts, a division of the McGraw-Hill Companies. In the list of fastest growing energy companies by Platts, in 2012, we were ranked as the fifth fastest growing electric utility in the world, on the basis of last three years compounded growth rate for revenues.

We were entrusted by the GoI with the statutory role of CTU in 1998 and continued as CTU under Section 38 of the Electricity Act as amended. As the CTU, we are responsible for the planning and development of the country's ISTS network. We are also required to facilitate non-discriminatory open access to available capacity in the ISTS and carry out real time grid management functions through our wholly-owned subsidiary, POSOCO.

We were conferred the status of "Navratna" by the GoI in May 2008, which provides us greater autonomy to incur capital expenditure for our projects without the GoI approval and allows us to make investments in subsidiaries and joint ventures in India and abroad subject to an investment ceiling set by the GoI. We have received the highest annual performance rating of "Excellent" from the GoI in each year since Fiscal 1994.

We commenced our operations in Fiscal 1991 as National Power Transmission Corporation Limited and changed our name to Power Grid Corporation of India Limited in Fiscal 1993 as part of an initiative of the GoI to consolidate all the ISTS assets of the country in a single entity. Accordingly, from Fiscal 1992 to Fiscal 1994 the transmission assets, including transmission lines and substations, of all central electricity generation utilities that operated on an inter-state or inter-regional basis were transferred to us. Our Equity Shares are currently listed on the BSE and the NSE. For details, see "***History and Certain Corporate Matters***" on page 131.

As at September 30, 2013, we had 86 ongoing transmission projects in various stages of implementation. Our Board of Directors had budgeted an investment of ₹1,000 billion in transmission projects during the Twelfth Five Year Plan, which began on April 1, 2012 and ends on March 31, 2017, which was further revised to ₹1,096.8 billion to include new initiatives such as green corridors for renewable energy integration and projects under TBCB route. In Fiscal 2013, we have spent ₹200,370 million towards investment during the Twelfth Five Year Plan. For the six months ended September 30, 2013, we have spent ₹108,945.9 million (on a standalone basis) towards investment during the Twelfth Five Year Plan. The Twelfth Five Year Plan aims to achieve a national power grid with inter - regional power transfer capacity of approximately 65,550 MW, which would primarily include our transmission system.

Our domestic bonds have been given the highest credit rating since Fiscal 2001, 'AAA/Stable' by Credit Rating Information Services of India Limited ("**CRISIL**"), and 'LAAA'/'AAA' by Indian Credit Ratings Agency ("**ICRA**"), and, since Fiscal 2008, 'AAA' by Credit Analysis & Research Limited ("**CARE**"). During Fiscal 2013, we obtained our international credit ratings for the first time and were initially rated by S&P rating services and Fitch Ratings at 'BBB- (outlook negative)' consistent with India's sovereign rating. Fitch Ratings has further revised the sovereign rating to 'stable' from 'negative' and accordingly our Fitch rating is raised which now stands at 'BBB- (outlook stable)'.

The tariff for all our transmission projects assigned to us prior to January 6, 2011 and any new specifically identified projects which may be assigned by the GoI to us shall be based on cost-plus-tariff structure. The tariff based on a cost-plus-tariff structure, which is determined by the CERC, in accordance with the Electricity Act as amended and the Fiscal 2010-2014 CERC Regulations, provides us a return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year. Under our tariffs on a cost-plus basis, we receive reimbursements for our operating and maintenance expenses at normative rates rather than actual expenses incurred. In case of projects commissioned on or after April 1, 2009 an additional return on equity of 0.5% may also be allowed if the project is completed within the stipulated time. These rates may be subject to change in the periods after March 31, 2014. Pursuant to the Tariff Policy, 2006 which was notified on January 6, 2006, the MoP stipulated that investment by a transmission developer other than a CTU/STU was to be invited through competitive bids and that the tariffs of the transmission line projects to be developed by the CTU/STU after a period of five years or when the CERC is satisfied that the situation was suitable to introduce competition through competitive bidding. With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under TBCB route. Under TBCB, tariff for projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on a BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013, we have secured three transmission projects through TBCB each of which are executed by our wholly owned subsidiaries, each of which were acquired by us as part of the TBCB process.

A crucial aspect of the operation of an electric power system is management of the power flow in real time with reliability and security on a sound commercial and economic basis. Since 1994 the GoI has progressively entrusted us with the operation of the RLDCs in each of the five regions namely, North, West, South, East and North East regions into which India is divided for purposes of power transmission and operation. As the RLDC operator, we have modernized the RLDCs and SLDCs and their communication networks. The NLDC was constituted pursuant to a MoP notification dated March 2, 2005 and commenced commercial operation beginning April 1, 2009. The NLDC is responsible for monitoring the operations and grid security of the national grid and supervises the scheduling and despatch of electricity over inter-regional lines in coordination with the RLDCs. All bilateral transactions are undertaken through the RLDCs, while transactions facilitated by the power exchanges are undertaken by NLDC. NLDC has also been designated as the central agency for implementing the renewable energy certificate mechanism, a framework provided by CERC for trading in renewable energy certificates. Our wholly-owned subsidiary, POSOCO, was established in March 2009 to oversee the grid management and load despatch function of the RLDCs and NLDC. Accordingly, RLDC and NLDC have been transferred to POSOCO and are in operation under POSOCO since October 1, 2010. The fees generated from our RLDC and NLDC operations are determined by CERC, in accordance with the Electricity Act and the CERC (Fees and Charges of Regional Load Despatch Centres and Related Matters) Regulations, 2009.

Leveraging on our strength as India’s principal power transmission company, we have entered into the consultancy business. Since Fiscal 1995, our consultancy division has provided transmission and distribution consultancy services to over 160 clients (including 22 international clients and about 145 domestic clients (excluding telecom clients)) in over 460 domestic and 55 international projects. As at September 30, 2013, we were engaged in providing consultancy services to our clients in over 116 domestic and 20 international projects. In our consultancy role, we have been facilitating the implementation of the GoI-funded projects for the distribution of electricity to end-users through the RGGVY" in rural areas.

We have also recently signed agreements with six North Eastern region states (Assam, Meghalaya, Mizoram, Manipur, Nagaland and Tripura) to provide consultancy services as “Design cum implementation supervision consultant” for implementation of “North Eastern Region Power System Improvement Project” to be funded by The World Bank.

We have also entered into the telecommunications bandwidth business since 2001. We have been utilizing our nationwide transmission system to create an overhead fibre-optic telecommunication cable network using OPGW on power transmission lines. As at September 30, 2013, the network consisted of approximately 29,279 kilometers and connected 290 Indian cities and towns, including all major metropolitan areas. We believe we are one of the few providers of telecommunications infrastructure with a significant presence in remote and rural areas. The availability of our telecom backbone network has been consistently maintained at 99.92% during Fiscal 2013. As of September 30, 2013 we have been leasing bandwidth on this network to more than 106 customers. We have also facilitated telecom connectivity to our neighbouring country Bhutan through our

OPGW links and by providing domestic bandwidth to International Long Distance ("**ILD**") operators. We are also one of the implementing agencies for the National Knowledge Network ("**NKN**") and National Optical Fibre Network ("**NOFN**"), each a project of GoI.

In Fiscal 2012 we generated a total income on a consolidated basis of ₹110,735.8 million and profit after tax of ₹33,029.9 million. In Fiscal 2012, our revenues on a consolidated basis from transmission and transmission-related activities constituted 95.35% of our revenue from operations, with the balance coming from our consulting and telecommunication businesses. In Fiscal 2013 we generated a total income on a consolidated basis of ₹137,271.2 million and profit after tax of ₹43,126.1 million. In Fiscal 2013, our revenues from transmission and transmission-related activities constituted 95.86% of our revenue from operations, with the balance coming from our consulting and telecommunication businesses. On a standalone basis, in the six months ended September 30, 2013, we generated revenue from operations of ₹75,594.5 million and profit after tax of ₹22,795.4 million. Our revenues from our transmission and transmission related activities constituted 93.99% of our total revenue from operations for the six months ended September 30, 2013 (on a standalone basis). Our total income for six month period ending September 30, 2013 (on a standalone basis) was ₹77,384.6 million.

We are certified for PAS 99:2006, which integrates the requirements of ISO 9001:2008 for quality management, ISO 14001:2004 for environment management and OHSAS 18001:2007 for occupational health and safety management systems. We have been certified for compliance to these standards and specifications by BSI Management Systems until June 2016. We are also accredited with SA 8000:2008 certificate for social accountability system which is implemented for all our facilities.

We seek to operate our transmission system at high levels of efficiency. In Fiscal 2013, we maintained system availability rate of our transmission system at 99.90%. In the six months ended September 30, 2013, our system availability rate was 99.90% and our trippings per line was contained at 0.32.

The following table presents certain company - wide operating parameters for the periods indicated:

	As of March 31					**As at September 30, 2013**
	2009	**2010**	**2011**	**2012**	**2013**	
Transmission Network (circuit kilometers)	71,500	75,290	82,355	92,981	100,200	102,109
Substations (number) (including GIS)	120	124	135	150	167	172
Transformation Capacity (MVA)	79,500	83,100	93,050	124,525	164,763	172,378
	For Fiscal					**For six months ended September 30, 2013**
	2009	**2010**	**2011**	**2012**	**2013**	
System Availability (%)	99.55	99.77	99.8	99.94	99.90	99.90
Trippings per line (T/L^2)	2.56	2.07	1.27	0.59	0.58	0.32

We have been gradually increasing our network of transmission lines. As at March 31, 2011, we operated a total network of 82,355 circuit kilometers at 765 kV, 400 kV, 220 kV and 132 kV extra high voltage alternating current ("**EHVAC**") and +/- 500 kV HVDC. Of this, 62,970 circuit kilometers are 400kV, 2,933 circuit kilometers are 765 kV (including lines that were constructed for 765kV but were charged at 400 kV level), 5,947 circuit kilometers are +/-500 kV HVDC and the balance are at lower voltage levels. As at September 30, 2013, we operated a total network of 102,109 circuit kilometers at 765 kV, 400 kV, 220 kV and 132 kV EHVAC and +/- 500 kV HVDC. Of this 77,699 circuit kilometers are 400 kV, 7,174 circuit kilometers are 765kV (including lines that are constructed for 765kV but currently charged at 400 kV level), 5,947 circuit kilometers are +/-500 kV HVDC and the balance are at lower voltage levels.

OUR STRENGTHS

We believe that the following are our principal business strengths:

Leadership position in Indian power transmission sector

We have featured in the Platts list of Top 250 Energy Companies of the World since 2009, a study conducted by Platts, a division of the McGraw-Hill Companies. In the list of fastest growing energy companies by Platts, in 2012, we were ranked as the fifth fastest growing electric utility in the world, on the basis of last three years compounded growth rate for revenues.

We are India's principal electric power transmission company, owning and operating more than 90% of India's ISTS as on September 30, 2013. As at September 30, 2013, we operated a network of 102,109 circuit kilometers of interstate transmission lines, 172 EHV AC and HVDC substations with transformation capacity of 172,378 MVA.

We are also responsible for the expansion and technological modernization of the national electricity grid of India. Further, in our capacity as CTU, we are instrumental in the planning and co-ordinated development of ISTS in India.

Further, we also carry out the role of the grid manager, through our wholly owned subsidiary, POSOCO. The NLDC has been designated as the central agency for the implementation of the renewable energy certificate mechanism in the country and until March 31, 2013, it had issued more than five million renewable energy certificates ("**RECs**") since the time this mechanism commenced in March 2011.

High operational efficiencies

We have maintained an average system availability of over 99% for our transmission system since Fiscal 2002. The trippings per line, has been gradually reduced to 0.58 for Fiscal 2013 from 2.56 in Fiscal 2009. Our trippings per line has further reduced to 0.32 for the six months ended September 30, 2013. In order to ensure high rates of availability for our transmission systems, we monitor and maintain our infrastructure using modern techniques and technologies. We are entitled to earn an additional return on equity under certain incentive mechanisms based on system availability built into our tariff structures pursuant to the Fiscal 2010-2014 CERC Regulations. Since Fiscal 1994, we have been rated "Excellent" by the GoI on an annual basis as a result of our achievement of performance targets, which include demonstration of high operational efficiencies, set for us in the memoranda of understanding that we agree to annually with the GoI. In the past, we have also been awarded national awards for meritorious performance in the power sector.

Our operation and maintenance activities have been ISO certified and our systems and procedures are updated to keep abreast with modern technology. Maintenance schedule documentation and procedures have been standardized across our assets and are available through our intranet portal. Periodic reviews are conducted at substations and line offices to evaluate the implementation of our systems and procedures and enhance the efficiency of our operations. Further, initiatives such as the replacement of old relays with advanced numerical or static relays, the refurbishment of existing transformers after carrying out residual age analysis have been undertaken to replace ageing transmission assets in accordance with the prevalent Fiscal 2010-2014 CERC Regulations. We have also introduced remote operations of existing substations for optimal utilization of resources and as of September 30, 2013, we have 48 substations which are controlled remotely.

We have introduced operation and maintenance measures such as carrying out live line maintenance using hotline maintenance equipment, including using helicopters to clean polluted insulators, and use of emergency restoration systems ("**ERS**") for the restoration of power supply in the minimum possible time, in the event of collapsed transmission lines due to natural calamities. Patrolling of such vast transmission network traversing the length and breadth of the country is an onerous task and involves more man-hours. Towards this, to start with, aerial patrolling of transmission lines by helicopters, especially in difficult terrain has been undertaken for 15,000 kilometers. If successful, we plan to deploy this system across our network. We are also exploring the possibility of deployment of helicopters for maintenance purposes. Further, we enable interaction between senior officials through multi-location video conferencing facilities.

We are implementing construction of a National Transmission Asset Management Centre ("**NTAMC**") and nine regional transmission asset management centres to oversee the remote operation of most of our substations and to create maintenance hubs to cater to the maintenance requirements of nearby groups of substations rather than placing staff in each substation. Remote operation of substations allows for more effective utilization of manpower and brings direct and indirect returns and benefits both from an operational and cost viewpoint. Further, for enhancing operational efficiency, maintenance service hubs have been introduced with specialist maintenance crew to cater to the need of group of substations.

Effective project implementation

We have extensive experience and expertise in implementing new transmission projects for expansion of India's transmission systems. During the Ninth, Tenth and Eleventh Five Year Plans, we have added 12,436 circuit kilometres, 19,172 circuit kilometres and 33,520 circuit kilometres of transmission lines, respectively, and 14, 36 and 46 substations, respectively. During the Tenth Five Year Plan, we achieved an investment of ₹181,010 million against a target of ₹213,700 million. We have consistently achieved and exceeded the capital expenditure targets set under the Eleventh Five Year Plan. During the Eleventh Plan we achieved our annual capex targets and invested ₹66,560 million, ₹81,670 million, ₹106,170 million, ₹120,050 million and ₹178,140 million respectively during Fiscal 2008 to Fiscal 2012 against the corresponding targets of ₹65,040 million, ₹76,240 million, ₹105,000 million, ₹119,000 million and ₹177,000 million. Our capabilities in project implementation encompass many facets of transmission activities, from conceptualizing to the commissioning of projects. We generally appoint contractors for the construction of our transmission projects, however, we obtain and provide the statutory clearances to the contractors and carry out the supervision and quality control of construction of projects including material supplied.

We prioritize the efficient implementation of our transmission projects to meet stipulated time frames in order to be eligible for additional return on equity of 0.5% as per the Fiscal 2010-2014 CERC Regulations and to derive maximum economic benefits from our commissioned projects. We have an integrated project management and control system for planning, monitoring and execution of projects which has contributed significantly towards this goal. Under the integrated project management and control system, various project implementation activities are broken down to smaller work elements with identified key milestones to enable the monitoring and control of various elements for overall project implementation. Large transmission projects are often broken down into separate elements with phasing in of commissioning that matches with the priority of the requirements and allows for incremental increases to the revenue as parts of a project are commissioned. Procurement for our transmission projects is divided into well-defined contract packages awarded through competitive bidding. Advance action is taken for tendering, forest clearance and land acquisition, which are all critical aspects for the timely completion of transmission projects, before the investment approval by the Board of Directors.

Following the award of contracts, an integrated plan governs the implementation of the transmission project, including control of the quality of materials and work during construction. We have team(s) of trained and experienced personnel having expertise in respective areas of project implementation, which includes system planning, design, engineering, contracts management, project management, supervision of construction, testing and commissioning activities.

Attractive tariffs and networks, competitive landscape and business model

We recover a return on our investment, expenses incurred on operation and maintenance of assets as determined by CERC tariff regulations. Tariff for our operational transmission projects are currently determined on a cost-plus-tariff basis under the Fiscal 2010-2014 CERC Regulations and will continue to provide us with a 15.5% pre-tax return on equity, to be grossed up by the normal tax rate as applicable for the respective year until March 31, 2014. We also earn additional incentives for the timely commissioning of transmission projects and for maintaining high system availability pursuant to CERC norms for such projects.

With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under the TBCB route. Under TBCB, tariff for such projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on a BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013, we have secured three transmission projects through TBCB each of which are executed by our wholly owned subsidiaries, each of which were acquired by us as part of the TBCB process. Further, we will be securing tariff on a cost - plus basis for all the projects specifically identified and assigned by the MoP to us after January 6, 2011, or which were awarded before January 6, 2011 and are under implementation or to be taken up for implementation.

In addition, many aspects of our core transmission business are characterized by growth plans, a business model that benefit from low volatility and accelerated pace of capitalisation. Our core business benefits from demand for power transmission and we provide an essential input for economic and social growth. Since our transmission business has remained our principal activity, we have extensive experience in managing our internal processes and systems, employees and physical assets. We continue to adopt advanced technologies and carry out research and development activities.

Government support

We believe that we derive a strategic advantage and responsibility from our strong relationship with the MoP and we occupy a key position in the GoI plans for the growth and development of the Indian power and transmission sector. The President of India acting through the MoP and the MoDoNER, is our principal shareholder, holding in the aggregate 69.42% of our pre - Offer issued and paid-up equity share capital as on September 30, 2013 and has the power to appoint all our Directors. In each year we enter into a memorandum of understanding with the MoP providing for our annual performance targets. The GoI has been supportive in securing the settlement of outstanding dues owed to us by the SEBs/ State Discoms and addressing the right of way issues and expediting forest clearances that are required during implementation of projects. The grant of "Navratna" status by the GoI in May 2008 provided us with strategic and operational autonomy and enhanced financial powers to our Board of Directors to take investment decisions without seeking the GoI approval, subject to investment ceiling set by the GoI. The GoI's support also helps us to establish international relationships through which we are able to win certain international consultancy projects having credit support from the GoI. Pursuant to the GoI notification from Ministry of Environment and Forest dated February 5, 2013, we have been exempted from obtaining NOCs from the concerned gram sabha(s) for transmission projects, as was required under the Schedule Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 ("**FRA**"), unless recognized rights of primitive tribal groups and pre - agricultural communities are being affected, in order to facilitate expeditious clearance of forest approval proposals.

Growing business portfolio

As a result of our established track record and technical expertise, since Fiscal 1995, our consultancy division has provided transmission-related consultancy services to over 160 clients (including 22 international clients and about 145 domestic clients (excluding telecom clients)) in over 460 domestic and 55 international projects. As at September 30, 2013, we were engaged in providing consultancy services to our clients for over 116 domestic and 20 international projects. We have worked and we continue to work for various power utilities in various Union Territories, Bihar, Odisha, Punjab, Jharkhand, West Bengal, North Eastern States and well known government and private utilities such as NTPC Limited, Rural Electrification Corporation Limited, North Eastern Electric Power Corporation Limited ("**NEEPCO**"), GMR Energy Limited, Power Finance Corporation Limited, Jindal Power Limited, Jaiprakash Power Ventures Limited, Torrent Power Grid Limited, Adani Power Limited among others.

We have also leveraged our nationwide transmission system to create an overhead fibre-optic telecommunication cable network using OPGW on power transmission lines. As at September 30, 2013, the network consisted of approximately 29,279 kilometers and connected 290 Indian cities and towns, including all major metropolitan areas. We believe we are also one of the few providers of telecommunications infrastructure with a significant presence in remote and rural areas. The availability of our telecom backbone network has been consistently maintained at 99.92% during Fiscal 2013. We are also one of the implementing agencies for the NKN and NOFN, each, a project of the GoI.

Strong financial position and cash flow from operations

We believe our financial position will help us finance our expansion plans in the coming years. Our domestic bonds have been given the highest credit rating since Fiscal 2001, 'AAA/Stable' by CRISIL, and 'LAAA'/ 'AAA' by ICRA, and, since Fiscal 2008, 'AAA' by CARE. During Fiscal 2013, we obtained our international credit ratings for the first time and were initially rated by S&P rating services and Fitch Ratings at 'BBB- (outlook negative)' consistent with India's sovereign rating. Fitch Ratings has further revised the sovereign rating to 'stable' from 'negative' and accordingly our Fitch rating is raised which now stands at 'BBB- (outlook stable)'.

The Fiscal 2010-2014 CERC Regulation permits return on equity on a maximum of 30% of the equity we invest in our transmission projects, which are typically funded from cash generated from our internal operations or proceeds from our share capital. As at September 30, 2013, our debt-equity ratio was 72:28 (excluding current maturities of long term debt). Our credit rating allows us to access the debt markets to raise funds for capital expenditure. On a consolidated basis, our net cash flow from operating activities was ₹85,819.9 million, ₹114,587.6 million for Fiscal 2012 and Fiscal 2013, respectively, and ₹61,314.7 million for the six months ended September 30, 2013 (on a standalone basis). Our projects have also been funded in part by loans from The World Bank, The International Finance Corporation and The ADB, thereby availing loans at lower interest rates compared to domestic financing costs.

Skilled and experienced senior management team and competent and committed workforce

We believe that our employees possess a high level of competence and commitment that provides us with a key differentiator from our competition. Our senior executives have extensive experience in the power industry and many of them have been with us for a significant period of their career. We believe that our senior management's expertise has played a key role in the growth of our business and in the development of consistent procedures and internal controls. In addition, the skills and diversity of our senior management team gives us flexibility to respond to changes in the business environment.

We believe we have been successful in attracting and retaining experienced staff in various areas, including operations, project management, engineering, technology, finance, human resources and law. We believe we have an employee team with a strong blend of experience and motivation. We invest resources in employee training and development, and we recruit through university/institutes campus selection and a competitive screening process to attract talent for entry-level positions.

OUR STRATEGY

Expand and strengthen our transmission network including the adoption of a higher voltage level system

We intend to continue to rapidly increase our capacity to maintain and grow our leadership position and remain as India's principal power transmission company. The GoI's Twelfth Five Year Plan commenced on April 1, 2012 and aims to achieve a national power grid with inter-regional power transfer capacity of approximately 65,550 MW, which would primarily include our transmission system and thereby enabling transfer of power from surplus regions to deficit regions substantially on a real time basis. During the Twelfth Five Year Plan, as of September 30, 2013, we had invested ₹309,315.9 million (on a standalone basis) to further develop the national grid, including expanding inter - regional transmission systems and developing system strengthening schemes and transmission systems for the evacuation of power from central sector generation projects and UMPPs and IPPs. Based on generation capacity targeted under the Twelfth Five Year Plan, our Board of Directors have budgeted capital expenditure of an amount up to approximately ₹221,500 million for expansion in Fiscal 2014.

For the period from Fiscal 2009 to Fiscal 2013, we have capitalized assets worth ₹49,021.9 million, ₹28,871.1 million, ₹71,490.0 million, ₹130,355.6 million and ₹172,127.1 million. As a result of this increase in capitalization, our gross fixed assets have grown from ₹503,622.5 million as at March 31, 2011 to ₹871,176.4 million as at September 30, 2013.

As at September 30, 2013, we had 86 ongoing transmission projects in various stages of implementation. These projects involve approximately 41,079 circuit kilometers of transmission lines and 60 substations with a total power transformation capacity of approximately 109,190 MVA. We are in the process of adopting a higher voltage level system for our new projects. We are currently establishing a +/- 800 kV, 6,000 MW HVDC, bi-pole line from the north east/eastern region to the northern/western region that we intend to transmit power over a distance of approximately 1,720 kilometers and also a +/- 800 kV, 3,000 MW HVDC, bi-pole line from the western region to the northern region transmitting power over a distance of approximately 1,350 kilometres. Most of the AC corridors are being implemented with 765kV transmission systems. We are facilitating indigenous development and field testing of 1,200 kV ultra high voltage alternating current ("**UHVAC**") transmission system by establishing a 1,200 kV National Test Station at Bina, Madhya Pradesh, parts of which achieved successful test charging in January, February, May and October 2012.

On May 31, 2010, the CERC accorded regulatory approval to us to proceed with the execution of nine high capacity power transmission corridors, with HVDC links/765 kV UHVAC lines/400kV high capacity lines with an estimated cost of approximately ₹580,600 million, to facilitate the evacuation of power from various generation projects currently being developed by IPPs across India. Further, on December 13, 2011, CERC accorded regulatory approval for the execution of two additional high capacity transmission corridors with an estimated cost of approximately ₹171,200 million. The total estimated cost of these 11 high-capacity corridors is approximately ₹751,800 million. Majority of these projects are being implemented by us. The 11 new corridors will help to transport electricity from approximately 50 new IPP plants, located in the coal belt, coastal areas capable of importing coal, or hydroelectric-rich areas in the eastern, central, northern, north-east and southern regions. In addition, the MoP has directed us to construct transmission systems for the Sasan, Mundra, Tilaiya and Odisha UMPPs, each with capacity of 4,000 MW.

As member of the task force on grid interconnection amongst the SAARC members, the GoI has taken measures to strengthen inter - connections with Nepal and Bhutan. The inter-connection with Bangladesh has recently been completed. Discussions for inter-connections with Sri Lanka are underway. We are working for the GoI for creation of the grid interconnection amongst the SAARC members.

Maintain efficient operating performance by modernising our infrastructure and services and by maintaining industry best practices

We intend to continue to maintain high transmission availability, to optimise our operating costs and to incorporate more energy-efficient technologies. We intend to take up further improvement in operation and maintenance practices.

As part of our continuing focus on efficient preventative maintenance, we have taken initiatives to undertake the aerial patrol of transmission lines. If successful, we plan to deploy this system across our network.

We intend to modernize our infrastructure and services and to maintain industry best practices. Remote operation of substations allows for more effective utilization of our manpower and brings direct and indirect returns and benefits both from an operational and cost viewpoint. As of September 30, 2013, 48 of our substations are controlled remotely. We are implementing construction of the NTAMC and nine regional transmission asset management centres to oversee the remote operation of most of our substations and to create maintenance hubs to cater to the maintenance requirements of nearby groups of substations rather than placing staff in each substation. Further for enhancing operational efficiency, maintenance service hubs have been introduced with specialist maintenance crew to cater to the need of group of substations. In addition, we are in the process of developing and procuring 400 kV ERS for substation (400 kV mobile substations) to allow us to promptly restore power and repair damage to our substation facilities in the event of a natural disaster or major failure.

We are leading the indigenous development of a 1,200 kV UHVAC system in India by establishing a 1,200 kV national test station at Bina, Madhya Pradesh in the Western Region in collaboration with Indian equipment manufacturers through public-private partnerships. A portion of the 1,200 kV switchyard with equipment and 1,200 kV S/C (single circuit) line was successfully charged in Fiscal 2012 and 1,200 kV D/C (double circuit) was successfully charged in October 2012.

As part of our research and development initiatives, synchrophasor pilot projects with 55 phasor measurement units ("**PMUs**") were undertaken and are currently in operation. Based on the experience gained in the pilot projects, the nation-wide large scale wide area measurement system ("**WAMS**") and PMU based project namely "unified real time dynamic state measurement" ("**URTDSM**") has been taken up for implementation in the Indian power sector. Broadly, the URTDSM project involves implementation of phasor data concentrators ("**PDCs**") at NLDC/RLDCs/SLDCs and PMUs at substations and power plants.

New initiatives underway

We have taken various initiatives to use our resources efficiently. In order to promote smart grid technology we are working jointly with the Government of Puducherry to develop a pilot project in the country. We have also implemented real time smart transmission projects in all five regions of the country as pilot projects to enhance situational awareness of the grid events in real time. We have also undertaken URTDSM project for placement of PMUs in State and Central grids. We are also entering into strategic alliances for backward integration in order to control costs effectively and bid competitively in the TBCB projects. We are in the process of registering with the Bureau of Efficiency ("**BEE**") as an Energy Service Company ("**ESCO**") to undertake energy saving projects on shared savings basis. We have undertaken various initiatives to use our resources efficiently and are working across institutional boundaries to set up new standards of success in various areas such as smart grid technologies and energy efficiency. We also engage in continuous research and development to improve the performance of our transmission system, optimise costs and incorporate new technologies.

We are leading the indigenous development of a 1,200 kV UHVAC system in India by establishing a 1,200 kV national test station at Bina, Madhya Pradesh in the Western Region in collaboration with Indian equipment manufacturers through public-private partnerships. A portion of the 1,200 kV switchyard with equipment and 1,200 kV S/C (single circuit) line was successfully charged in Fiscal 2012 and 1,200 kV D/C (double circuit) was successfully charged in October 2012.

We are also undertaking various research and development projects for the deployment of 400kV mobile substations, process - bus architecture for substation automation system, deploying lightning detection systems, creating pollution maps, among others to improve the system efficiency and making the system robust. We are also actively exploring the application of high temperature superconductor ("**HTS**") technology in our network.

We have approached the Odisha Electricity Regulatory Commission to invest in high temperature distribution system and have made an application in October, 2012 for a licence to participate in the distribution wire business in Central Electricity Supply Utility ("**CESU**") area of Odisha. Public hearing of the licence application was concluded in April 2013 and the approval of licence is awaited. We have also entered into intra-state transmission by entering into joint venture with state transmission companies from the State of Bihar and State of Odisha. The estimated cost of these projects is ₹63,000 million and ₹24,900 million, respectively.

We have developed a comprehensive master plan for grid integration of renewable energy capacity addition in Twelfth Five Year plan across India through Green Energy Corridors. The blue print of master plan prepared by us was jointly released by MoP and the Ministry of New and Renewable Energy ("**MNRE**"). The process for implementation of Green Energy Corridors, with an anticipated capacity of approximately 33GW has been initiated.

Continue to expand our consultancy business

We are making efforts to expand our consulting services in the domestic and international markets. We believe that we have attractive growth opportunities as the principal power transmission company in India which we can further leverage to the benefit of our consultancy partners. We are focusing on expanding our business internationally and increasing our reach beyond the domestic market. As at September 30, 2013 we had 20 ongoing international consultancy projects, including in Sri Lanka, Afghanistan, Bhutan, Nepal, Kenya, Tajikistan, Myanmar and Bangladesh. We believe that such initiatives will open new avenues for revenue.

Expand our corporate social responsibility initiatives

We are committed to the cause of inclusive and sustainable socio-economic development and intend to expand our involvement in this area through our CSR policy. Since Fiscal 2011, in furtherance of our CSR initiatives we have invested each year an amount equivalent to 0.75% - 1% of our net profit after tax.

We also intend to invest each year in furtherance of our CSR initiatives an amount equivalent to at least 2% of our average net profit made during the three immediately preceding financial years, as per provisions of the Companies Act, 2013 which are yet to be notified. We plan to expand our work in the areas of infrastructure development, education, health, livelihood, tree plantation, ecology and environment conservation.

OUR OPERATIONS

Our Transmission Business

Our core business is the transmission of electric power. We own and operate a large network of transmission lines and infrastructure that constitutes most of India's central sector ISTS and carries electric power across India. By virtue of being the CTU, we are deemed a transmission licensee under the Electricity Act.

The Indian power system has historically been divided into five regions for the planning and operation of electricity generation, transmission and distribution, namely the northern, southern, eastern, western and north-eastern regions. In general, the eastern and north-eastern regions generate more electricity than they consume, and the other regions generate less electricity than they need. As a result, one of the overriding tasks of our transmission business is to move electricity from the high-generation eastern and north-eastern regions to the high - consumption northern, southern and western regions. As the owner and operator of most of the ISTS, we expand the system progressively, connect new customers to the system and operate and maintain the system. We have also engaged in joint ventures with respect to certain transmission projects. While we have synchronously connected four regions namely, north, east, west and north-eastern regions, the southern region is currently interconnected through HVDC link only. With the completion of two 765kV single circuits transmission lines for Raichur (Southern region) to Sholapur (Western region) (one circuit under implementation by us while the other one by another company under TBCB route), we intend to connect all five electrical regions in synchronous mode, thereby achieving complete nation as one grid with same frequency.

Constructing the ISTS

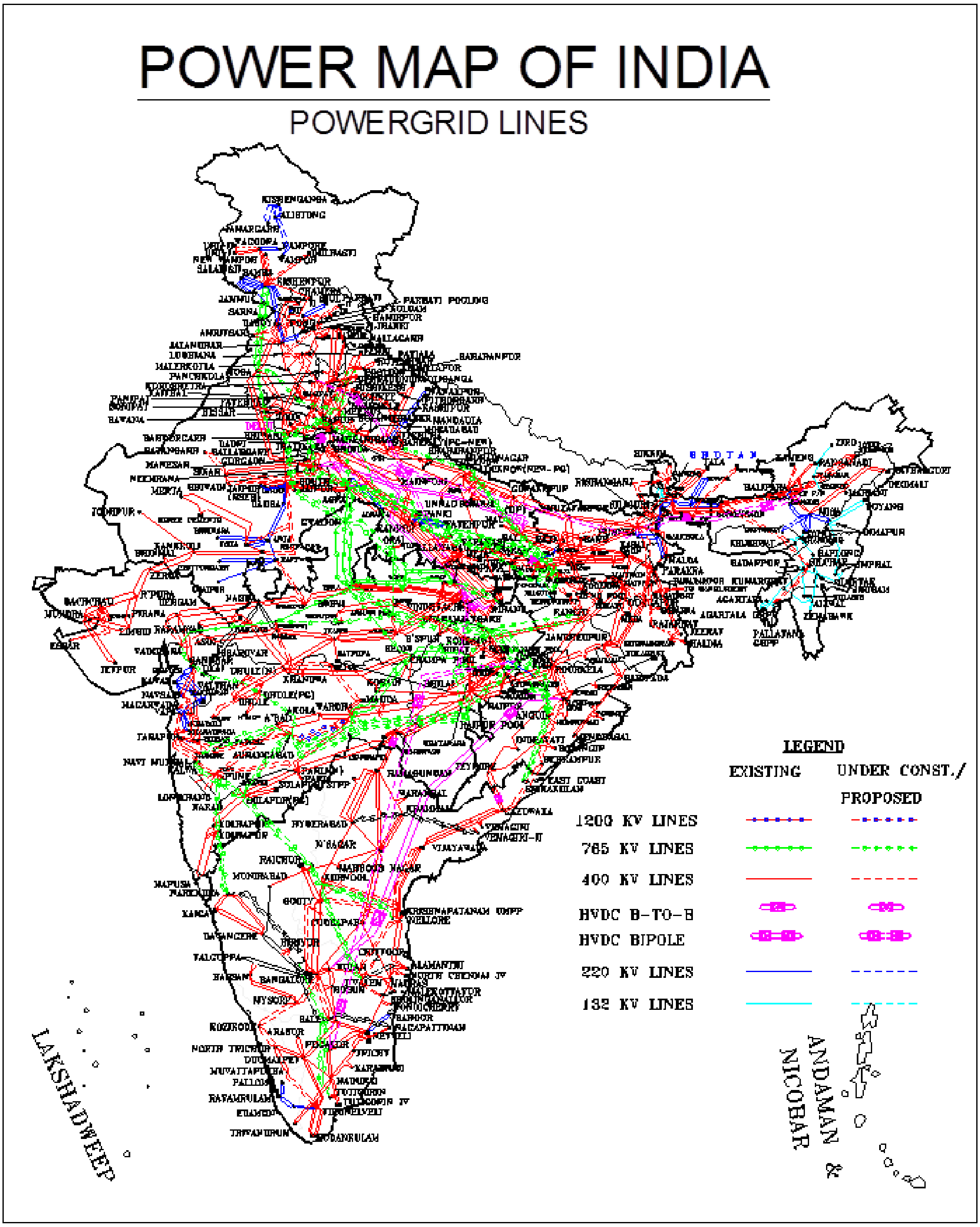
We acquired our initial network of assets in Fiscal 1992 and subsequently with effect from April 1, 1992 through the National Thermal Power Corporation Limited, the National Hydroelectric Power Corporation Limited and the North-Eastern Electric Power Corporation Limited (Acquisition and Transfer of Power Transmission Systems) Act, 1993, the GoI acquired and transferred the power transmission infrastructure of three Indian power generating companies to us. Thereafter, transmission assets from other central generating companies were transferred to us and we have subsequently expanded our transmission infrastructure ourselves.

Completed Projects

From April 1, 2011 to September 30, 2013, we completed 19,774 circuit kilometers of transmission lines and 37 substation and added transformation capacity of 79,328 MVA. We contract out the construction of most of our transmission projects to contractors subject to our supervision and quality control.

POWER GRID TRANSMISSION NETWORK

The following map illustrates the locations of our completed and proposed projects and other major transmission assets:



Source: Company

Ongoing Projects

As at September 30, 2013, we had 86 ongoing transmission projects in various stages of implementation. As at September 30, 2013 these projects involve approximately 41,079 circuit kilometers of transmission lines and 60 substations with a total power transformation capacity of approximately 109,190 MVA. The budgeted cost of these projects is ₹1,147,000 million. As at September 30, 2013 (on a standalone basis), we had incurred costs of ₹567,794.7 million towards the 86 ongoing transmission projects.

The following table sets forth certain information in respect of some of our ongoing transmission projects which we anticipate will be completed in Fiscal 2014 and Fiscal 2015.

Sl. No.	Name of Transmission Project	Nature of Project	Approved Cost as per Investment Approval (₹ in million)	Anticipated completion*	Total cost incurred as on September 30, 2013 (₹ in million)
1.	Common scheme for 765 kV pooling station and network associated with DVC and Maithon RB Project and import by northern region and western region via eastern region	Generation-linked	70,753.3	March 2014	59,629.9
2.	Transmission system associated with Mundra Ultra Mega Power Project	Generation-linked	48,241.2	June 2014	35,578.0
3.	Transmission system of Vindhyachal-IV and Rihand-III (1000MW each) Generation Project	Generation-linked	46,729.9	March 2014	27,603.8
4.	Transmission system for Phase-I Generation Projects in Jharkhand and West Bengal - Part-B	Generation-linked	32,014.4	September 2014	11,972.3
5.	Transmission system for Phase-I Generation Projects in Odisha - Part-B	Generation-linked	27,431.9	May 2014	17,842.6
6.	Supplementary transmission system associated with DVC & Maithon Right Bank Project	Generation-linked	25,809	March 2014	21,995.0
7.	Transmission system for Phase-I generation projects in Odisha - Part-C	Generation-linked	25,692.5	May 2014	19,854.3
8.	Transmission system for Phase-I generation projects in Jharkhand and West Bengal - Part-A2	Generation-linked	24,226.6	August 2014	5,616.3
9.	Kudankulam - APP transmission system (balance lines)	Generation-linked	21,590.7	March 2014	18,830.5
10.	Transmission system associated with Pallatana gas based power project and Bongaigaon Thermal Power Station	Generation-linked	21,440	June 2014	14,797.3
11.	Transmission system strengthening in western part of western region for IPP Generation projects in Chhattisgarh - Part-D	Grid Strengthening	21,275.1	July 2014	12,481.1
12.	Transmission system for Phase-I generation projects in Odisha-Part- A	Generation-linked	20,748.6	May 2014	12,982.1

*Some of the phases in the above projects have already been completed. The anticipated completion period indicated above is the progressive completion date for those phases still to be completed.

Future Projects

The GoI's Twelfth Five Year Plan commenced on April 1, 2012. The goal of the Twelfth Five Year Plan is to achieve a national power grid with inter - regional power transfer capacity of more than 65,550 MW, which would primarily include our transmission system. During the Eleventh Five Year Plan (2007-2012), we invested ₹553,000 million to further develop the national grid, including expanding inter-regional transmission systems and developing system strengthening schemes, transmission systems for the evacuation of power from central sector generation projects and UMPPs. Our Board of Directors have budgeted an investment of ₹1,096.8 billion during the Twelfth Five Year Plan. Based on generation capacity targeted during the Twelfth Five Year Plan, our Board of Directors have budgeted capital expenditure of an amount up to ₹221,500 million for expansion in Fiscal 2014. In Fiscal 2013, we had invested ₹200,370 million towards investment during the Twelfth Five Year Plan. For the six months ended September 30, 2013, we had invested ₹108,945.9 million (on a standalone basis) towards investment during the Twelfth Five Year Plan.

During Fiscal 2011 and Fiscal 2012, CERC accorded regulatory approval to us to proceed with the execution of 11 high capacity transmission corridors with an estimated cost of approximately ₹751,800 million that will help transmit electricity to the main load centres from approximately 50 new IPPs located in the coal belt, coastal areas capable of importing coal, or hydroelectric-rich areas in the eastern, central, northern, north-east and southern regions. These transmission corridors will be implemented progressively with the commissioning of the IPPs. Majority of these projects will be implemented by us.

Further, the MoP has directed us to construct transmission systems for Sasan, Mundra, Tilaiya and Odisha UMPPs, each with capacity of 4,000 MW.

Joint Ventures

We enter into joint ventures on a project specific basis. We have twelve joint ventures, which includes ten transmission sector joint ventures of which eight are public-private joint ventures and two are joint ventures with other State utilities. Two are joint ventures established to provide services in the power industry:

The transmission sector joint ventures are further described below:

Joint Venture	Operational/Estimated date of commissioning
Powerlinks Transmission Limited	The project was progressively commissioned in August 2006
Jaypee Powergrid Limited	The project was progressively commissioned in April 2012
Torrent Power Grid Limited	The project was progressively commissioned in February 2011
Parbati Koldam Transmission Company Limited	We expect the transmission system to be commissioned by June 2014
Teestavalley Power Transmission Limited	We expect the transmission system to be commissioned by March 2015
North East Transmission Company Limited	The Pallatana - Silchar section and the Silchar - Byrnihat line section has been commissioned and commissioning of the Byrnihat - Bongaigaon section is anticipated by December 2013
Cross Border Power Transmission Company Limited	Commercial operation is expected to commence in December 2014
Power Transmission Company Nepal Limited	Commercial operation is expected to commence in December 2014. We shall invest in the share capital of PTCN, subject to approval of Department of Industries, Government of Nepal
Bihar Grid Company Limited	Currently nominal shareholding is held by the joint venture partners. The joint venture partners will provide their share of the equity on approval from the GoI
Kalinga Bidyut Prasaran Nigam Private Limited	Currently nominal shareholding is held by the joint venture partners. The joint venture partners will

	provide their share of the equity on approval from the GoI

The joint ventures to provide services are further described below:

Joint Venture	Operational/Estimated date of Commissioning
National High Power Test Laboratory Private Limited	Commercial operation is expected to commence in June 2014.
Energy Efficiency Services Limited	Obtained certificate of commencement of business in February 2010.

For details, see "***History and Corporate Matters***" on page 131.

Subsidiaries

We have four subsidiaries which are described below:

Subsidiary	Details of Subsidiary
POSOCO	Incorporated as a wholly owned subsidiary of the Company on March 20, 2009
Powergrid NM Transmission Limited	Acquired as a wholly owned subsidiary by the Company on March 29, 2012
Powergrid Vemagiri Transmission Limited	Acquired as a wholly owned subsidiary of the Company on April 18, 2012
Vizag Transmission Limited	Acquired as a wholly owned subsidiary by the Company on August 30, 2013

The transmission license for Powergrid NM Transmission Limited has been granted through a letter dated July 15, 2013 by CERC. For Powergrid Vemagiri Transmission System Limited, owing to the uncertainty in the availability of gas and the consequent uncertainty in the operational phase in the generating stations, CERC, by its order dated May 9, 2013 has stated that no useful purpose is likely to be served in adopting the transmission charges and granting licence to the applicant.

Vizag Transmission Limited has applied to the CERC for transmission licenses on August 30, 2013.

For details, see "***History and Corporate Matters***" on page 131.

Transmission Project Implementation

Our transmission project implementation capabilities encompass all facets of a project's development, from conceptualisation to construction to the commissioning of a project, at which point it can begin operation.

We have adopted an integrated project management and control system for the planning, monitoring and execution of transmission projects. Under our project management and control system, various project implementation activities are broken down with identified key milestones to enable the monitoring and control of critical paths of implementation. Project procurement is divided into contracts to be awarded through competitive bidding. Following the award of contracts, integrated plans govern the implementation of the project, including control of the quality of materials and work during construction. We have team(s) of trained and experienced personnel having expertise in respective areas of project implementation, which includes system planning, design, engineering, contracts management, project management, supervision of construction, testing, quality control and commissioning activities. Since transmission line projects typically pass through the length and breadth of the country, project implementation techniques for transmission lines requires supervision, coordination and monitoring during the construction phase. We have a multi-tier project monitoring system where project review is held on a day to day basis at our sites and on a weekly/monthly basis at regional and corporate level. The internal project review meetings as well as meetings with the various contractors are carried out to mitigate various construction issues. We have a formal project reporting system from the construction sites to the relevant project monitoring departments at the regional level and then to the concerned corporate groups as well as our senior management. Action is taken at the various levels to analyse and mitigate the day to day issues that are identified during the implementation of the transmission projects. We have taken initiatives to implement SAP based ERP system. A consultant has been appointed and the design of ERP is in progress.

Set forth below is a summary description of how a transmission projects is implemented.

Planning and Conceptualization

On an ongoing basis, we interact with various departments of the GoI and with power generating companies, traders and the state utilities, in order to plan and evaluate implementation of new transmission projects towards achieving the goals of adequacy, reliability and security of the electric power system are achieved. Among many other factors, our planning efforts take into account possible future transmission configurations for interconnected areas, optimal utilisation of rights of way, grid operational constraints, environmental and social effects and cost comparisons. Based on our ongoing planning, we are able to formulate views in respect of the appropriateness and feasibility of projects that have been conceived.

The conceptualization of new power transmission projects is finalised by us based on overall transmission system requirements, in consultation with the CEA and other interested parties, including generators, intended beneficiaries, STUs, regional power committees and power traders. Before the finalization of any new transmission project, the beneficiaries are identified and targeted, and the generating capacity that such project will service is allocated among the beneficiaries in accordance with the requirements and availability of the region. The entire tariff for the transmission system is shared by the beneficiaries. The tariff of the transmission system is recovered from the beneficiaries under the Fiscal 2010-2014 CERC Regulations based on transmission line availability rather than the actual power transmitted.

Our transmission projects are classified into the following broad categories:

- Generation-linked transmission projects, to facilitate the transfer of power from a specific new interstate or inter-regional generation project to its intended beneficiaries;
- Grid-strengthening projects that strengthen power transfer capacity and add to reliability and security; and
- Inter-regional transmission projects that strengthen power transfer capacity between regions and allow for inter-regional power exchanges.

The types of projects identified above facilitate the development of integrated regional power grids and the national grid.

For the transmission schemes entrusted to us for implementation, a detailed project report is prepared. This report addresses the justification for the project, the scope of work, cost estimates, financing and other matters, and is prepared for the consideration of the competent approving authorities.

Capital Expenditure and Investment Approvals

As a "Navratna" company, the Board of Directors has the power to approve capital expenditures without any ceiling for our projects.

The Board of Directors also has the power to establish financial joint ventures and wholly-owned subsidiaries in India or abroad, with a ceiling on equity investment in individual projects of 15% of our net worth, up to ₹10,000 million, and an overall ceiling on all such investments of 30% of our net worth.

The Board of Directors has the power to undertake mergers and acquisitions, subject to the conditions that: (i) such merger or acquisition should be in accordance with the growth plan and in the core area of functioning of our Company; (ii) the ceiling applicable to joint ventures and subsidiaries would continue to apply, and (iii) the Cabinet Committee of Economic Affairs ("**CCEA**"), GoI is kept informed in case of investments abroad.

Design and Engineering

We have in-house competency in the design and engineering of extra high voltage ("**EHV**") systems. We also have experience in the design and engineering of transmission lines and substations (including GIS) for different wind zones, climatic conditions, seismic zones, terrains, seashores and tough hilly terrain. We possess advanced software tools for electric system simulation studies and for the design of various kinds of towers, substation structures and foundations, including in regard to the electrical line parameters of transmission line and substation design, insulation co-ordination, grounding and other matters.

We have carried out the engineering and design for 1,200 kV switchyard and framed technical parameters for 1,200 kV equipment in association with international consultants. Our in-house design and engineering team has developed transmission line parameters and tower designs for 1,200 kV single circuit and 1,200 kV double circuit lines, which are currently charged at 1,200 kV voltage level at our test station at Bina. We have also designed 765 kV double circuit transmission line towers in - house which are being used in the 765 kV network for drawing power from various independent power producers. We have applied for patent protection for 1,200kV single circuit tower design with the Indian Patents and Trademarks Office in February 2012.

Procurement process and award of contracts

For procurement, a transmission project is divided into a number of packages for which contracts are awarded on a competitive bidding basis: we typically enter into separate EPC contracts for tower erection and stringing of power lines and for substation construction, respectively, and we procure from vendors and supply to our EPC contractors the necessary conductors and insulators for transmission lines and transformers and reactors for substations. Qualifying requirements for bidders are stipulated and the bids are evaluated by a tender committee. Recommendations for the award of contract are put up for approval to the appropriate authorities consistent with the applicable delegation of powers in our Company. The highest authority for the approval of any recommendation is our Board of Directors. In the case of contracts funded by multilateral agencies, the award recommendations are also sent to the Board of Directors for their confirmation that they have no objection to the award of such contracts.

The procurement process is based on our works and procurement policy and procedures, which we publish to improve transparency and consistency. We also take into consideration applicable guidelines of concerned multilateral funding agencies such as The World Bank and the ADB that may be financing a transmission project and guidelines or similar terms set out in any applicable loan agreement with such agencies. Because we are a public sector enterprise, the Comptroller and Auditor General of India and the Central Vigilance Commission of the GoI review our procurement process.

Detailed engineering

After contracts are awarded, detailed engineering is carried out by our contractors as per the tender specifications, site conditions and applicable domestic and international standards and practices. Drawings and related documents are either generated in-house or prepared and submitted by the contractor. These are checked and approved for compliance with the stipulated technical specifications and requirements and the site condition before the project is taken up for construction. Type-tested equipment conforming to technical requirements and applicable national and international standards are put into service as part of our transmission line and substation infrastructure.

Over the years, we have standardized most of our designs and technical specifications to save time on detailed engineering in respect of items which are of a repetitive nature.

Quality assurance and inspection

In order to achieve quality implementation of our various projects, we have adopted a total project quality assurance and inspection concept. We specify quality requirements in our technical specifications for projects, and we select vendors and sub-vendors based on stipulated qualifying and technical requirements. Goods and equipment are manufactured as per the agreed quality plan, and there are check points to confirm that technical requirements are being met at different stages of manufacturing. The process is also monitored for quality assurance during manufacturing. Major components and raw materials are sourced from approved sub-vendors of acceptable quality. We also carry out quality surveillance and process inspection periodically at the manufacturing facilities of vendors. The final product is tested according to national and international standards before it is despatched to the project site for installation. We also implement agreed field quality plans to ensure quality during installation and the testing and commissioning of goods and materials at the site. We have inspection offices around the country so that we can make timely inspections. We have also implemented a web-based inspection management system for our total inspection process.

We are certified for PAS 99:2006, which integrates the requirement of ISO 9001:2008 for quality management, ISO 14001:2004 for environment management and OHSAS 18001:2007 for occupational health and safety management systems. We have been certified for compliance to these standards and specifications by BSI Management Systems until June 2016. We are also accredited with SA 8000: 2008 for social accountability system which is implemented for all our facilities. In order to achieve energy efficiency in our operations at corporate office, we are in the process of implementing ISO 50001 for energy management system, which is expected to be implemented by December 2013.

Project monitoring

For the purpose of project implementation as well as operation and maintenance, our operations are divided on a regional basis. While the awarding of major contracts is done from our corporate headquarters, post-award contract management is done by our regional offices. A centralised monitoring group, located at our corporate and regional headquarters, monitors the implementation of projects and keeps management informed about progress and critical areas requiring their intervention.

Our Transmission Customers

Connecting Customers

As the owner and operator of most of the ISTS, we provide services to, among others:

- Designated ISTS Customers ("**DICs**") including SPUs, STUs, state power departments, interstate generating utilities and interstate private generating utilities including captive generators and power traders;
- Private distribution licensees; and
- Directly connected customers, including industrial consumers of electricity whose premises, due to the size, technical characteristics or location of their electricity demands, are directly connected to the transmission system.

When we receive an application for connection and use of the ISTS from any of the above customers, we as a CTU assess whether existing transmission assets are adequate for their plans or whether the addition or augmentation of transmission assets will be required. We respond as necessary with lists of additions or augmentations of transmission assets that would be required to provide connection to the ISTS. Customers pay transmission charges in respect of their connection, as more fully described below.

Long-Term Access Agreement

We enter into a standardised agreement with each of the designated ISTS customers for long-term access to use the ISTS for transmission of power through identified transmission assets. This agreement is referred to as the long-term access agreement ("**LTAA**"). Under the LTAA, we are required to maintain the transmission assets in accordance with CERC guidelines. The LTAA also stipulates various terms and conditions for matters such as payment of charges and billing.

Further, for generation-linked transmission systems, we typically enter into indemnification agreements with the generators by fixing a pre-determined 'zero date' by which both the generators and we shall keep their respective facilities ready. In case of delay by any one of them, the delaying party shall indemnify the other party to the extent of a certain amount to be calculated for a certain pre-defined period.

Transmission Service Agreement

All the designated ISTS customers and ISTS licensees are required to enter into transmission service agreements ("**TSA**") with us, in our capacity as CTU. The TSA governs inter alia, the provision of transmission services and the sharing of transmission charges and losses in accordance with the Sharing Regulations. Accordingly, the TSA provides general terms and conditions and obligations of all the signatories with regard to a variety of matters, including billing, collection and disbursement of transmission charges, payment security mechanism, metering and accounting, force majeure, change in law, events of default, termination and dispute resolution. Also a letter of credit for 105% and 210% of the preceding twelve months' average monthly billing is required to be provided by Government utilities and private utilities respectively. If due payment is not made and the letter of credit for the required amount is not in place, we have the right to regulate the power supply to the defaulting utilities in accordance with the provisions of the relevant agreement and provisions set out by CERC.

Revenue Sharing Agreement

Under the Sharing Regulations, we, as CTU, are entrusted with the responsibility of billing, collection and disbursement of transmission charges on behalf of all ISTS licensees and deemed ISTS licensees on a centralised pool basis with effect from July 1, 2011. The revenue so collected from designated ISTS customers by CTU is distributed to the eligible ISTS licensees in proportion to their monthly transmission charges. In this regard, we enter into Revenue Sharing Agreements ("**RSA**") with all the ISTS licensees. Under the terms of the RSA, we are indemnified by the licensees in matters pertaining to billing, collection and disbursement on behalf of the licensees.

Payment Security Mechanism

State Power Utilities

The SPUs are our major customers. The SPUs include SEBs as well as the entities that have been created by the unbundling of certain SEBs. In accordance with the terms of allocation letters issued by the GoI, we are obliged to undertake the transmission of electricity to SPUs from Central Sector generation stations through our transmission system.

Under a one-time settlement in Fiscal 2003, the GoI, on behalf of the central sector power utilities ("**CSPUs**"), including us, executed "Tripartite Agreements" with the RBI and the respective State Governments, in order to effectuate a settlement of overdue payments owed to the CSPUs by the SEBs. Under the Tripartite Agreements, each SEB (and, in the case of SEBs that have been unbundled, each of their successor entities) is required to establish and maintain a letter of credit in our favour with a commercial bank. The letter of credit is required to cover 105% of the preceding twelve months' average monthly billing and is required to be updated twice every year. Recently, a scheme for financial restructuring of State Owned Discoms has been formulated and approved by the GoI to enable the turnaround of the State Discoms and ensure their long-term viability. The scheme contains measures to be taken by the State Discoms and State Governments for achieving financial turnaround by restructuring their debt with support through a transitional finance mechanism provided by the GoI. All the DICs are required to provide sufficient letter of credit of 105% of average annual billing in case of state utilities and 210% of average annual billing in case of private utilities in favour of CTU towards payment security mechanism. In case of default in making payment, these letters of credit can be enforced by CTU. Additionally as per the provisions of Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010, the access of ISTS customers to ISTS network can also be curtailed in case of their default in making payment or providing requisite letter of credit. The regulated quantum of power can also be sold to other utilities to recover outstanding dues towards ISTS tariff.

Tariff Mechanism

Tariff Regulations

Under the Electricity Act, the GoI has the power to issue tariff policy and CERC formulates and notifies transmission tariff regulations for generation and transmission licensees, guided by the tariff policy and the provisions of the Electricity Act. CERC has issued regulations setting forth the parameters for determination of tariffs for generation and transmission projects. We are permitted to charge our customers within the parameters set forth in specific tariffs applicable to our network.

Tariff Determination Process

For cost-plus tariff based projects, under the Electricity Act and the Fiscal 2010-2014 CERC Regulations, a transmission licensee such as our Company is required to seek from CERC a tariff determination in respect to each of its transmission projects. According to the Fiscal 2010-2014 CERC Regulations, the tariff will be set at a level intended to compensate the licensee for the construction of the transmission project and for operating the project thereafter. The tariff is determined based on the capital expenditure incurred up to or projected during the given tariff period. The CERC carries out a truing up exercise for the previous tariff period when it considers the tariff petition filed for the next tariff period.

The tariff is determined by CERC through a transparent process including an open public hearing. Currently, the tariff norms notified by CERC are applicable for a period of five years with effect from April 1, 2009. Tariffs determined in relation to a particular project are expected to be reviewed on or before the end of the current tariff period on March 31, 2014. The rate of tariff may be changed in periods after March 31, 2014.

With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under TBCB route. Under TBCB, tariff for such projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on a BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013, we have secured three transmission projects through TBCB process each of which are executed by our wholly owned subsidiaries.

Cost Plus Tariff Structure

Tariff Structure for Fiscal 2010-2014

<u>Annual Fixed Cost</u>

Under the Fiscal 2010-2014 CERC Regulations, CERC permits us to charge our customers transmission charges for the recovery of annual fixed cost (“**AFC**”). The AFC is set at a level which generally compensates us for the cost of the project and allows us to recover a pre-determined return on equity, interest on outstanding debt, compensation for operations and maintenance expenditure, depreciation and interest on working capital. The AFC norms in the Fiscal 2010-2014 CERC Regulations cover, among other items:

- Return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year for upto a maximum of 30% of such equity invested. For projects commissioned on or after April 1, 2009, there is an additional return of 0.5% if the new projects are completed within the timeline specified in the Fiscal 2010 - 2014 CERC Regulations. These rates may be changed for the periods following March 31, 2014.

- Interest on outstanding debt:

  The recovery of our prescribed rate of return on equity and the recovery of interest on outstanding debt is dependent on the debt-equity ratio for the project, which is determined as follows:

  - Projects under commercial operation prior to April 1, 2009: The debt-equity ratio for such a project is considered to be equal to the debt equity ratio as was determined by CERC on March 31, 2009.

  - Projects under commercial operation on or after April 1, 2009: The debt-equity ratio for such projects is considered to be 70:30. If the equity deployed is less than or equal to 30% of the capital cost, the actual debt-equity ratio is used for the purposes of determining the tariff. If the equity deployed is greater than 30% of the capital cost, equity in excess of 30% is treated as normative loan for purposes of determining the return on equity.

- Depreciation is charged on the straight line method based on the rates prescribed by CERC and not on the rates prescribed in the Companies Act. Recovery of depreciation up to 90% of capital costs, excluding the cost of freehold land (that is not depreciable) is allowed. In the initial 12 year period from the date of commencement of commercial operation of the project, depreciation is recovered based on the rates prescribed in the regulations. The remaining depreciable value thereafter is spread over the balance useful life of the assets.

- Operation and maintenance expenditure is based on the length of different configuration of transmission lines (i.e. number of circuits and number of sub-conductors per kilometer) and the number of bays in substations multiplied by normative rates specified in the Fiscal 2010 - 2014 CERC Regulations. The operation and maintenance norms for substations, HVDC stations and lines have been specified separately.

- Interest on working capital: Working capital consists of (i) operation and maintenance expenditure for one month (normative rates specified in the Fiscal 2010-2014 CERC Regulations), (ii) an amount for maintenance spares (at 15% of operation and maintenance expenditure) and (iii) receivables equivalent to two months' of fixed cost. The rate of interest on working capital (i) for commercial operations on and before June 30, 2010, shall be on normative basis and shall be SBI short-term prime lending rate as on April 1, 2009 or on April 1 of the year in which the transmission system, is declared under commercial operation, whichever is later and (ii) for commercial operations between July 1, 2010 to March 31, 2014 shall be on a normative basis and shall be the SBI base rate plus 350 basis points as on July 1, 2010 or as on April 1 of the year in which the transmission system, is declared under commercial operation, whichever is later.

<u>Transmission Charges</u>

- The fixed cost of the transmission system is computed on annual basis in accordance with norms contained in the Fiscal 2010-2014 CERC Regulations, aggregated as appropriate, and recovered on monthly basis as transmission charges from the users. The transmission charge (inclusive of incentive) payable for a calendar month for a transmission system or part thereof is determined as follows:

  AFC x (NDM / NDY) x (TAFM / NATAF)

  Where:
  - AFC = Annual fixed cost specified for the year, in Rupees;
  - NATAF = Normative annual transmission availability factor, in per cent;
  - NDM = Number of days in the month;
  - NDY = Number of days in the year; and
  - TAFM = transmission system availability factor for the month, as a per cent.

- The NATAF is 98% in respect of alternating current systems, 95% in respect of HVDC back-to-back stations systems and 92% in respect of HVDC bi-pole links. In accordance with the above formula and the Fiscal 2010-2014 CERC Regulations, we are incentivized or penalised if the availability of our network is above or below 98%, 95% or 92%, respectively.

- Transmission elements are considered available for purposes of calculating the TAFM when shut down for reasonable periods for maintenance, for construction of elements of another transmission system and to restrict over voltage and manual tripping of switched reactors at the direction of an RLDC. Outage of transmission elements for force majeure events and for grid disturbances or failures not attributable to the transmission licensee are excluded from the potential available time of a transmission element for purposes of calculating the TAFM. The TAFM is calculated by different formulas for AC and HVDC systems.

- Customers are allowed to obtain a rebate on their charges by making timely payments, and may face late payment surcharges if their payments are delayed.

- Transmission charges corresponding to any plant capacity for which a beneficiary has not been identified and contracted are payable by the concerned generating company.

We are paid transmission charges only after the commencement of commercial operation of a transmission project. Under the Fiscal 2010-2014 CERC Regulations, if we demonstrate to CERC that the transmission system is ready for regular service but is so prevented for reasons not attributable to our Company, our contractors or our suppliers, then CERC may approve a date of commencement of commercial operation prior to the transmission project coming into regular service. For example, (i) by its order dated September 30, 2013, the CERC approved a date of commercial operation for a part of the Tuticorin JV transmission line and extension of Madurai substation, prior to its entering regular service; (ii) by its order dated May 9, 2013, the CERC approved a date of commercial operation for a part of the Koldam-Nalagarh transmission system in the Northern region, prior to its entering regular service, due to the delay caused by the postponed commissioning of the associated Koldam hydro-electric power project; and (iii) by its order dated September 24, 2010 CERC approved a date of commercial operation for a part of our Kudankulam transmission system in the Southern region, prior to its entering regular service, due to the delay caused by the postponed commissioning of the associated Kudankulam atomic power project.

Foreign Exchange Rate Variation ("**FERV**")

We may recover the cost of hedging interest on and repayment of foreign currency loans and exchange rate fluctuations for unhedged interest on and repayment of foreign currency loans on a normative basis. If hedging of foreign exchange exposure is not undertaken, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year is permissible provided it is not attributable to the generating company or the transmission licensee or its suppliers or contractors. We currently do not undertake any hedging against interest rate and/or currency fluctuation.

Clean Development Mechanism ("**CDM**")

We are permitted under the Fiscal 2010-2014 CERC Regulations to share the proceeds of carbon credits generated from transmission projects approved as CDM projects with the beneficiaries of the transmission projects. In the first year after the date of commercial operation of the transmission system we retain 100% of the gross proceeds on account of CDM. In the second year, the beneficiaries' share is 10%. The beneficiaries' share increases progressively by 10% every year until it reaches 50%, where after the proceeds shall be shared in equal proportion by our Company and the beneficiaries.

Sharing of Transmission Charges

CERC issued the Sharing Regulations on June 15, 2010. This regulation is in force, with effect from July 1, 2011, and implements a "point of connection" method of sharing the transmission charges of ISTS in India, thus phasing out the earlier system of regional postage stamp method of sharing of transmission charges. This regulation provides that, interalia, yearly transmission charges, revenue requirement on account of foreign exchange rate variation and changes in interest rates, will be shared amongst the users, including generating stations, SEBs, STUs connected with ISTS, any bulk consumer directly connected with the ISTS and any entity representing a physically-connected entity listed above. All ISTS users will sign the TSA, which also requires these users to pay the point of connection charge covering the revenue of all the ISTS licensees. The point of connection tariffs are based on load flow analysis and capture utilisation of each network element by the users. The Sharing Regulations also provides mechanisms for billing, collection, disbursement of transmission charges and other commercial matters.

Tariff Based Competitive Bidding

Pursuant to the Tariff Policy, 2006 which was notified on January 6, 2006, the MoP stipulated that investment by a transmission developer other than a CTU/STU was to be invited through competitive bids and that the tariffs of the transmission projects to be developed by the CTU/STU after a period of five years or when the CERC is satisfied that the situation was suitable to introduce competition through competitive bidding. With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under TBCB route. Under TBCB, tariff for such projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on a BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013,we have secured three transmission projects through TBCB each of which are executed by our wholly owned subsidiaries, each of which were acquired by us as part of the TBCB process.

The MoP notifies an entity as the Bid Process Co-ordinator ("**BPC**") for the purposes of selecting a successful bidder through the international competitive bidding process, who has quoted the lowest levelized tariff for the entire project period of 35 years. Once selected, the bidder is required to acquire the special purpose vehicle ("**SPV**"), as incorporated by the BPC. Once the process of acquisition is complete, it is the SPV which would act as the TSP. Following this, the TSP is required to file an application with the CERC for obtaining a transmission license, which is issued by CERC under Section 14 of the Electricity Act, and for adopting specific transmission charges, as required under Section 63 of the Electricity Act.

The Company has currently acquired three SPVs, namely, Powergrid Vemagiri Transmission Limited, Powergrid NM Transmission Limited and Vizag Transmission Limited.

Our Other Roles in Transmission

As the CTU, we participate in the following activities:

- Undertaking the transmission of electricity through the ISTS;
- Planning and coordination relating to the ISTS, including coordination among STUs, the GoI, State Governments, generating companies, the regional power committees, the CEA, transmission licensees and any other parties deemed appropriate by the GoI;
- Ensuring development of an efficient, coordinated and economical interstate transmission lines for the smooth flow of electricity from generating stations to load centers; and
- Providing non-discriminatory open access to our transmission system for use by any licensee, generating company or consumer as and when such open access is provided by the applicable regulatory commissions in the various Indian states.

Open Access

The Electricity Act requires our Company, as CTU, the STUs and other licensees to provide non-discriminatory open access to their respective transmission or distribution systems in order to allow the use of transmission lines, distribution systems or associated facilities by any licensee or consumer or person engaged in generation.

CERC has issued regulations relating to connectivity and open access in inter-state transmission and related matters and our Company, as CTU, oversees the procedure for implementing these regulations including formulating detailed procedures to facilitate the open access of the ISTS. Under the Fiscal 2010-2014 CERC Regulations, access is provided by way of short term open access, medium term open access or long term access. The CTU is the nodal agency for granting connectivity, medium term open access and long term access while POSOCO is the nodal agency for short term open access.

Connectivity

"Connectivity" refers to the state of being connected to the ISTS by a generating station, a captive generating plant, a bulk consumer or an inter-state transmission licensee. An applicant for connectivity to the ISTS may include a generator of 250 MW and above, or hydro/renewable generators collectively having an installed capacity of 50 MW and above or a bulk consumer of 100 MW or above may apply to us as we act as CTU for connectivity of ISTS. On receipt of the application, we process the application, in consultation and coordination with other agencies involved in the ISTS to be used, including the STUs. While granting connectivity, the name of the substation where connectivity is to occur, the method of connectivity and, if applicable, the dedicated transmission system are specified. Subsequently the applicant is required to sign a connection agreement prior to physical interconnection.

Thermal generating stations of 500 MW or greater and hydro generating stations or a generating station using renewable sources of energy of capacity of 250 MW and greater, other than captive generating plants, are not required to construct dedicated lines to the point of connection. Construction of the dedicated lines of such plants to the point of connection is included in the coordinated transmission planning of the CTU and CEA. In all the cases where dedicated transmission system up to point of connection are to be undertaken by the CTU, the applicant, after the grant of connectivity, signs a transmission agreement and furnishes a bank guarantee for the dedicated line. The time frame for commissioning of dedicated transmission systems from the signing of a BPTA or transmission agreement is nine months in addition to the time lines as specified by CERC in tariff regulations.

The grant of connectivity does not entitle an applicant to interchange any power with the grid unless it obtains long-term access, medium-term open access or short-term open access.

Transmission

Short Term Open Access

As defined under the CERC (Open Access in Inter – State Transmission) Regulations, 2008 short term access is available for up to one month at a time. Short term open access is facilitated by our wholly owned subsidiary POSOCO. POSOCO has issued procedures and guidelines in accordance with the CERC (Open Access in Inter – State Transmission) Regulations, 2008 to facilitate short term open access and POSOCO is responsible for the ongoing operation of the short term open access system. Pursuant to these procedures, the nodal RLDC, or the RLDC supervising the region where the connectivity is to occur, is entrusted with the responsibility of non - discriminatory short term open access application processing and scheduling, while making sure that the provision of short term open access applied for will not affect the security of the grid.

All bilateral transactions are undertaken through the RLDCs while transactions facilitated by the power exchanges are undertaken by the NLDC. As operator of the RLDC and NLDC, POSOCO charges short term open access customers a fee for the scheduling of their access through the relevant load dispatch centers. These charges include application money and scheduling charges for each transaction and the total charges are dependent on the volume of transactions undertaken. The charges earned by RLDC and NLDC for providing short term open access amounted to ₹324.2 million and ₹254.4 million in Fiscal 2013 and Fiscal 2012 respectively, or 14.73% and 13.61% of POSOCO's revenue from operations. This income is over and above the CERC determined fees and charges of the RLDCs and NLDC.

Under the earlier CERC (Open Access in Inter-State Transmission) Regulations, 2008, the transmission charges collected under short term open access are transferred to us, in our present capacity as CTU, for further disbursement. The CTU is entitled to retain 25% of the amounts so collected and the balance is disbursed for the respective periods to the long-term customers of the synchronously connected grid. Our transmission income on account of short term open access was ₹4,425.8 million, ₹3,254.8 million and ₹2,033.4 million in Fiscal 2013, Fiscal 2012 and six months ended September 30, 2013 (on a standalone basis), respectively, or 3.36%, 3.12% and 2.69% of our total revenue from operations for the respective periods. The CERC has now notified an amendment to this regulation whereby with effect from September 11, 2013, we in our capacity as CTU would have to disburse the entire amount collected by us without retaining the 25% of the amounts so collected under short term open access. As a result of this regulation we do not earn revenue from the transmission charges collected under short term open access by POSOCO anymore.

Merchant power plants and captive power plants across the country have taken advantage of short-term open access.

Medium Term Open Access

"Medium term open access" means the right to use the ISTS for a period between 3 months and 3 years. Application for medium term open access is made to us as CTU and may be made by a generation station, including a captive generating plant, a consumer, an electricity trader, distribution licensee, or a State Government.

Medium term open access is to be granted if the resulting power flow can be accommodated in the existing transmission system or in a transmission system under execution, as the case may be. Augmentation is not to be carried out to the transmission system for the sole purpose of granting medium term open access. After consideration of the application and studies, the CTU may grant or reject an application or reduce the time period or the amount of power requested in the application. After the grant of medium term open access, an applicant is to sign an agreement for sharing the transmission charges that will form a part of the medium term open access agreement. After signing the medium term open access agreement, the applicant submits a bank guarantee to the CTU equivalent to the estimated transmission charges of two months.

Long Term Open Access

"Long-term open access" means the right to use the ISTS for a period of 12 to 25 years. Pursuant to CERC mandates, we are responsible for the management of the long term access system for inter-state transmission. A customer can apply for long term access to the CTU. We review applications from long term access customers, generally IPPs, and carry out system studies to ascertain whether the long term open access be immediately implemented or whether additional system strengthening is required. In cases where system strengthening is required, we consider the additional transmission elements necessary for the customer to access the system and the proposal is discussed and formalized in the regional transmission planning forum and Regional Power Committee of the concerned region(s). Our goal under the long term open access system is to evolve the optimal national transmission system while keeping in mind the existing and predicted transmission system, relevant time frames and available information of the power system. Once the applicant is granted long term open access, we enter into a LTAA with the CTU/inter- state transmission license.

In the event that augmentation of the transmission system is to be undertaken, the applicant submits a construction phase bank guarantee as specified in the detailed procedures of the CTU under Regulation 27(1) of the Central Electricity Regulatory Commission (Grant of Connectivity, Long Term Access and Medium Term Open Access in Inter – State Transmission and Related Matters) Regulations, 2009 (the "**Detailed Procedure**"). As specified in the terms and conditions of the Detailed Procedure, it takes about nine months for pre-investment activities in addition to construction time for the completion of the transmission project.

As part of the our mandate as CTU to facilitate the implementation of non-discriminatory long - term access to IPPs with target beneficiaries, on May 31, 2010, CERC accorded regulatory approval for the execution of nine high capacity transmission corridors with HVDC links/765 kV UHVAC lines with an estimated cost of approximately ₹580,600 million, to facilitate the evacuation of power from various generator projects currently being developed by IPPs across the country. Further, on December 13, 2011, CERC accorded regulatory approval for the execution of two additional high capacity transmission corridors with an estimated cost of approximately ₹171,200 million. The total estimated cost of these 11 high-capacity corridors is approximately ₹751,800 million. Majority of these projects are being implemented by us. We have started implementing most of these schemes, the tariffs for which shall be recovered from all designated ISTS customers in accordance with the Fiscal 2010-2014 CERC Regulations.

Grid Management and Load Despatch Function

A crucial aspect of the operation of an electric power system is the management of load despatch in real time with reliability and security on an economical basis. The NLDC was constituted pursuant to a MoP notification dated March 2, 2005 and commenced commercial operation beginning April 1, 2009. The NLDC is responsible for monitoring the operations and grid security of the national grid and supervises the scheduling and dispatch of electricity over inter - regional lines in coordination with the RLDCs. Our wholly - owned subsidiary, POSOCO, was established in March 2009 to oversee the real time grid management and load despatch function of our operations. POSOCO received a certificate of commencement of business in March 2010 and began operating the NLDC and the RLDCs with effect from October 2010. Further, we modernised the five RLDCs and SLDCs and their communication networks, down to the level of individual substations.

Based on the declared capacity of inter-state generating stations and the entitlements of states/beneficiaries, daily generation schedules are prepared. Deviations from these schedules by either generators or customers attract unschedule interchange ("**UI**") charges. Under regulations notified by CERC, the RLDCs maintain and operate a "Regional UI Pool Account" for settlement of UI payments. Generators or customers drawing above the generation schedules make payments into the pool account and the payments are distributed to generators or customers drawing below the generation schedules. The payments are made on a pro rata basis from the available balance in the Pool Account. The liability of the RLDCs is limited to the amounts realized.

In certain circumstances, including in the case of unscheduled demand or unscheduled supply, there can be mismatches of demand and supply of electric power across our system. In such circumstances, the ISTS may be put under strain, and our Company, acting as the load despatch manager, may instruct generators to curtail their generation or load centers to refrain from drawing the power they are seeking to draw, notwithstanding their regular contract arrangements. We earn fees and charges determined by the CERC (Fees and Charges of Regional Despatch Centres and Other Related Matters) Regulations, 2009.

NLDC has also been designated as the Central Agency for implementing the renewable energy certificate mechanism, a framework provided by CERC for trading in renewable energy certificates.

Role in Distribution and Rural Electrification

In general, "distribution" refers to the movement of electric power after it leaves transmission networks, which generally carries electricity at very high voltage levels from substation to substation, and moves downstream towards individual consumers. The electric power distribution system in many parts of India is in need of modernisation in addition to capacity expansion and sectoral reforms, especially in certain rural sectors of India where the system is still being developed. The GoI has taken a number of initiatives to improve electric power distribution in general and rural electrification, in particular. The distribution strengthening schemes in urban and semi - urban areas were taken up under APDRP during Tenth Plan (designated as R-APDRP during Eleventh Plan). Rural electrification was taken up by the GoI under the RGGVY in April 2005.

Under the RGGVY, we provide and establish on behalf of state utilities, electricity infrastructure to un-electrified and partially electrified villages along with free electricity service connections to households identified as falling below the poverty line. We have entered into quadripartite agreements involving the respective State Government, SEB or State Discom and the REC, to implement rural electrification projects on behalf of distribution utilities in the states of Bihar, Uttar Pradesh, West Bengal, Gujarat, Rajasthan, Odisha, Assam, Tripura and Chhattisgarh. These projects entail the progressive provision of infrastructure for villages in India.

The GoI, State Governments and state utilities finance the RGGVY projects. We are paid for our services under each programme, but we do not make our own investments in any of these schemes or projects. Where we implement a scheme or project, we are typically paid an amount covering the entire project cost plus an additional amount as a fee. The turnkey contractors and others who contribute to the implementation of the scheme or project are paid out of the funds received.

Our Other Businesses

Consultancy

Since Fiscal 1995, our company has provided consulting services in the transmission and distribution sector, including in grid management and capacity building to over 160 clients (including 22 international clients and about 145 domestic clients (excluding telecom clients) in over 460 domestic and 55 international projects. As at September 30, 2013, we were engaged in providing consultancy services to our clients in over 116 domestic and 20 international projects.

We secure our consultancy assignments through bidding processes as well as direct marketing. We believe that the range and depth of our in - house expertise in transmission, distribution, telecom, consultancy, project planning, design, engineering, load despatch, financing and project management allows us to obtain assignments at the domestic and international level. We staff our assignments with teams of specialists from throughout our organisation. Employees take on consulting duties that fit within the areas of expertise they have developed by working in our core business. Our domestic clients list covers public and private power utilities in India.

We have undertaken and are currently undertaking international transmission, grid management, capacity building and consultancy assignments in 14 countries namely, Afghanistan, Bangladesh, Bhutan, Congo, Ethiopia, Kenya, Kyrgyzstan, Myanmar, Nepal, Nigeria, Pakistan, Sri Lanka, Tajikistan and the United Arab Emirates. We have been associated with the construction of the 220/110/20 kV Chimtala substation and the Pul-e-Khumri - Kabul 220 kV double circuit transmission line in Kabul, Afghanistan, that was completed by us pursuant to a consultancy assignment from the GoI, and was inaugurated in May 2009. This project was completed in testing terrain at altitudes ranging from 1,800 meters above sea level to more than 4,000 meters above sea level in temperatures as low as -30 degrees Celsius. With the commissioning of the Chimtala substation and associated transmission system, Kabul started receiving approximately 150 MW of power from neighbouring Uzbekistan. This infrastructure project undertaken in Afghanistan allows the residents of Kabul to enjoy the benefits of a stable source of electricity.

We are currently undertaking the consultancy for construction of 220/20 kV Doshi and Charikar substations in Afghanistan. We are also providing engineering consulting services for the Hetauda - Dhalkebar - Duhabi 400 kV transmission line project in Nepal as well as for the implementation of various transmission projects in Kenya.

Our assignments tend to fall into one of the following broad categories:

- Electricity distribution strengthening schemes and rural electrification;
- The execution of transmission and communication system related projects on a turnkey basis;
- Engineering consulting assignments for Indian utilities and utilities in other countries; and
- Capacity building.

We have provided our consultancy from concept to commissioning to Power Grid Company of Bangladesh Limited ("**PGCB**"), in relation to its 500 MW HVDC back to back station at Bheramara and the associated transmission line, which led to formation of India-Bangladesh Electricity Grid interconnection which became operational in September 2013, paving way for power transfer initially from India to Bangladesh.

In addition, we have submitted expressions of interest to clients in various countries including Uganda, Rwanda, Republic of Benin, Ghana, Togo, Georgia, Ukraine, Nepal, Laos, Mozambique, Vietnam, Nigeria, Cameroon, Poland, Zimbabwe, Myanmar and Bangladesh to participate in international competitive bidding for feasibility studies, engineering consultancy, capacity-building and EPC/BOOT projects.

We are paid part of our project cost or consultancy fee as an advance and the balance either in milestone-based payments or in regular periodic payments upon our raising of the invoice. In Fiscal 2013, our income from our consultancy business (on a consolidated basis) was ₹3,132.4 million. As at September 30, 2013, income from our consultancy business (on a standalone basis) was ₹3,078.9 million. We believe that we provide a high level of customer satisfaction in respect of our consultancy services evidenced by repeat orders received for consultancy services from customers who had previously used our services.

We seek to leverage our experience in the power transmission and telecommunications sector to continue to expand our consultancy business in India and abroad.

The following table sets forth certain information in respect of a selection of our significant domestic and international consultancy projects:

Project	Year Engaged
Completed Domestic	
Strengthening of sub-transmission scheme in Bihar under Phase I	Fiscal 2004
System Strengthening works for New Delhi Municipal Corporation	Fiscal 2008
Design of Special Towers for Hooghly River crossing for CESC Limited	Fiscal 2010
Completed International	
Turnkey execution of 220 kV D/C Kabul to Phul-e -Khumri Transmission line and substation at Chimtala	Fiscal 2006
Consultancy assignment for 220 kV D/C Transmission Line from Khimt - Dhalkeber (75 Km) in Nepal for NEA	Fiscal 2012
Consultancy Services for Short term strengthening of India-Nepal Interconnection	Fiscal 2012
Ongoing Domestic	
Establishment of on-line High Power Short Circuit Test facility for National High Power Test Laboratory Private Limited	Fiscal 2011
Comprehensive Transmission and Distribution Scheme in six North Eastern States	Fiscal 2012
Execution of Transmission System at various voltage levels for Jharkhand State Electricity Board	Fiscal 2012
Ongoing International	
Construction of 220/20 kV substations in Doshi and Charikar in Afghanistan	Fiscal 2011
Consultancy services for 230kV transmission system associated with Thahtay Chaung Hydro Power Project at Myanmar	Fiscal 2012
IFC consultancy services project (CASA-1000) for higher voltage electricity transmission line	Fiscal 2014

Telecommunication

We have diversified into the telecommunications business since 2001, utilising our nationwide transmission system to create an overhead fibre-optic telecommunication cable network using OPGW on our power transmission lines and we use our nationwide transmission infrastructure for providing bandwidth to telecom players in India. As at September 30, 2013, the telecommunications network consisted of approximately 29,279 kilometers and connected 290 Indian cities and towns, including all major metropolitan areas. The availability of our telecommunications backbone network has been consistently maintained at 99.92% during Fiscal 2013. Our system offers a number of advantages over a typical underground optic fibre networks, being secure and free from rodent menace and vandalism.

Our telecommunication network benefits from the extensive geographic reach of our power transmission network and covers substantially all the main territories of India.

We have received the following licenses to provide telecom infrastructure services: Infrastructure Provider Category I (Registration) to establish and maintain telecom assets such as dark fibre, right of way and duct space from November 2002; ISP Category - A license to provide access to internet services (except telephony) on an all - India basis for a period of 15 years from May 2003; and an NLD license allowing provision of leased circuits for end - to - end domestic bandwidth services for a period of 20 years from July 2006.

Our network deploys a DWDM system and SDH (n X STM 16) systems and MPLS VPN for providing data services.

Our telecom customers lease point-to-point bandwidth on our telecom network pursuant to capacity agreements that are essentially service agreements. The term of such agreements vary from a period of one year to 15 years with provisions for extension on mutually agreed terms and conditions. The tariffs for these customers are as per TRAI notified rates with appropriate industry prevalent discounts. We have been leasing bandwidth on this network to more than 106 customers, including IDEA Cellular Limited, Reliance Communication Limited, Aircel Limited, RailTel Corporation of India Limited, Assam Electronics Development Corporation Limited (AMTRON) and Sify Technologies Limited. We seek to provide high reliability, high quality telecommunication services in a cost effective manner to end-user customers. In Fiscal 2013, revenue from our telecommunication business (on a consolidated basis) was ₹2,313.9 million. During six months ended September 30, 2013, our revenue from our telecommunication business (on a standalone basis) was ₹1,465.0 million.

We signed an agreement on September 16, 2010 with the National Informatics Centre and National Informatics Centre Services Inc. to be a service partner for the NKN for a period of ten years till December 31, 2019 for an estimated aggregate revenue of ₹9,000 million. NKN was approved in March 2010 by the Cabinet Committee on Infrastructure. The purpose of NKN is to provide connectivity to approximately 1,500 educational, government, agricultural, health care and research institutions by way of a high speed, reliable and secure data communication network in order to encourage sharing of knowledge, specialized resources and collaborative research.

We have been nominated as one of the agencies for implementation of the GoI NOFN Project the purpose of which is to connect approximately 250,000 gram panchayats (village councils) in the country with an estimated cost of ₹2,00,000 million to form a seamless fibre-optic network, utilising the existing fibre-optic network of BSNL, RailTel and the Company. The NOFN is being executed by Bharat Broadband Network Limited ("**BBNL**"), a GoI enterprise. While the GoI funds this project, State Governments are to provide free right of way and co - location facilities. We have received an allotment letter from BBNL for development and maintenance of the NOFN network in four states, namely Andhra Pradesh, Himachal Pradesh, Jharkhand and Odisha, covering about 35,791 gram panchayats on a deposit work basis. The work is to be carried out in about 89 districts covering 1,769 blocks across these four states. The estimated cost of the project allotted to us is ₹24,340 million. We will get a centage of 10% of the project cost. An agreement to lease fibre for NOFN project was signed on January 31, 2013 and a detailed project development agreement for project execution was signed on May 21, 2013.

A map of our telecom backbone network is set forth below:

TELECOM BACKBONE NETWORK

Source: Company

NEW INITIATIVES

We have taken various initiatives to use our resources efficiently and are working across institutional boundaries to set up new standards of success.

Smart Grid Technology

Smart Grid is a technology platform which seeks to integrate the latest technologies in the field of information technology, communication and automation with electrical grids. The technology has implications for the entire power value chain including power generation and distribution and, also the end consumers. This technology allows controlled bi-directional flow of power and information between sources (generators) and sinks (consumers) on a real time basis. This helps ensure reliability and efficiency in power supply, helps maintain sustainability of supply through renewable integration, encourages active demand side participation, promotes a green and clean environment and provides incentives for efficient production, transmission, distribution and consumption of electricity.

In order to promote the use of such technology, we, jointly with the Electricity Department of Government of Puducherry, are developing a pilot project based on Smart Grid technologies. The project is being developed through open collaboration with equipment manufacturers, academicians, solution providers, consultants. Almost all the attributes of Smart Grid have been successfully integrated at Smart Grid control centre at Puducherry to showcase the efficacy of technologies. This pilot project will contribute, inter-alia, towards indigenization of technology, proof of concept in Indian conditions, knowledge sharing and capacity building, development of scalable and replicable model, demonstration of benefits to stakeholders, ground work for policy advocacy, regulations and standards and evaluation of commercial mechanism, among others. We have prepared detailed project reports on the applications of smart grid solutions for power distribution of towns such as Firozabad, Bidhuna, Shikohabad, Kanpur, Katra, Gulmarg, Puri, Leh, Silvassa, Dholera, Pahalgam and Muzzafarpur.

We have implemented real time smart transmission projects applying WAMS using synchrophasor technology in all five regions of the country as pilot projects. These WAMS systems facilitate improved monitoring and visualization and enhanced situational awareness of the grid events on real time. Recognising the need for fullscale deployment of synchrophasor technology in the grid, we have undertaken URTDSM project integrating all State and Central grids. The project involves placement of PMUs at all 400 kV and above substations, generation switchyards of 220 kV and above generating stations, HVDC terminals and phasor data concentrator at SLDC, RLDC and NLDC control centres along with backbone communication infrastructure. This will enhance the efficiency of the overall grid management in the present scenario of meshed networks and open electricity market regime. We have obtained regulatory approval for the implementation of the above URTDSM scheme.

Strategic Alliances

We intend to enter into the manufacturing of transmission line towers, conductors and equipment through joint ventures with raw material manufacturers. We have signed memoranda of understanding to explore the opportunity of manufacturing conductors with National Aluminium Company Limited and transmission line towers with Rashtriya Ispat Nigam Limited and SAIL, including research and development. We entered in MoU with RITES in July 2013 for development of transmission and distribution systems. We are entering into strategic alliances for backward integration in order to be able to control our costs effectively to bid competitively in the TBCB projects, since most of our suppliers are now competing with us under the TBCB route.

Energy Efficiency

We have created a dedicated energy efficiency department and intend to undertake sustainable development projects and activities such as implementing energy efficiency and conservation measures in our own as well as on other organizations/establishments. In light of the GoI policy regarding mandatory energy audits and efficiency improvement for commercial establishments, we, with our large team of qualified, experienced electrical engineers, see this area as a business opportunity. We have a team of certified energy auditors and have implemented training initiatives for the certification of additional engineers by BEE to support the Company. We expect to acquire a strategic position in this field through this venture. We are in the process of registering with BEE as ESCO to undertake energy saving projects on shared savings basis. In this regard, as a pre-requisite, we have been assigned by CARE a 'Care BEE Grade 1' (the highest in their grading scale).

Intra State Transmission and Distribution

We are playing a major role in development of sub-transmission (intra-state) and distribution areas to reshape the electricity market. We are extending our support to state transmission and distribution utilities across the country in capacity building and implementation of advanced technologies. We also intend to develop intra-state transmission systems through joint ventures with several states. In this direction, we have already entered into joint venture agreements with the State Governments of Bihar and Odisha for developing intra state transmission.

Further, we have taken steps to improve the distribution system, which is the revenue realisation segment in power delivery chain, by advocating for segregation of the distribution wire business from power supply and trading activity so as to create a commercially viable and reliable distribution system and make open access in the distribution system a reality. We intend to undertake wire business distribution and operational management of distribution circles through management contracts for reduction of aggregate technical and commercial losses, improvements in outage rate, improvement in distribution quality and reliability and implementation of smart grid technology. In this direction, we have approached the Odisha Electricity Regulatory Commission to invest in high temperature distribution system and have made an application in October 2012 for a licence to participate in the distribution wire business in CESU area of Odisha. Public hearing of the licence application was concluded in April 2013 and we are awaiting approval of the licence.

Green Energy Corridors

India is focusing attention on harnessing green energy; integration of renewable energy resources with the grid is India's top priority for both energy security and carbon emission reduction. The GoI is taking various initiatives to expand renewable energy capacity. In its Twelfth Five Year Plan the GoI targets the addition of more than 30,000 MW generation capacities. We have developed a comprehensive master plan for grid integration of renewable energy capacity addition in Twelfth Five Year plan across India through Green Energy Corridors. The master plan covers intra-state and inter-state transmission systems and mitigating measures for grid interconnection of variable and intermittent renewable energy. It also includes other control infrastructure like forecasting tool for renewable generation, establishment of renewable energy management centers, provisions for flexible generation and reserves, energy storage, smart grid applications like demand side management and demand response. The blue print of master plan prepared by us was jointly released by MoP and the MNRE. The process for implementation of Green Energy Corridors, with an anticipated capacity of approximately 33GW, has been initiated.

RESEARCH AND DEVELOPMENT

For the optimum utilization of right of way and effective grid operation and management, we deploy technologies. We have established the 765kV EHVAC and +/-500kV HVDC technologies, and as our next step in order to meet the expected accelerated growth, we have undertaken initiatives to develop UHVAC and DC systems to meet the requirement of bulk power transmission over long distances. We are currently establishing a +/- 800 kV, 6,000 MW, HVDC, bi-pole line from the north east/eastern region to the northern/western region that we intend to transmit power over a distance of approximately 1,720 kilometers and also a +/- 800 kV, 3,000 MW HVDC, bi-pole line from the western region to the northern region transmitting power over a distance of approximately 1,350 kilometres. Most of the AC corridors are being implemented with 765kV transmission systems. We are facilitating indigenous development and field testing of 1,200 kV UHVAC transmission system by establishing a 1,200 kV National Test Station at Bina, Madhya Pradesh, parts of which achieved successful test charging in January, February, May and October 2012, in collaboration with Indian equipment manufacturers through public-private partnerships.

A portion of the 1,200 kV switchyard with equipment and 1,200 kV S/C (Single Circuit) line was successfully charged in Fiscal 2012 and 1,200 kV D/C (Double Circuit) was successfully charged in Fiscal 2013. The basic infrastructure and logistics being provided by us are being used by equipment manufacturers for installation, operation and field testing of 1,200 kV equipments.

We are considering HTS cable technology as a possible solution for bulk power transmission at negligible losses and reduced right of way. We are also exploring the application of Superconducting Fault Current Limiter (SFCL) and Superconducting Magnetic Energy Storage (SMES) technologies to further improve the system reliability and efficiency. Moving towards the next generation of substation automation, we are also implementing process-bus technology as a pilot project. We are also undertaking development of 400kV mobile substations.

In order to fulfill a need for the creation of facilities for short-circuit testing of transformers we, along with equal equity joint venture partners NTPC Limited, NHPC Limited and Damodar Valley Corporation incorporated the NHPTL pursuant to a joint venture agreement executed in April 2009 as supplemented by an agreement in May 2009. As of February 2012, CPRI also became an equal joint venture partner in NHPTL. This entity is establishing a fully independent, stand alone, on-line high power test laboratory to undertake a full range of short circuit testing for the electrical equipment manufacturing industry and power utilities. The Board of directors of NHPTL has accorded an investment approval of ₹2,986.4 million in January 2011 for setting up the online High Power Short Circuit Test laboratory. The testing laboratory is being established at our Bina substation in the Western region in four stages. Stage I and II has been taken up simultaneously and, when complete, will facilitate short circuit testing of large power transformers up to 400 kV and 765 kV voltage levels, for short-circuit withstand capabilities.

Our R&D efforts have helped us devise innovative tower designs, reducing the right of way requirement for our towers from 85 meters to 69 meters for a +/- 800 kV HVDC line and from 52 meters to 46 meters for a 400 kV DC and AC line. In addition, the pole-type structures implementation for 400 kV lines in urban areas has reduced the right of way requirement.

HUMAN RESOURCES

We believe that our employees are key contributors to our success. Our success depends to a great extent on our ability to recruit, train and retain high quality professionals. Accordingly we place great importance on the human resources functions in our organization. We recruit employees through open advertisements and on campus recruitments with reputed technical and management institutes of the country. We believe that our strong brand name, industry leadership position, wide range of growth opportunities and focus on long-term professional development give us significant advantages in attracting and retaining highly skilled employees.

The number of our employees excluding directors and the Chief Vigilance Officer as at March 31, 2009, March 31, 2010, March 31, 2011, March 31, 2012 and March 31, 2013 was 8,214, 9,162, 9,775, 9,670 and 9,347, respectively. As at September 30, 2013 the number of our employees was 9,415. The decrease in employee numbers in Fiscal 2013 was due to optimization of manpower through technology development and various measures to more efficiently deploy manpower.

In the period from Fiscal 2009 to Fiscal 2013 (on a standalone basis), (i) the total gross assets per employee has grown at a CAGR of 15.1%; (ii) the total transformation capacity per employee has grown at a CAGR of 16.2%; (iii) the total revenue per employee has grown at a CAGR of 17.5% and (iv) the profit after tax per employee has grown at a CAGR of 21.8%.

We undertook a number of HR initiatives during the year in response to intensifying competition for trained manpower. During the year, to nurture and develop the existing manpower, a series of long duration training and development interventions, both functional and developmental, were carried out with focus on building leadership capabilities, strategic orientation and skills to suit new as well as existing businesses.

In Fiscal 2013 around 7,557 employees were provided various refresher and advanced level of training for competency enhancement. The trainings were through class room, on-the-job and nomination to external training providers. Special emphasis was placed on training employees in various critical functional areas on a third-party certification basis. We collaborated with premier technological and management institutes in India to provide quality training and research. It included both short term and long term training and certification programs. In particular, hands-on training was given at the premises of manufacturers of equipment related to transmission systems to the working level employees to enhance competencies in their respective areas. We believe that human resources development initiatives played a vital role in enhancing productivity and positive work culture in the organisation.

Unions

We believe that we have a harmonious relationship with our workers' unions. Substantially all of our employees at the workman level are affiliated with labour unions. In recent years, we have had no instances of strikes or labour unrest. Most of our establishments have unions that are registered under the Trade Union Act, 1926. These unions are affiliated with the major central government employee federations, namely the Bharatiya Mazdoor Sangh, the Center for Indian Trade Unions and the Indian National Trade Union Congress.

ENVIRONMENTAL POLICY

The MoEF of the GoI is the nodal agency for the planning, promotion, coordination and oversight of India's environmental and forest policies and programs. The MoEF has issued notifications under the Environment (Protection) Act, 1986 ("**EIA**") in 1994, 1999 and 2006 prescribing the procedure with respect to environmental impact assessments for the commencement, expansion or modernization of industrial or mining operations. While the EIA and associated notifications do not generally require environmental clearance to be obtained for electrification or for the construction of new transmission lines, such environmental clearance is mandated for certain areas of Aravali range in the districts of Alwar in Rajasthan and Gurgaon and Mewat in Haryana. Prior approval under the Forest (Conservation) Act, 1980 is mandatory when our transmission lines are to be constructed through notified forest areas.

We are committed to achieve the goal of sustainable development and have also realized that given the scale of our operations, it is inevitable that there will be some impact from our operations on both the natural environment and communities that we help to support. Therefore, in order to address these environmental and social issues effectively, we have taken pro-active approach and developed our comprehensive "Environmental Social Policy and Procedures" ("**ESPP**") in April 1998 through nationwide consultation involving stakeholders, local communities, representatives from MoP, MOEF, CEA, State electricity boards, allied organizations, academia, NGOs, multilateral funding agencies and project affected persons. Our ESPP policy reiterates our commitment to the goal of sustainable development and conservation of nature and natural resources. While continually improving our management system, accessing specialist knowledge and introducing state of the art and internationally proven technologies, we would follow the basic principles of avoidance, minimisation and mitigation in dealing with environmental and social issues. We will also undertake restoration and enhancement as necessary in accordance with our ESPP.

The ESPP provides a framework for the identification, assessment and management of environmental and social concerns at both organisational and project level. At the project level, the ESPP is behind our efforts to reduce transmission corridor requirements by using multi-circuit and compact towers and to limit the number of trees removed by using higher towers. The ESPP spells out our commitment to ensure total transparency through a well defined public consultation process as well as the dissemination of relevant information about a project at every stage of its implementation.

In regard to the environment, the ESPP stipulates (i) avoidance of operations in environmentally sensitive areas, economic sensitive zones, forests, sanctuaries, natural parks, tiger/biosphere reserves and coastal regulation zone covered coastal areas, (ii) consideration of the environmental implications of location, terrain, and sensitive areas in impact identification and mitigation of these with innovative/practical engineering solutions, (iii) application of efficient and safe technology practices, (iv) abatement of pollution in all activities and operations and (iv) minimization of energy losses and promotion of energy efficiency.

To further the social objectives, the ESPP aims at (i) taking due precautions to minimize disturbance to human inhabitations, tribal areas and places of cultural significance, (ii) taking due care of project affected people , (iii) involving affected people from inception stage to operation and maintenance, (iv) consulting affected people in issues of ROWs, land acquisition or loss of livelihood, (v) encouraging consultation with communities in identifying environment and social implications of projects, (vi) paying special attention to marginalized and vulnerable groups and securing their inclusion in overall public participation, (vii) guaranteeing entitlements, and compensation to the affected people as per its rehabilitation and resettlement policy, (viii) sharing information with local communities about environmental and social implications and (ix) maintaining highest standards of health and safety and adequately compensating affected people in case of any eventuality.

When we obtain loans from multilateral funding agencies and we are required to comply with their environmental and social safeguard policies, along with the policies statutorily mandated by the country in which we are operating. We have had our environmental and social safeguard policies recognised by The World Bank, which has selected our ESPP for "Use of Country Systems" in India. Our selection by The World Bank has reduced transaction costs and simplified obtaining loans by eliminating prior bank approval of environmental and social assessment reports, which has reduced transaction costs.

As per the ESPP our endeavor is to locate substations on government/ waste land as far as possible and in the absence of government land, private land may be selected keeping in mind to minimize the social impact on account of land loss. The site selection is planned on the basis of avoiding irrigated land, homestead land/houses, religious structures, cultural property or public infrastructure. In case of acquisition of private land a detailed social assessment by independent agencies is carried out to ascertain the impact and to prepare a management plan to address these impacts. The management plan (rehabilitation action plan) also includes measures for overall development of the area through community development work. We strictly follow the procedure laid down under the applicable Indian land acquisition laws, when land is acquired for the construction substations.

Our first sustainability report was published in 2010 and by publishing this report we became the first PSU in Indian power sector to do so. We also published our second biennial report for the years 2009 to 2011 in 2013. This report was based on GRI-G3 guidelines and followed international standards for accountability like AA1000:2008 APS and AA1000:2011 SES to make the process inclusive with focus on material aspects and responsiveness. Moreover, in contrast to our first sustainability report which was validated internally our second sustainability report was duly validated externally by accredited assurance provider M/s TUV Rhineland India Limited. Through our efforts towards conservation during the construction of transmission lines and substations, the forest land involvement as a percentage of total land utilization has been brought down from 6% in 1998 to 0.87% in 2010-11.

As part of our sustainability development efforts we have installed a waste paper recycling plant at our substation located at Gurgaon in September 2012. The recycled paper from the plant is being used to cater the stationery requirements at our offices.

CORPORATE SOCIAL RESPONSIBILITY

Along with addressing rehabilitation and resettlement issues through our ESPP, we formulated a CSR policy in 2009 that addresses the issue of community development in the vicinity of our offices and substations where the resettlement and rehabilitation activities under the ESPP have been completed and closed. Since Fiscal 2011, we invest each year in furtherance of our CSR initiatives an amount equivalent to 0.75% to 1% of our net profit after tax from the previous year.

We also intend to invest each year in furtherance of our CSR initiatives, an amount equivalent to at least 2% of our average net profit made during the three immediately preceding financial years, as per provisions of the Companies Act, 2013 which are yet to be notified.

In line with this policy, we have taken up various activities addressing socio-economic issues of affected persons. We currently work in the areas of infrastructure, education, community health, tribal welfare, environment protection, livelihood generation and vocational training.

Based on social development outcomes, we implement need based development in association with local authorities. A major portion of our CSR initiatives was focused on the development of physical infrastructure in villages in the vicinity of our offices and substations. In Fiscal 2012 and Fiscal 2013 we spent ₹249.3 million, ₹228.0 million (on a consolidated basis) respectively and for six months ending September 30, 2013 (on a standalone basis), we spent ₹46.5 million, on CSR activities, including the construction of class rooms, libraries and computer rooms for schools, primary health care centers, drinking and sanitation facilities, check dam and drainage infrastructure, roads, street lights, bus shelters and community centers, skill development programmes for employment and livelihood generation and plantation. These facilities were established to improve value and have multiplier effect on improving the standard and quality of life of affected persons in and around our areas of operations.

INSURANCE

We maintain a self-insurance scheme to cover it against a substantial portion of its business risks. Under this scheme, we contribute an amount equal to 0.1% of the value of gross block of fixed assets (except for the value of assets covered under a mega insurance policy) each year into a self-insurance reserve that it accounts for under its reserves and surplus. In Fiscal 2013, our self-insurance reserve stood at ₹3,734.6 million. As at September 30, 2013, our self-insurance reserve was ₹3,670.5 million. We also maintain a mega insurance policy with independent insurers in respect of risks to substation equipment and other selected assets. Under Mega insurance policy (i) all our equipments in switchyard area of AC substations including TCSC, FSC or SVCs and GIS; (ii) all HVDC systems (including back-to-back and bi-pole systems); (iii) assets, such as transformers and reactors and associated bays, owned by us but installed at SEBs, STUs and power generation facilities; and (iv) all office buildings and their assets. In addition, we insure our load despatch centres against fire and special perils, theft and burglary. Certain of the Company's telecom assets are insured against fire damage and outdoor assets are insured against burglary and certain risks of theft.

COMPETITION

Since 1998, the Indian power transmission sector has been open, as a matter of law and regulation, to possible investment by private entities, domestic and international, as transmission licensees. In 2000, the GoI issued guidelines for private sector investment in power transmission. Pursuant to the Tariff Policy, 2006 which was notified on January 6, 2006, the MoP stipulated that investment by a transmission developer other than a CTU/STU was to be invited through competitive bids and that the tariffs of the transmission projects to be developed by the CTU/STU after a period of five years or when the CERC is satisfied that the situation was suitable to introduce competition through competitive bidding. With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under TBCB. Under TBCB, tariff for such projects is not on cost - plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013, we have secured three transmission projects through TBCB each of which are executed by our wholly owned subsidiaries which were acquired by us as part of the TBCB process.

Nevertheless, there can be no assurance that increased competitive bidding or increased private participation will not have a material adverse effect on us. Some large Indian business houses already have a presence in the Indian power sector, and may seek to expand their operations in the transmission sector. The transmission sector could also attract increased investment from international companies.

Competition in the transmission sector depends on the size, nature and complexity of the project and the geographic region in which the project is being executed. While service quality, technical capability, health and safety history, availability of qualified personnel, as well as reputation and experience are important considerations, price is the major factor in most tender awards. Further, size, scheduling and complexity of certain large scale projects preclude participation by smaller and less sophisticated companies that operate in our industry. Our primary competitors include Sterlite Grid Limited, Reliance Power Transmission Limited, Kalpataru Power Transmission Limited, IVRCL Limited, Larsen & Toubro Infrastructure Development Projects Limited, Lanco Infratech Limited and Patel Engineering Limited, Essel Group and Techno Electric & Engineering Company Limited among others.

Our consultancy business is subject to competition from various competitors in India and abroad. We are generally awarded our domestic consultancy projects without a competitive bidding process on nomination basis as a result of direct-marketing and by virtue of being an integrator of enormous range/depth of in-house expertise. Some of our primary domestic competitors are also currently suppliers of goods/services to our consultancy projects. Most of our international projects are awarded on a competitive bidding process. Our primary international competitors may include Lahmeyer International Gmbh, Fichtner GmbH & Co, KEMA Inc., Energy Services Limited and SMEC International Pty Limited, Mott McDonald Group, Eskom, AF Consult and SMEC International Pty Limited.

In our telecommunication business, we are subject to broad and intense competition for the provision of telecom bandwidth services, particularly from telecom companies with geographically extensive networks. Competition is expected to intensify in the telecommunications services industry in India and there may also be increasing competition from global players. We expect competition to intensify further as new entrants emerge in the industry due to available growth opportunities, as companies in other industries try to expand into the telecommunications services industry and as existing competitors seek to expand their services. Further, consolidation among our competitors may also leave us at a competitive disadvantage. Most of our customers are also our competitors.

CAPITAL EXPENDITURE

Our capital expenditure (i) for Fiscal 2012 (on a standalone basis) amounted to ₹178,140 million as against a target of ₹177,000 million; (ii) for Fiscal 2013 (on a standalone basis) amounted to ₹200,370 million against the target of ₹200,000 million; and (iii) for the six months ended September 30, 2013 (on a standalone basis) amounted to ₹108,945.9 million. Our Board of Directors have budgeted an investment of ₹1,096.8 billion during the Twelfth Five Year Plan. For Fiscal 2014, Fiscal 2015, Fiscal 2016 and Fiscal 2017, the budgeted investment is ₹221,500 million, ₹224,500 million, ₹225,000 million and ₹225,500 million respectively.

RIGHTS OF WAY, LAND AND BUILDINGS

Rights of way and related compensation are dealt with under Sections 67 and 68 of the Electricity Act, read with Section 10 of the Indian Telegraph Act, 1885. We in our capacity as CTU, have been authorized to use power conferred under Section 164 of the Electricity Act. Section 164 of the Electricity Act provides us with certain powers under the Indian Telegraph Act, 1885 (the "**Indian Telegraph Act**") and prohibits us from acquiring land under transmission lines and towers. We are not required to acquire the land for transmission lines and towers as per the provisions of the Electricity Act and rules framed pursuant to G.S.R. 217(E) notified under Section 67 of the Electricity Act. Rather, once we have determined the preferred route for our new transmission line, we exercise powers delegated to us under the law to establish a right of way and then begin construction. Under the provisions of the Electricity Act, all damage caused in the construction of the transmission lines is required to be compensated. In case of resistance, we can approach local authorities to take appropriate enforcement action and to obtain resolution.

Till date the land for substations was acquired by the GoI or the concerned State Governments under the provisions of the Land Acquisition Act, 1894 and was thereafter awarded to us under the provisions of this Act. The Land Acquisition Act will be replaced by the Land Acquisition Act 2013. The Land Acquisition Act 2013 was passed on August 29, 2013 in the Lok Sabha (lower house of the Indian Parliament) and on September 4, 2013 in Rajya Sabha (upper house of the Indian Parliament), and received the assent of the President of India on September 27, 2013. The Land Acquisition Act 2013 will be effective once notified in the Official Gazette. The Land Acquisition Act 2013 provides for certain restrictions on land acquisition. For instance, consent is required from at least 70% of the persons affected by the project when such project is undertaken on a public private partnership basis. Further, there are restrictions on the acquisition of certain types of agricultural land. The Land Acquisition Act 2013 includes provisions relating to payment of compensation to affected persons which is linked to the "market value" computed in accordance with the provisions of the Land Acquisition Act 2013. Compensation for land in rural areas is upto two times the compensation for urban land. A 100% solatium is required to be added to this amount in order to arrive at the final compensation figure. In addition, the Land Acquisition Act 2013 also provides for certain rehabilitation and resettlement benefits to every family affected by an acquisition. Further, no change of land use will be permitted if rehabilitation and resettlement of affected persons is not completed in the manner required under the statute. Once the Land Acquisition Act 2013, comes into force, we may be required to comply with its provisions regarding compensation and rehabilitation with retrospective effect and also in relation to the land acquisitions that we make in the future.

In some instances the land acquisition procedures prescribed under the Land Acquisition Act, 1894 are yet to be completed so as to provide us with clear and absolute title to the relevant land. Furthermore, certain litigation and/or objections have been initiated with respect to some of these properties by the affected persons, primarily with respect to claims of enhancement of compensation for the land acquired, and are pending before various fora and courts in India. In addition, several of our immovable properties for our infrastructure and projects and our offices are owned or leased by us. However the conveyance deeds of certain of these properties will require certain formalities to be completed like adequate stamping and/or registration with the concerned authority, so as to get a clear title.

Our registered office is located at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016, India. Our corporate headquarters is located in Gurgaon. We have nine regional headquarters, located in nine major cities.

LEGAL AND REGULATORY PROCEEDINGS

From time to time, we may be involved in various disputes and proceedings. We are currently a party to certain proceedings brought by various government authorities and private parties.

The total amount involved in the legal actions (including demands and claims by tax authorities and private parties and legal and arbitration proceedings) in connection with such claims against our Company and our subsidiaries was approximately ₹36,991.6 million. Since most of these cases are in trial or in processing, it is difficult to estimate the liabilities that we are likely to sustain as a result of such actions being decided against us. For details, see "***Outstanding Litigation and Material Development***" on page 341.

REGULATIONS AND POLICIES IN INDIA

The following description is a summary of certain sector-specific laws and regulations in India, which are applicable to our Company. The description of laws, regulations and policies set out below may not be exhaustive and are only intended to provide general information to Bidders and is neither designed nor intended to substitute for professional legal advice.

THE POWER SECTOR

"Electricity" is an entry in the Concurrent List of the Seventh Schedule to the Constitution of India. Therefore, State legislatures also have jurisdiction to legislate in the power sector, provided that the State enactment does not conflict with any Central enactment in this sector.

The Electricity Act, 2003 ("Electricity Act")

The Electricity Act was enacted by the Parliament, repealing the Indian Electricity Act, 1910 (which governed transmission, supply and use of electricity), the Electricity (Supply) Act, 1948 (which constituted statutory bodies at the Central, Regional and State levels to govern generation, transmission and distribution of electricity) and the Electricity Regulatory Commissions Act, 1998 (which constituted the Central and State Electricity Regulatory Commissions).

The Central Electricity Authority ("**CEA**") is constituted under the Electricity Act and consists of members appointed by the GoI. Among other functions, the CEA specifies technical standards for construction of electrical plants, electric lines and connectivity to the grid, grid standards for operation and maintenance of transmission lines, and conditions for installation of meters for transmission and supply of electricity, as well as advising the GoI on matters relating to the National Electricity Policy. The Electricity Act also provides for the constitution of a Central Electricity Regulatory Commission ("**CERC**") and State Electricity Regulatory Commissions ("**SERCs**"), or a Joint Commission by agreement between two or more State governments or, in respect of a union territory, between the Central Government and one or more State Governments. CERC's responsibilities include licensing and regulation of inter-State transmission of electricity, determination of tariff for inter-State transmission of electricity, and specifying and enforcing standards with respect to quality, continuity and reliability of service by transmission licensees. The Electricity Act vests SERCs with the responsibility to facilitate and promote efficient transmission, wheeling and inter-connection arrangements within their territorial jurisdiction. In addition, the Electricity Act constitutes an Appellate Tribunal for Electricity ("**ATE**") to hear appeals against orders of an adjudicating officer or the appropriate Commission under the Electricity Act.

The Electricity Act requires a person undertaking transmission, distribution or trading in electricity in any area in the territory of India to obtain a prior license for such activity. The Electricity Act also provides that the CTU or the STU is a deemed transmission licensee. The GoI may notify any Government company as a CTU. Similarly the State Government may notify the SEB or any Government company as STU. A person intending to act as a transmission licensee is required to forward a copy of the application to the CTU or STU, as the case may be, which sends its recommendations to the relevant Commission. The appropriate Commission may specify any general or specific conditions that may apply to a particular licensee or a class of licenses. A license granted under the Electricity Act continues in force for a period of 25 years. The relevant Commission may at any time, if public interest requires, alter the terms of the license or revoke the license as it thinks fit in accordance with the procedure prescribed in the Electricity Act. The Electricity Act empowers the relevant Commission to issue directions to licensees if necessary, and also prescribes a detailed procedure for the sale of the utilities of the licensee in the event the relevant Commission revokes the license. The Electricity Act prohibits a licensee from assigning its license or transferring its utility or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the relevant Commission, or from undertaking any transaction to acquire the utility of any other licensee or merging its utility with the utility of any other licensee, without prior approval of the relevant Commission. The duties of a transmission licensee under the Electricity Act include building, maintenance and operation of an efficient inter/intra State transmission system, and providing non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges or to any consumer who has obtained open access from the relevant SERC on payment of transmission charges and a surcharge thereon in accordance with the Electricity Act. The Electricity Act requires every transmission licensee to comply with the technical standards of operation and maintenance of transmission lines, in accordance with grid standards specified by the CEA.

The Electricity Act provides for the establishment of the NLDC and the RLDC by the GoI. The NLDC and RLDCs are prohibited from trading in electricity and RLDCs are also prohibited from engaging in the business of generation of electricity. RLDCs exercise supervision and control over the inter-State transmission system and their responsibilities include optimum scheduling and despatch of electricity in accordance with the contracts entered into with licensees or generating companies operating in the region, monitoring grid operations, keeping accounts of the quantity of electricity transmitted through the regional grid, and carrying out real time operations for grid control and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the grid standards and the grid code. The RLDC will be operated by a Government company or authority or corporation constituted under a Central enactment, as may be notified by the GoI. The CTU will operate the RLDC until such notification is issued. The concerned State Government is required to establish a State Load Despatch Centre ("**SLDC**") as an apex body to ensure integrated operation of the power system in a State, through supervision and control over the intra-State transmission system. The SLDC is required to comply with the directions of the RLDCs. The CTU is responsible for undertaking transmission of electricity through the inter-State transmission system, planning and coordination relating to inter-State transmission systems with specified authorities and stakeholders, development of an efficient and coordinated system of inter-State transmission lines for smooth flow of electricity from generating stations to load centres, and providing non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges and to any consumer on payment of transmission charges and a surcharge thereon in accordance with the Electricity Act.

The Electricity Act requires the CTU and STUs and every transmission licensee to provide mandatory non-discriminatory open access to their transmission and distribution systems for use by any licensee or generating company on payment of transmission charges and to any consumer on payment of transmission charges and a surcharge thereon in accordance with the Electricity Act. The Electricity Act provides certain principles in accordance with which the appropriate Commission will specify terms and conditions for determination of tariff. Under the Electricity Act, CERC is vested with the authority to determine the tariffs for inter-State transmission of electricity. A transmission licensee may with prior intimation to CERC or the SERC, as the case may be, engage in any business for optimum utilization of its assets, provided that a proportion of its revenues from such business be utilised for reducing its charges for transmission and wheeling.

Tariff Regulations

a. Central Electricity Regulatory Commission (Open Access in inter-State Transmission Regulations) Regulations, 2008

The Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 ("**Open Access Regulations**") provide for procedures in relation to grant of short term open access for energy transfer schedules for use of the surplus capacity available on the inter-state transmission system. Under the Open Access Regulations, bilateral and collective types of transmission services are available to short term open access customers. The Open Access Regulations provide that, wherever the proposed bilateral transaction has a state utility or an intra-state entity as a buyer or a seller, concurrence of the SLDC shall be obtained in advance and submitted along with the application to the specified nodal agency. Further, the Open Access Regulations state that when a state utility or an intra-state entity proposes to participate in trading through a power exchange, it shall obtain a no objection or a prior standing clearance from the SLDC. In case of bilateral and collective transactions, transmission charges for the energy approved at the regional periphery for transmission separately for each point of injection and for each point of drawl shall be payable in accordance with the provisions of Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010, as amended. The intra-State utilities shall additionally pay transmission charges for use of the state network as determined by the respective state electricity commission. In case the state electricity commission has not determined the transmission charges, the charges for use of respective state network the charges shall be payable for the energy approved at the rate of ₹ 80/MWh. Further, non-determination of the charges by any state electricity commission shall not be ground for refusal of open access.

The Open Access Regulations earlier provided that the transmission charges collected by the nodal agency for use of the transmission system other than state network, for a bilateral transaction shall be directly disbursed to the long-term customers after disbursing 25% of such transmission charges to the CTU. However, now the transmission charges collected by the nodal agency for use of the transmission system other than State network,

for a bilateral or collective transaction for each point of injection and each point of drawl is to be given to the CTU for disbursement.
The CTU shall disburse these transmission charges to the long-term customers of the synchronously connected grid where the point of injection or point of drawl is situated, as the case may be, in proportion to the monthly transmission charges payable by them after making adjustments against Long-term Access to target region in accordance with the Central Electricity Regulatory Commission (Sharing of Inter- State Transmission Charges and Losses) Regulations, 2010.

The Open Access Regulations also provide that when directed by the CERC, the NLDC or the RLDC, as the case may be, short-term open access shall not be granted for bilateral transaction (including transactions through power exchange) to the entities and associates of such entities, who consistently and willfully default in payment of specified fees and charges.

b. Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009

CERC notified Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, which came into force on April 1, 2009 and are valid for a period of five years ("**Tariff Regulations**"). The Tariff Regulations apply in all cases where tariff for a generating station or a unit thereof (other than those based on non-conventional energy sources) and the transmission system is to be determined by CERC under Section 62 read with Section 79 of the Electricity Act. The Tariff Regulations provide that tariff be determined based on capital expenditure incurred duly certified by the auditors, or as projected to be incurred up to the date of commercial operation and additional capital expenditure incurred duly certified by the auditors or projected to be incurred during the tariff period. Applications for determination of tariff are required to be made in accordance with the CERC (Procedure for Making of Application for Determination of Tariff, Publication of the Application and other Related Matters) Regulations, 2004 in respect of units of the transmission lines or sub-stations of the transmission system, completed or projected to completed within six months from the date of application. The capital cost admitted by CERC after prudence check (to be carried out based on benchmark norms to be specified by CERC) will form the basis for determination of tariff. The Tariff Regulations provide that in cases where benchmark norms have not been specified, prudence check may include reasonableness of capital expenditure, financing plan, interest during construction, use of efficient technology, cost over-run and time over-run. Debt and equity amounts with respect to a project will be used to calculate interest on loan, return on equity, depreciation and foreign exchange variation. For projects declared under commercial operation on or after April 1, 2009, if equity deployed exceeds 30% of the cost then the equity in excess of 30% will be considered as a normative loan. Where equity deployed is less than 30% of the capital cost, actual equity will be considered for determination of tariff. Tariff on inter-State transmission systems will comprise transmission charge recovery of annual fixed cost consisting of interest on loan capital, depreciation, return on equity, operation and maintenance expenses and interest on working capital. The Tariff Regulations provide the basis for computation of each such component.

The return on equity is calculated on pre-tax basis at a base rate of 15.5% to be grossed up with the Minimum Alternate/Corporate Income Tax Rate for the respective years as per the Income Tax Act, 1961 applicable to the transmission licensee and in case of projects commissioned on or after April 1, 2009, an additional return of 0.5% will be allowed if the project is completed within the stipulated timeline, provided that in case an element of the transmission system is ready for regular service but is prevented from providing such service for reasons not attributable to the transmission licensee, its suppliers or contractors, CERC may approve the date of commercial operation prior to such element of the transmission system coming into regular service.

In case of existing projects, licensees may continue to provisionally bill the beneficiaries or the long-term customers with the tariff approved by CERC and applicable as on March 31, 2009 for the period starting from April 1, 2009 until approval of the tariff by CERC. In case of existing projects applications will be based on admitted capital cost including any additional capitalization admitted up to March 31, 2009 and estimated additional capital expenditure for the respective years of the tariff period 2009-2014. Provided that where the tariff provisionally billed exceeds or falls short of the final tariff approved by the CERC under these regulations, the generating company or the transmission licensee, as the case may be, shall refund to or recover from the beneficiaries or the transmission customers, as the case maybe, within six months along with simple interest at the rates specified in the Tariff Regulations for the period from the date of provisional billing to the date of issue of the final tariff order of the CERC.

Further, where an application for determination of tariff is made for a new or existing project, the CERC may, in its discretion, grant provisional tariff, up to 95%, of the annual fixed cost of the project as claimed in the application, subject to adjustments upon passing of the final tariff orders, provided that recovery of transmission charges, in respect of such project, shall be in accordance with the provisions of the Tariff Regulations.

c. Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009

CERC notified the Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 ("**Connectivity Regulations**") on August 7, 2009 with the objective to provide transmission products of different varieties, standardize procedures, define the timelines and ensure a level playing field among different categories of market players. The Connectivity Regulations provide for the procedures and requirements for obtaining connectivity to interstate transmission system, availing medium-term open access and availing long term access. Applications for the grant of connectivity or long-term access or medium-term open access will be made to the CTU.

Under the Connectivity Regulations, connectivity to interstate transmission system can be sought by any generating plant having installed capacity of at least 250 MW and any bulk consumer having at least a load of 100 MW. Further, an applicant may be required to construct a dedicated transmission line to the point of connection to enable connectivity to the grid, However, thermal generating stations of 500 MW and greater and hydro generating stations or a generating station using renewable sources of energy of capacity of 250 MW and greater, other than a captive generating plant, are not required to construct dedicated transmission lines to the point of connection and such stations are taken into account for coordinated transmission planning by the CTU and CEA. Further, medium term open access is available for any period exceeding three months but not exceeding three years and it will be provided on the basis of availability of transmission capacity in the existing transmission system. An entity who has been granted medium term open access can exit after giving a prior notice of at least 30 days and by paying transmission charges for the period of relinquishment or a period of 30 days, whichever is lesser to the CTU.

Long term access can be availed for any period between 12 years to 25 years which may be further extended by giving a written request of at least six months prior to the expiry of the long term access period. An exit option is available from the long term access without any financial liability if the access has been availed for at least 12 years and an advance notice is given at least one year before such exit.

An exit option can be exercised even before the period of 12 years subject to payment of specified charges provided a notice of at least one year prior to such exit is given.

d. Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010

CERC notified the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ("**Sharing of Charges and Losses Regulations**") on June 16, 2010. These regulations came into force with effect from July 01, 2011 for a period of five years and introduce the point of connection method of sharing the transmission charges of inter-state transmission systems in India, replacing the earlier system of regional postage stamps. These regulations provide that the yearly transmission charges, revenue requirement on account of foreign exchange, rate variation, changes in interest rates and the losses will be shared amongst the users including the power generating stations that are regional entities as defined in the Indian Electricity Grid Code ("**IEGC**"); SEBs/STUs connected with ISTS or designated agency in the State; any bulk consumer directly connected with the ISTS, and any designated entity representing a physically connected entity stated above. All the ISTS users will sign the Transmission Service Agreement (TSA), which also requires these users to pay the point of connection charge, which covers the revenue of transmission licensees. The point of connection tariffs are based on load flow analysis and capture utilization of each network element by the users. These regulations also provide necessary mechanisms for billing, collection and other commercial matters.

e. Central Electricity Regulatory Commission (Grant of Regulatory Approval for Execution of Inter-State Transmission Scheme to Central Transmission Utility) Regulations, 2010

CERC notified the Central Electricity Regulatory Commission (Grant of Regulatory Approval for Execution of Inter-State Transmission Scheme to Central Transmission Utility) Regulations, 2010 ("**Inter-state Transmission Scheme Regulations**") on May 31, 2010. These regulations apply to any scheme proposed by a CTU for the development of inter-state transmission systems in consonance with the National Electricity Plan. The CTU may file an application before the CERC for regulatory approval of identified ISTS scheme, with a project inception report. The CTU will within seven days of making such an application, post the complete application on its website and publish a notice of the application in two leading national newspapers inviting objections/suggestions within a period of one month from the date of publication. The ISTS schemes will be evaluated on the basis of (i) need for the transmission scheme, i.e., technical justification, urgency and prudence of the investment; (ii) cost assessment and possible phasing of implementation; and (iii) a cost-benefit analysis to the users of the proposed ISTS Scheme. The Commission may either approve the ISTS scheme with such modifications, if required or reject the application or require the CTU to submit a fresh application with required particulars. The CTU will implement the transmission elements out of the approved ISTS scheme in accordance with the Connectivity Regulations. The tariff of the ISTS scheme will be borne by the users of the scheme and the transmission charges will be shared among the users based on the sharing methodology specified by the Commission from time to time.

f. Central Electricity Regulatory Commission (Procedures for Calculating the Expected Revenue from Tariffs and Charges) Regulations, 2010

CERC notified the Central Electricity Regulatory Commission (Procedures for Calculating the Expected Revenue from Tariffs and Charges) Regulations, 2010 on April 12, 2010. These regulations will apply in all cases where tariff other than those based on non-conventional energy sources is determined by the CERC. Every generating company or transmission licensee which has made an application for determination of tariff will submit information in the formats with respect to expected revenue from tariffs and charges determined by the CERC from time to time. The formats will be submitted annually under affidavit on or before November 30th of each year containing the financial position for the previous financial year, current financial year and the ensuing financial year. The CERC may adopt such procedures and issue such directions as may be considered necessary for the purpose of validation of data and analysis of the underlying assumptions of the data submitted by the generating company and transmission licensee under these regulations.

g. Central Electricity Regulatory Commission (Standards of Performance of inter-State transmission licensees) Regulation, 2010

The CERC notified the Central Electricity Regulatory Commission (Standards of Performance of inter-State transmission licensees) Regulations, 2012 ("**Standards of Performance Regulations**") on September 17, 2012. The objective of the Standards of Performance Regulations is to ensure compliance with the standards of performance as specified, by the inter-state transmission licensees and to provide for an efficient, reliable, coordinated and economical system of electricity transmission. The Standards of Performance Regulations provide that the transmission system availability must be calculated element-wise on a monthly basis, in the same manner as provided in the Tariff Regulations. Further, the Standards of Performance Regulations lay down the maximum restoration periods for different types of failures of transmission lines and failures of inter-connecting transformers and reactors. Any failure by the inter-state transmission licensee to maintain the standards of performance specified in the Standards of Performance Regulations will make such licensee liable to payment of compensation to an affected person.

h. Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010

CERC notified the Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 ("**Power Supply Regulations**") on September 28, 2010. The Power Supply Regulations provide that generating companies and transmission licensees ("**Regulating Entities**") can implement regulation of power supply in case of (i) non-payment of outstanding dues by the beneficiary, or (ii) non-maintenance of letter of credit or any other agreed payment security mechanism. In the event that the outstanding dues are not paid by the beneficiary to the Regulating Entity within 60 days from the date of service of the invoice, the Regulating Entity may serve a notice on the defaulting entity for reducing the drawl schedule of, or for withdrawal of open access to inter-state transmission system from such defaulting entity. A copy of such notice is required to be forwarded to the concerned SLDC/RLDC, in whose control area the Regulating Entities are situated. Thereafter, within three days of receiving the notice, the concerned state load despatch centre/RLDC, in whose control area the defaulting entity is situated, shall make a plan in writing for implementing the regulation of power supply.. The defaulting entity should restrict its drawl to the revised schedule and deviations, if any, will be subjected to unscheduled inter-change charges. The generating company is entitled to sell the surplus power made available by the restricted drawl entitled to the defaulting entity to any person including any of the existing beneficiaries.. The amount received from the sale of surplus power will be adjusted against the outstanding dues of the defaulting entity. Further, the transmission licensee may request the RLDC to curtail the medium term open access or long term open access of the power supply to the defaulting entity.

i. Draft CERC (Prevention of Adverse Effect on Competition) Regulations, 2012

CERC released the draft Central Electricity Regulatory Commission (Prevention of Adverse Effect on Competition) Regulations, 2012 on August 22, 2012. These regulations once implemented, may be applicable to licensees with respect to investigation and enforcement pursuant to Section 60 and 66 of the Electricity Act. Under these regulations, the CERC may issue appropriate directions to any licensee or generating company (i) if such licensee or generating company enters into an agreement which causes or is likely to cause an adverse effect on competition in the electricity industry; (ii) which on its own or jointly with other licensee or generating company abuses its dominant position causing an adverse effect on competition in the electricity industry; or (iii) which enters into a combination which causes or is likely to cause an adverse effect on competition in the electricity industry.

CERC may inquire into the alleged contraventions above either on its own motion or on: (a) receipt of any complaint from any person; or (b) a reference made to it by the Central Government or a state government or a statutory authority.

National Electricity Policy

The GoI notified the National Electricity Policy ("**NEP**") on February 12, 2005, under Section 3 of the Electricity Act. The key objectives of the NEP are amongst other things stipulating guidelines for accelerated development of the power sector, providing supply of electricity to all areas and protecting interests of consumers. The NEP vests the CTU and the STUs with the responsibility for transmission system planning and development on the national and regional and the intra-State levels, respectively, and requires the CTU to coordinate with the STUs for eliminating transmission constraints in a cost-effective manner. The NEP provides that the network expansion be planned and implemented keeping in view anticipated transmission needs that would be incident on the system in the open access regime. The NEP encourages private investment in the transmission sector, and states that prior agreement with beneficiaries would not be a pre-condition for network expansion and the CTU and STUs should undertake network expansion after identifying requirements in consultation with stakeholders and obtaining due regulatory approvals.

Tariff Policy

The GoI notified the Tariff Policy on January 6, 2006 (as amended), under Section 3 of the Electricity Act, to ensure availability of electricity to consumers at reasonable and competitive rates, financial viability of the sector and to attract investment, promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks and promote competition, efficiency in operation and improvement in quality of power supply and to guide CERC and the SERCs in discharging their functions. The Tariff Policy seeks to achieve optimal development of the transmission network and attract investments in the transmission sector and provide adequate returns, and to balance interests of consumers and other stakeholders, keeping in view availability of energy resources, technology available to exploit these resources, economics of generation using different resources and energy security issues and the need for investments while laying down the rate of return, which should attract investments at par with, if not in preference to other sectors such that the electricity sector is able to create adequate capacity. The Tariff Policy requires CERC to determine the rate of return on equity keeping in view the overall risk and prevalent cost of capital, and to establish norms for capital and operating costs, operating standards and performance indicators for transmission lines at different voltage levels. The Tariff Policy provides that transmission charges under the national tariff framework be determined on MW per circuit kilometer basis, zonal postage stamp basis, or some other pragmatic variant, such that transmission system users share the total transmission cost in proportion to their respective utilization of the transmission system, and that transactions be charged on the basis of average transmission losses arrived at after appropriately considering distance and directional sensitivity, as applicable to relevant voltage levels. The Tariff Policy requires investment by transmission developers other than the CTU or an STU to be invited through competitive bids, provided that after a period of five years or when CERC is satisfied that the situation in India is appropriate, competitive bidding be extended in respect of projects to be developed by the CTU and STUs.

The Tariff Policy stipulates that all future power requirements should be procured competitively by distribution licensees except in cases of expansion of pre-existing projects or where there is a public sector controlled or owned developer involved. In these cases, regulators must resort to tariffs set by reference to cost-plus tariff standards provided that expansion of generating capacity by private developers for this purpose will be restricted to a one time addition of not more than 50 per cent. of the existing capacity. Under the Tariff Policy, even for public sector projects, tariffs for all new generation and transmission projects will be decided on the basis of competitive bidding after January 6, 2011 subject to certain exemptions.

Tariff based Competitive-bidding Guidelines for Transmission Service, 2006

The MoP issued the Guidelines for Encouraging Competition in Development of Transmission Projects on April 13, 2006 and the Tariff based Competitive-bidding Guidelines for Transmission Service, 2006 (collectively the "**TBCB Guidelines**") on April 17, 2006, framed under the provisions of Section 63 of the Electricity Act. The TBCB Guidelines apply to procurement of transmission services for transmission of electricity through tariff based competitive bidding. The TBCB Guidelines aim at promoting, among other things, competitive procurement of transmission services, transparency and fairness in procurement processes and to encourage private investment in transmission lines.

The TPCB Guidelines provide that a Bid Process Coordinator, ("**BPC**"), would be responsible for coordinating the bid process for procurement of required transmission services. For procurement of transmission services, required for any inter-state transmission projects, the Central Government shall notify any Central Government Organization/ Central Public Sector Undertaking or its wholly owned subsidiary (special purpose vehicle) to be the BPC and for intra-state transmission, the appropriate State Government may notify any organization/state public sector undertaking especially engaged for this purpose by the appropriate state government or BPC notified by the Central Government to be the BPC for the state. For procurement of transmission services, the BPC may, at its option, either adopt a two-stage process featuring separate request for qualification and request for proposal or adopt a single stage two envelope tender process combining both.

The successful bidder shall seek transmission license from the appropriate regulatory commission, if it is not a deemed licensee. Upon obtaining such license the bidder shall be designated as the transmission service provider and shall take up execution of the transmission scheme.

Benchmark Norms for Capital Cost

The Tariff Policy provides that at the time of CERC allowing the total capital cost of a transmission project, CERC should ensure that the total capital cost is reasonable and, to achieve this objective, requisite benchmarks on capital costs should be evolved by CERC. Accordingly, CERC by its order (No. L-1/30/2010 – CERC) dated April 27, 2010, notified the benchmark norms in terms of requirement of regulation 7 of the Tariff Regulations. The benchmark norms prescribe the maximum and minimum cost per circuit kms for 400 KV and 765 KV transmission lines as per prescribed parameters. Further on June 16, 2010 the CERC by its order (No. L-1/36/2010 – CERC) approved the benchmark norms for capital cost for sub-stations associated with 400/765 KV transmission system, which will be taken into consideration while determining the capital cost as required under the Tariff Regulation.

Regulatory approval of CERC for development and execution of certain identified transmission systems for evacuation of power from various generation projects planned to be promoted by independent power producers ("IPPs")

CERC by its order dated May 31, 2010, has given its regulatory approval under Regulation 24 read with Regulations 111 and 113 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulations, 2004 to our Company for constructing nine transmission corridors across the country with an envisaged investment of about ₹ 580,610 million. The CERC order dated May 31, 2010 provides for our Company to ensure the execution of evacuation systems required in connection with grant of long term open access to a group of developers for the following High Capacity Power Transmission Corridors ("**HCPTCs**") for 48 IPPs:

1. Transmission system associated with Phase - I generation projects in Odisha;
2. Transmission system associated with IPP projects in Jharkhand;
3. Transmission system associated with IPP projects in Sikkim;
4. Transmission system associated with IPP projects in Bilaspur complex, Chhattisgarh and IPPs in Madhya Pradesh;
5. Transmission system associated with IPP projects in Chhattisgarh;
6. Transmission system associated with IPP projects in Krishnapatnam area, Andhra Pradesh;
7. Transmission system associated with IPP projects in Tuticorin area, Tamil Nadu;
8. Transmission system associated with IPP projects in Srikakulam area, Andhra Pradesh; and
9. Transmission system associated with IPP projects in southern region of the country for transfer of power to other regions.

Additionally, the order provides that, *inter alia*, (i) prior agreement with the users would not be a precondition for network expansion. CTU/STU should undertake network expansion after identifying the requirements in consonance with the National Electricity Plan and in consultation with the stakeholders, subject to receipt of due regulatory approvals; (ii) the nine proposed transmission systems are required to be implemented within time frames matching with the commissioning schedules of the IPPs so that the beneficiaries are not burdened with higher infrastructural development charge; and (iii) transmission charges and its sharing by constituents will be determined by CERC in accordance with applicable regulations on terms and conditions of tariff as specified by CERC from time to time.

TELECOMMUNICATIONS SECTOR

The Department of Telecommunications ("**DoT**") of the Ministry of Communications and Information Technology, GoI, is responsible for formulating and enforcing telecommunication policies, regulations and technical standards, granting telecommunications service licenses, supervising operations and quality of service of telecommunication service provider and maintaining fair market competition among service providers.

The Indian Telegraph Act, 1885 ("Indian Telegraph Act")

The Indian Telegraph Act is the principal legislation regulating telegraphs, which includes any appliance, instrument, material or apparatus used or capable of use for transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature by wire, visual or other electro-magnetic emissions, radio waves or hertzian waves, galvanic, electric or magnetic means. Under the Indian Telegraph Act, the GoI has the power to grant licenses on such conditions and in consideration of such payments as it thinks fit, to any person to establish, maintain or work a telegraph in any part of India. The GoI also has the power to make rules applicable to persons licensed under the Indian Telegraph Act, including rules specifying the rates and other conditions subject to which messages will be transmitted within India, conditions subject to which any telegraph line or appliance of apparatus for telegraphic communication will be established, maintained, worked, repaired, transferred, shifted, withdrawn or disconnected, charges in respect of any application for providing any telegraph line, appliance or apparatus, charges in respect of (i) the establishment, maintenance, working, repair, transfer or shifting of any telegraph line, appliance or apparatus; and (ii) the services of operators operating such line, appliance or apparatus, and the time, manner and conditions under which and the persons by whom such rates, charges and fees will be paid and the furnishing of security for the payment of such rates, charges and fees. The GoI may, at any time, revoke any license granted under the Indian Telegraph Act, on the breach of any of the conditions contained therein, or in default of payment of any consideration payable thereunder. All disputes between the telegraph authority and the licensee will be settled through arbitration. The arbitrator will be appointed by the Central Government. The award of the arbitrator will be conclusive between the parties to the dispute and will not be questioned in any court.

The Indian Wireless Telegraphy Act, 1993("Wireless Telegraphy Act")

The Wireless Telegraphy Act regulates the possession of wireless telegraphy apparatus and prohibits possession of wireless telegraphy apparatus without licence. The Central Government may, by rules made under the Wireless Telegraphy Act, exempt any person or class of persons from this requirement either generally or subject to prescribed conditions, or in respect of specified wireless telegraphy apparatus. The telegraphy authority constituted under the Indian Telegraph Act, is the competent authority to issue licences to possess wireless telegraphy apparatus, and may issue licences in such manner, on such conditions and subject to such payments, as may be prescribed. The Wireless Telegraphy Act provides penalty for possession without license of any wireless telegraphy apparatus, other than a wireless transmitter. The Wireless Telegraphy Act further provides that no license issued under this Act authorizes any person to do anything for which a license or permission under the Indian Telegraph Act is necessary.

The Telecom Regulatory Authority of India Act, 1997 ("TRAI Act")

The TRAI Act provides for the establishment of the Telecom Regulatory Authority of India ("**TRAI**") to regulate the telecommunication services industry. The TRAI Act also provides for the constitution of the Telecom Disputes Settlement and Appellate Tribunal ("**TDSAT**"), the adjudicatory body in this sector. The functions and responsibilities of TRAI include making recommendations either *suo moto* or on request from a licensor in connection with matters such as the need and timing for introduction of new service providers, specifying the terms and conditions of licenses issued to service providers and revocation of licenses for non-compliance with stipulated conditions, ensuring compliance with conditions of licenses, regulating revenue sharing arrangements among service providers, specifying standards of quality of service to be provided by service providers, ensuring effective compliance of universal service obligations ("**USO**"), and rendering advice to the GoI in matters relating to development of telecommunication technology and the telecommunication industry in general. Additionally, TRAI is empowered to specify the rates at which the telecommunication services within and outside India are provided. The provisions of the TRAI Act are in addition to the provisions of the Indian Telegraph Act and the Indian Wireless Telegraphy Act and do not affect any jurisdiction, powers and functions required to be exercised or performed by the telegraph authority in relation to any area falling within the jurisdiction of such authority.

Registration as Infrastructure Provider Category I

Telecommunications infrastructure service providers are required to be registered with the DoT as an Infrastructure Provider Category – I ("**IP-I Provider**") and obtain a certificate in this regard from the DoT ("**IP-I Registration Certificate**"). An IP-I Provider can provide infrastructure such as dark fibres, right of way, duct space and towers on lease / rent out / sale basis to the licensees of telecommunication services on mutually agreed terms, but in accordance with the terms and conditions set out in the IP – I Registration Certificate and the Guidelines for Registration of Infrastructure Providers Category- I issued by the DoT ("**IP-I Guidelines**"). The IP-I Registration Certificate may be cancelled by DoT upon breach of its terms by the IP-I Provider. Further, the IP-I Guidelines require an IP-I provider to be an Indian company registered under the Companies Act.

An applicant for the IP-I Registration Certificate is required to make its own arrangements for right of way. An IP-I Provider has to provide its infrastructure in a non-discriminatory manner. Under the provisions of the IP-I Registration Certificate, the DoT may either take over the equipment and networks of the IP-I Provider or revoke, suspend or terminate the IP-Registration Certificate either in part or in whole as it deems fit, in public interest, in case of emergency or war or low intensity conflict or any other eventuality.

On March 9, 2009, DoT issued a letter regarding scope of IP-I providers. Under this order, DoT clarified that the scope of IP-I providers has been enhanced to cover the active infrastructure, if such infrastructure is provided on behalf of the licensees, i.e. they can create active infrastructure limited to antenna, feeder cable, node B, radio access network and transmission system only for/on behalf of unified access service license/cellular mobile service provider licensees.

The Telecommunication Interconnection Usage Charges Regulations, 2003 ("IUC Regulation")

The IUC Regulation, notified by TRAI with date of effect for actual implementation being February 1, 2004, superseded the earlier regulations dated January 24, 2003, as amended. The IUC Regulations regulate arrangements among service providers for payment of inter-connection usage charges for telecommunication services, covering basic services including wireless loop services, cellular mobile services, and long distance services throughout the territory of India, as well as international subscriber dialing. The charge payable by one service provider to one or more service providers for usage of the network elements for origination, transit or termination of the calls, is called the IUC. The IUC Regulations stipulate a single access deficit charge to be paid to service operators by all basic, cellular, national long distance and international long distance service providers for origination, transit and termination of calls, in place of multiple charges required to be paid under the previous regulations. The IUC Regulations have been amended between 2005 and 2009, wherein, among other things, a ceiling on carriage charges was placed and termination charges for both 2G and 3G were uniformly fixed. TRAI has the right to periodically review and modify the IUC, *suo moto* or on reference from any affected party. TRAI has proposed that the access deficit charge regime be phased out and merged with the universal service obligation fund regime.

NLDO License Guidelines

National long distance carriage of switched bearer telecommunications services beyond the respective service areas of private operators was opened for competition in January 2000, pursuant to which the DoT issued guidelines on December 14, 2005 as amended, for the issue of licenses for the right to carry inter-circle traffic and to facilitate sharing of infrastructure between cellular and other telecom service providers in their areas of operation. Indian registered companies with a minimum net worth of ₹ 25 million and paid up equity share capital of ₹ 25 million are eligible to apply for a National Long Distance Operator ("**NLDO**") Licence. The license for an NLDO is issued on a non-exclusive basis for a period of 20 years and is extendable by 10 years at a time. Telecommunication service providers including NLDO licensees are required to pay a license fee to the GoI on a revenue sharing basis. The annual license fee paid by operators to the GoI including USO contribution shall be 7% and 8% of the adjusted gross revenue for the period from July 1, 2012 to March 31, 2013 and from the year 2013-14 onwards respectively.

Telecommunication Tariff Order, 1999

TRAI had previously specified various ceilings and floor prices for most telecom services. Since the implementation of the IUC Regulation, telecommunications tariffs are regulated by TRAI through the Telecommunication Tariff Order, 1999 as amended from time to time ("**Tariff Order**") on the basis of transparency of tariffs, as well as the following underlying principles:

a) IUC consistent tariffs imply that the service provider be able to meet IUC expenses on a weighted average basis. The relevant weighted average should be of the service segment concerned;
b) Tariffs should be non-discriminatory. Different tariffs should not be charged for calls within the network and outside it when the calls are to the same service area; and
c) Non-predation is linked to the ability to pay IUC expenses while covering own costs.

National Telecommunication Policy, 2012 (the "NTP 2012")

The NTP 2012 was approved by the Union Cabinet on May 31, 2012. The policy envisions providing secure, reliable, affordable and high quality converged telecommunication services. The NTP 2012 lists various strategies in relation to telecommunication infrastructure which include, among others: (i) to review and simplify sectoral policy for right of way for laying cable network and installation of towers for facilitating smooth coordination between the service providers and the state governments/local bodies; (ii) to undertake periodic review of electro magnetic field radiation standards for mobile towers and mobile devices with reference to international safety standards; (iii) to encourage use of innovative methods like camouflaging, landscaping, monopole towers and stealth structures to conform to aesthetic requirements; and (iv) to mandate standards in the areas of functional requirements, safety and security and in all possible building blocks of the communication network, including physical infrastructure like towers and buildings.

Broadband Policy

The Broadband Policy was announced by the Ministry of Communications and Information Technology, GoI, in 2004. Among other features, it encourages the growth of telecommunications infrastructure through the spread of various access technologies including optical fibre networks. It permits access providers to enter into mutually agreed commercial arrangements for utilization of available copper loop for expansion of broadband services, and provides that broadband service providers may franchise operations to cable television network providers.

ENVIRONMENTAL LAWS

The Environment (Protection) Act, 1986 ("**EPA**") vests the GoI with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution, including the power to prescribe standards for emission of environmental pollutants or handling of hazardous substances, inspection of any premises, plant, equipment or machinery, and examination of manufacturing processes and materials likely to cause pollution. There are also provisions with respect to furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts. The MoEF has issued notifications under the EPA in 1994, 1999 and 2006 (collectively, the "**EIA Notifications**"), prescribing the procedure with respect to environmental impact assessment for the commencement, expansion or modernization of industrial or mining operations. While the EPA and the EIA notifications do not generally require environmental clearance to be obtained for electrification and laying of new transmission lines, such environmental clearance is mandated in respect of certain areas of Aravali Range in the districts of Alwar in Rajasthan and Gurgaon and Mewat in Haryana, pursuant to a notification dated May 7, 1992 issued by the MoEF.

Penalties for violation of the EPA includes fine up to ₹ 0.10 million or imprisonment of up to five years or both. Further, in case operations involve clearance of forest land, the Forest (Conservation) Act, 1980, as amended ("**Forest Conservation Act**") requires prior clearance of the GoI, through the MoEF. The penalties for non-compliance under the EPA and the Forest Conservation Act range from closure or prohibition of operations as well as monetary penalties on and imprisonment of the persons in charge of the conduct of the business of the company.

MoEF notification dated February 5, 2013, under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, exempts our Company from obtaining a resolution from Gram Sabhas that our transmission projects using the forest land for non-forest purposes, are in the interest of people living on the forest land, provided that recognized rights of primitive tribal groups and pre-agricultural communities are not affected.

LABOUR LAWS

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 ("**ID Act**") provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or board of conciliation and by an order prohibit the continuance of any strike or lock-out in connection with such dispute which may be in existence on the date of reference. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment, reinstatement of workmen and awarding costs. The ID Act specifies that the tribunals and labour courts shall have the powers of a civil court in respect of enforcement of their decrees. The ID Act also provides workmen direct access to labour courts or tribunals in case of individual disputes relating to termination of services and prescribes a procedure for the voluntary reference of disputes (existing or apprehended) by the employer and workmen to arbitration. Further, establishments having 20 or more workmen are required to constitute a grievance settlement machinery, consisting of equal number of members from the employer and the workmen, for the resolution of disputed arising out of individual grievances.

Depending upon the nature of the activity undertaken by us, additional applicable labour laws and regulations include the following:

- The Employee's Compensation Act, 1923;
- The Payment of Bonus Act, 1965;
- The Employees' State Insurance Act, 1948;
- The Minimum Wages Act, 1948;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952; and
- The Contract Labour (Regulation and Abolition) Act, 1970.

OTHER RELEVANT LEGISLATION

Trademarks Act, 1999 (the "Trademarks Act")

In India, trademarks enjoy protection both statutory and under common law. The Trademarks Act as amended governs the registration, acquisition, transfer and infringement of trademarks and remedies available to a registered proprietor or user of a trademark. The registration of a trademark is valid for a period of 10 years and can be renewed in accordance with the specified procedure.

Foreign Direct Investment

Under India's Consolidated FDI Policy, effective from April 5, 2013, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI, as amended, foreign direct investment ("**FDI**") in the power transmission sector is under the 100% automatic route, requiring no approval from the Foreign Investment Promotion Board ("**FIPB**"). For all telecom service providers including telecom infrastructure providers category - I, providing dark fibre, right of way, duct space and tower infrastructure, FDI up to 49% is under the automatic route and beyond 49% and up to 100% is permitted with the FIPB's prior approval, provided that the applicant as well as investors are compliant with the terms of its license agreement.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on October 23, 1989 under the Companies Act 1956 as ‘National Power Transmission Corporation Limited’, with the responsibility of planning, executing, owning, operating and maintaining the high voltage transmission systems in the country. We received a certificate for commencement of business on November 8, 1990. The name of our Company was changed to its present name ‘Power Grid Corporation of India Limited’ and a fresh certificate of incorporation was issued on October 23, 1992. The name of our Company was changed to its present name from ‘National Power Transmission Corporation Limited’ as its then abbreviated form, ‘NPTC Limited’, had close resemblance to another existing company, namely, NTPC Limited (“**NTPC**”).

As on September 30, 2013, the total number of holders of Equity Shares of our Company was 850,252. Our Company is presently listed on the BSE and the NSE.

For further information on our business including description of our activities, services, market of each segment, our growth, technology, market, managerial competence and capacity build-up, our standing with reference to our prominent competitors, see “***Our Business***” and “***Industry Overview***” on pages 83 and 66, respectively.

Our Company is not operating under any injunction or restraining order.

Transfer of transmission assets from generating units

Initially, our Company was engaged in the management of the transmission assets owned by the central power generating companies such as the NTPC, NHPC Limited (“**NHPC**”) and North-Eastern Electric Power Corporation Limited. Pursuant to the National Thermal Power Corporation Limited, the National Hydroelectric Power Corporation Limited and the North-Eastern Electric Power Corporation Limited (Acquisition and Transfer of Power Transmission Systems) Act, 1993 (“**Power Transmission Systems Act**”) the right, title and interest of these three power generating companies in relation to the power transmission system, comprising the main transmission lines, including the extra high voltage alternative current transmission lines and the HVDC lines, and sub-stations, owned by them, were acquired by the GoI and transferred to our Company, with effect from April 1, 1992. Under the Power Transmission Systems Act, our Company acquired all the rights, liabilities, assets, leaseholds, powers, authorities and privileges and all movable and immovable property relating to the power transmission systems owned by the three generating companies. The Power Transmission Systems Act also provided that all employees of the three generating companies who were associated with power transmission systems would be deemed to be the employees of our Company.

The right, title and interest of Neyveli Lignite Corporation Limited in the power transmission system were transferred to our Company with effect from April 1, 1992 under the Neyveli Lignite Corporation Limited (Acquisition and Transfer of Power Transmission System) Act, 1994. The transmission business of Nuclear Power Corporation Limited, including ongoing and new projects was transferred to our Company with effect from August 1991. The transmission assets of Tehri Hydro Development Corporation Limited have also been transferred to our Company with effect from August 1993, pursuant to memorandum of understanding executed with our Company.

National and Regional Load Despatch Functions

In 1994, the GoI entrusted our Company with the further responsibility of controlling the existing load despatch centres in the country with a view to achieve better grid management and operation. Pursuant to this decision, the control of the five regional load despatch and communication centres was transferred to our Company in a phased manner between 1994 and 1996. Our Company has undertaken the ULDC and communication project (“**ULDC Project**”) under which modernized load despatch facilities have been established in each of the five regional centres. The implementation of the ULDC Project has, amongst other things, caused the reduction of grid disturbances, improved grid reliability and facilitated the effective implementation of availability based tariff. NLDC main and back-up commenced commercial operation with effect from April 1, 2009. The NLDC is responsible for monitoring the operations and grid security of the national grid and supervises the scheduling and despatch of electricity over inter-regional lines in coordination with the RLDCs. Our wholly-owned subsidiary, POSOCO, was incorporated in March 2009 to oversee the grid management function of our operations. It received the certificate of commencement of business under the Companies Act 1956 in March 2010 and commenced operations in October 2010. Accordingly, movable assets relating to RLDCs and NLDC and related documents have been transferred to POSOCO and are in operation under POSOCO since October 1, 2010.

Designation as the CTU

Our Company was notified as the Central Transmission Utility by the GoI on December 31, 1998. We continue to be the CTU under the Electricity Act as per the notification issued by the GoI on November 27, 2003. Amongst other functions, as CTU we are required to (a) undertake transmission of electricity through the inter-state transmission system; (b) discharge all functions of planning and co-ordination relating to inter-state transmission systems, with certain specified authorities and stakeholders; (c) ensure development of an efficient, coordinated and economical system of inter-state transmission lines for smooth flow of electricity from generating stations to load centres; and (d) provide non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges and to any consumer on payment of transmission charges and a surcharge thereon in accordance with the Electricity Act.

Under the Electricity Act, the CTU is required to undertake the functions of the RLDC which is responsible for (a) optimum scheduling and despatch of electricity within the region, in accordance with the contracts entered into with the licensees or the generating companies operating in the region; (b) monitor grid operations; (c) keep accounts of quantity of electricity transmitted through the regional grid; (d) exercise supervision and control over the inter-state transmission system; and (e) carrying out real time operations for grid control and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the grid standards and grid code. POSOCO has been entrusted with the responsibility to operate the RLDC pursuant to a notification dated September 27, 2010 issued by the GoI. Accordingly, POSOCO is responsible for overseeing the grid management function of the RLDCs and NLDC.

However, the National Electricity Policy states that the existing arrangement of CTU operating the RLDCs will be reviewed by the GoI based on the experience of working with the existing arrangement.

Navratna Company

On May 1, 2008, our Company was notified as a Navratna company by the GoI, through notification (DPE OM No. 26(3)/2005-GM-GL-92). As a Navratna company, we are eligible for enhanced delegation of powers to our Board, including (a) power to incur capital expenditure for setting up new projects or expansion of existing projects, without governmental approval; (b) ceiling on equity investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad of 15% of the net worth of our Company in one project limited to ₹ 10,000 million and the overall ceiling on such investments in all projects put together of 30% of the net worth of our Company; (c) power to enter into merger and acquisitions subject to certain conditions; and (d) power to further delegate the powers relating to human resource management (appointments, transfers, postings etc,) of below Board level executives to sub-committees of our Board or to executives of our Company as may be decided by our Board.

Role in distribution reforms and rural electrification

Our Company has been assigned a significant role in relation to implementation of projects under the Rajiv Gandhi Grameen Vidyutikaran Yojana Scheme for Rural Electricity Infrastructure & Household Electrification ("**Rural Electrification Programme**") for accelerated electrification of rural households to be undertaken in association with REC, the concerned state government and state power utility. For more information, see "***Our Business***" on page 83.

Change in our Registered Office

The registered office of our Company was changed on July 29, 1998 from Hemkunt Chambers, 89, Nehru Place, New Delhi 110 019, India to its present location at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi 110 016, India, for administrative and operational efficiency.

Major events

In addition to events described hereinabove, the following table illustrates the major events in the history of our Company since its incorporation in 1989.

Year	Event
1989	Our Company was incorporated as 'National Power Transmission Corporation Limited'.
1991	Transmission assets from Nuclear Power Corporation Limited were transferred to our Company.
1992	Transmission assets from NTPC, NHPC and North-Eastern Electric Power Corporation Limited were transferred to our Company, with effect from April 1, 1992, pursuant to legislation promulgated by the Parliament.
	The name of our Company was changed from 'National Power Transmission Corporation Limited' to 'Power Grid Corporation of India Limited'.
1993	Transmission assets of Tehri Hydro Development Corporation Limited were transferred to our Company pursuant to a memorandum of understanding executed between the parties.
1994	Our Company entered into a memorandum of understanding with the MoP, which is revised annually. We achieved the highest rating of 'Excellent' under the memorandum of understanding.
	Transmission assets from Neyveli Lignite Corporation Limited were transferred to our Company, with effect from April 1, 1992, pursuant to legislation promulgated by the Parliament.
1996	Five Regional Load Despatch & Communication Centres were in the management of our Company
1998	Our Company formulated an Environment and Social Policy and Procedures Code to deal with environmental and social issues relating to its transmission projects.
	Our Company was formally notified as a CTU by the GoI.
	Our Company was declared as a Mini Ratna Category I public sector undertaking by the GoI.
2002	The unified load despatch and communications schemes for the northern and southern regions were commissioned.
	Part of the Sasaram HVDC back to back transmission system developed by our Company was commissioned contributing towards the development of the first phase of the construction of the National Grid.
	Our Company was issued a registration for Infrastructure Provider Category- I (IP-I) from Director (BS-III), Ministry of Communications and Information Technology.
2003	Our Company entered into a joint venture arrangement with The Tata Power Company Limited implementing a part of the entire transmission system associated with Tala Hydro-Electric Project.
	The 400 kV Raipur-Rourkela transmission line developed by our Company was commissioned and the Western region, Eastern Region and North-Eastern Region began operating in a synchronized manner with a cumulative capacity of 50,000 MW.
	Our Company secured its first international consultancy contract from Bhutan Telecommunications.
	Our Company was granted the License for maintaining and operating Internet Service on a non-exclusive basis in India pursuant to the License Agreement dated May 29, 2003 entered into with the Assistant Director General (LR V), DoT.
2004	Our Company entered into an MoU with REC for undertaking rural electrification works under the Rajiv Gandhi Grameen Vidyutikaran Yojana.
2005	The unified load despatch and communications scheme for the eastern region was commissioned.
2006	The unified load despatch and communications scheme for the western region was commissioned.
	Our Company was granted the license for installing, operating and maintaining the national long distance service network and providing national long distance service on a non-exclusive basis within the territorial boundaries of India pursuant to the License Agreement dated July 5, 2006 entered into with the Director (BS-III), DoT.
2007	Dedication of transmission system associated with Tala Hydro-Electric Project by the Prime Minister Dr. Manmohan Singh.
	Listing of our Equity Shares on the Stock Exchanges through an initial public offer.
2008	Our Company was declared as a Navratna public sector undertaking by the GoI.
2009	The National Load Despatch Centre was established.
	Our Subsidiary, Power System Operation Corporation Limited, was incorporated
	The 220 kV Double Circuit Transmission line from Pul-e-Khumri to Kabul Transmission System (230 kms) in Afghanistan was completed.
	Commissioning of the 220/110/20 kV Chimtala sub-station at Kabul, Afghanistan.
	Commissioning of the commercial operations of the National Load Despatch Centre.
2010	Our Company was selected as a consortium member to implement the National Knowledge Network Project, a telecommunication infrastructure project.
	Our Company entered into an MoU with Jamia Millia Islamia University for among other things, providing expert opinion and knowledge support in areas for deployment of new technology such as sub stations automation, System Operator in Supervisory Control And Data Acquisition technology/ EMS, etc.
2011	Our Company participated in the TBCB for the first time.
2012	Our Company test charged 1,200 kV UHVAC line (the highest voltage in the world) and established its first 1,200 kV test centre.
	Our Company adopted vision statement "world class, integrated, global transmission company with dominant leadership in emerging power markets ensuring reliability, safety and economy" and based on this

Year	Event
	vision statement also restated the mission statement.
	Our Company established India's first Smart Grid Control Centre at Puducherry, under pilot project.
2013	Our Company received its international rating from S&P and Fitch rating, for the first time.
	Our Company became a part of the NOFN project.
	Our Company signed an agreement with six north eastern region states (Assam, Meghalaya, Mizoram, Manipur, Nagaland and Tripura) to provide consultancy services as "project design cum implementation supervision consultant" for implementation of the "North Eastern Region Power System Improvement Project".

For more information on our Company's capital raising activities through equity and debt, see "***Capital Structure***", "***Financial Indebtedness***" and "***Other Regulatory and Statutory Disclosures***" on pages 35, 320 and 395, respectively. For more information on time/cost overrun in setting up projects, see "***Risk Factors***" on page xvii.

Certifications, Awards and Recognitions

We have received the following certifications, awards and recognitions for achieving and maintaining high standards in various aspects of our business.

Year	Certification/ Award
1993-1994 to 2011-2012	Our Company has received the 'Excellent' rating under the memorandum of understanding with the MoP from 1993-1994 to 2011-2012.
2007	Our Company was certified for PAS 99:2006, which integrates the requirement of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 for standards in relation to quality, environment and occupational health and safety standards respectively with respect to design, engineering, procurement, constructionof transmission systems up to 1200kV AC, +/-800 kV, HVDC, and operation, maintenance activities for transmission system up to 800kV AC & HDVC, Supervisory Control and Data Acquisition (SCADA), Energy Management Systems and Communication Projects.
2009	Our Company was awarded First Prize at IEEMA Power Awards 2009 ceremony for 'Excellence in Power Transmission' by NDTV Profit.
	Our Company was recognised for its meritorious performance by the MoP for the year 2007-08 and won a Gold Shield for the transmission system at North Eastern region, a Silver Shield for the transmission system at the Western region and a Silver Shield for the early completion of the 400 kV Gooty – Raichur D/C (Quad) transmission project.
	Our Company was featured in the list of top 250 global energy companies compiled by Platts, a leading provider of energy and commodities information. Our Company was also named amongst the fastest growing global energy companies ranking for 2009 issued by Platts.
2010	Our Company was recognised for its meritorious performance by the MoP for the year 2009-10 and won a Gold Shield for the transmission system at Western region, a Silver Shield for the transmission system at the Eastern region and a Silver Shield for the LILO of one ckt. of 400 kV Maithon-Jamshedpur D/C at Mejia B.
	Our Company is certified with SA 8000:2008 for its Social Accountability System.
	Our Company was mentioned as being number 18 on the list of fastest growing Asian energy companies, according to the Platts Top 250 Energy Company Rankings for 2010.
	Our Company was also featured in the Forbes Global 2000 list.
	Our Company was awarded the 'Scope Award for Excellence and Outstanding Contribution to the Public Sector Management (2008-09) in the Large Scale PSE Category' by Standing Conference of Public Enterprises and DPE.
2011	Our Company was awarded the 'Environmental Excellence & Sustainable Development award-2011' by the Indian Chamber of Commerce.
	Our Company was recognised for its meritorious performance by the MoP for the year 2010-11 and won a Gold Shield for the transmission system at Eastern region, a Gold Shield for the transmission system at the North Eastern region and a Silver Shield for the transmission system at the Southern region.
2012	Our Company was awarded the 'Excellence in Innovation in Tower Management' award at the INFOCOM CMAI National Telecom Awards 2011.
	Our Company was conferred with 'PowerLine Awards 2012' in the 'Best Performing Transmission Company' by Power Line magazine
	Our Company was awarded the 'India Power Awards 2012' under the 'Largest Grid Operating PSU" category by Council of Power Utilities.
2013	Our Company was awarded the 4th DSIJ PSU Award 2012 for 'Fastest Growing Navratna in Non-

Year	Certification/ Award
	Manufacturing Category' by Dalal Street Investment Journal.
	Our Company also won the 'Jury Award' in Governance Now PSU Awards, 2013 by Governance Now, Institute for Competitiveness and Hammurabi and Solomon.
	Our Company was ranked as the 'Best Company by country' of All-Asia in Power Sector Category by Institutional Investors LLC.

Our Main Objects

Our main objects as contained in our Memorandum of Association are:

1. To plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports, construction, operation and maintenance of transmission lines, sub-stations, load despatch stations and communication facilities and appurtenant works, coordination of integrated operation of regional and national grid system, providing consultancy services in power systems field, execution of turnkey jobs for other utilities/organizations, wheeling of power, purchase and sale of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time.

2. To act as an agent of Government/Public Sector Financial institutions, to exercise all the rights and powers exercisable at any meeting of any company engaged in the planning, investigation, research, design and preparations of preliminary, feasibility and definite project reports, manufacture of power plant and equipment, construction, generation, operation and maintenance of power transmission system from power generating stations and projects, transmission, distribution and sale of power in respect of any shares held by the Government, public financial institutions, nationalized banks, nationalized insurance companies with a view to secure the most effective utilization of the financial investments and loans in such companies and the most efficient development of the concerned industries.

3. To carry on the business of purchasing, manufacturing, selling, importing, exporting, producing, trading, manufacturing plant, equipment and otherwise dealing in all aspects of planning, investigation, research, design, engineering and construction and establishment, operation and maintenance of power transmission systems, distribution systems, generating stations, consultancy and execution of turnkey jobs for other utilities/ organizations and purchase and sale of power, power system development, ancillary and other allied industries and for that purpose to install, operate and manage generating stations and all necessary transmission & distribution lines, sub-stations, switchyards, load despatch stations and communication facilities, establishments and allied works.

3A. To plan, promote, develop, erect and maintain, operate and otherwise deal in telecommunications networks and services in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports; to purchase, sell, import, export, assemble, manufacture, install, commission, maintain, operate commercially whether on own or with others, on lease or otherwise, these networks and for such purposes to set up and/or install all requisite communications facilities and other facilities including fibre optic link, digital microwave links, communication cables, other telecommunication means, telephone and other exchanges, coaxial stations, microwave stations, repeater stations, security system databases, billing systems, subscriber management systems and other communication systems whether consisting of sound, visual impulse, or otherwise, existing or that may be developed or invented in the future and to manufacture, purchase, sell, import, export, assemble, take or give on lease/rental/subscription basis or by similar means or otherwise deal in components and other support and ancillary hardware and software systems, accessories, parts and equipment, etc. used in or in connection with the operation of the above communication systems and networks including to deal with telecommunication operators or directly with the general public, commercial companies or otherwise, to obtain the National Long Distance Operator (NLDO) License and acknowledge compliance with the terms and conditions of the License Agreement entered into with the Department of Telecommunications (DOT).

For more information on our business and operations, see "***Our Business***" and "***Financial Statements***" on pages 83 and 168, respectively.

Changes in our Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association pursuant to resolutions of our shareholders:

Date of Amendment	Details
October 25, 1991	Clause 3 of the main objects clauses was amended, as follows: "*To carry on the business of purchasing, manufacturing, selling, importing, exporting, producing, trading, manufacturing plant, equipment or otherwise dealing in all aspects of planning, investigation, research, design, engineering and construction, establishment, operation and maintenance of power transmission systems, distribution systems, generating stations, consultancy and execution of turnkey jobs for other utilities/ organizations and purchase and sale of power, power system development, ancillary and other allied industries and for that purpose to install, operate and manage generating stations and all necessary transmission & distribution lines, sub-stations, switchyards, load despatch stations and communication facilities, establishments and allied works.*"
September 30, 1992, approved by the RoC on October 23, 1992	The name of our Company was changed from 'National Power Transmission Corporation Limited' to 'Power Grid Corporation of India Limited'.
February 22, 2000	A new object was inserted as clause 3 A of the main objects clause, which is as follows: "*To plan, promote, develop, erect and maintain, operate and otherwise deal in telecommunications networks and services in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports; to purchase, sell, import, export, assemble, manufacture, install, commission, maintain, operate commercially whether on own or along with others, on lease or otherwise, these networks and for such purposes to set up and/or install all requisite communications facilities and other facilities including fibre optic link, digital microwave links, communication cables, other telecommunication means, telephone and other exchanges, coaxial stations, microwave stations, repeater stations, security system databases, billing systems, subscriber management systems and other communication systems whether consisting of sound, visual impulse, or otherwise, existing or that may be developed or invented in the future and to manufacture, purchase, sell, import, export, assemble, take or give on lease/rental/subscription basis or by similar means or otherwise deal in all components and other support and ancillary hardware and software systems, accessories, parts and equipment, etc. used in or in connection with the operation of the above communication systems and networks including to deal with telecommunication operators or directly with the general public, commercial companies or otherwise.*"
June 13, 2006	Clause 3A was further amended and the following sentence was added which is as follows: "*to obtain the National Long Distance Operator (NLDO) Licence and acknowledge compliance with the terms and conditions of the Licence Agreement entered into with Department of Telecommunications*"
March 28, 2007	The authorised share capital of our Company was increased from ₹ 50,000 million divided into 50,000,000 equity shares of ₹ 1,000 each to ₹ 100,000 million divided into 10,000,000,000 Equity Shares of ₹ 10 each. Each equity share of ₹ 1,000 has been split into 100 Equity Shares of ₹ 10 each.
August 18, 2009	Clause IIIB (8) was amended and stated as below: "*to borrow, for purposes of the Company, foreign currency or to obtain foreign lines of credit including commercial loans from any bank or financial institution or government/authority in India or abroad.*"

Listing

The Equity Shares of our Company were listed on the Stock Exchanges on October 5, 2007 pursuant to our IPO.

The total number of shareholders of our Company as on September 30, 2013 was 850,252.

Holding Company

We do not have a holding company.

Our Subsidiaries

Our Company has four subsidiaries none of which are listed on any stock exchange in India or overseas. Our subsidiaries have not been declared as sick companies under the Sick Industrial Companies (Special Provisions) Act, 1985, as amended. Further, no applications have been made in respect of our subsidiaries to the relevant registrar of companies for striking off their names and no proceedings have been initiated in respect of their winding up.

1. Power System Operation Corporation Limited ("POSOCO")

POSOCO was incorporated on March 20, 2009 under the Companies Act 1956. POSOCO is authorised to plan, promote, develop, supervise, coordinate and control the functioning and operations of RLDCs and NLDC and to ensure integrated operation of the power system, including to own operate and maintain RLDCs and NLDC. The authorised share capital of POSOCO is ₹ 2,000,000,000 divided into 200,000,000 equity shares of ₹ 10 each, and the paid up capital of POSOCO is ₹ 306,400,000 (divided into 30,640,000 equity shares of ₹ 10 each). Our Company, together with its nominees, holds 30,640,000 equity shares in POSOCO, i.e., 100% of the issued and paid up equity share capital of POSOCO.

2. Powergrid NM Transmission Limited ("PNMTL")

PNMTL was incorporated on May 20, 2011 as Nagapattinam-Madhugiri Transmission Company Limited under the Companies Act 1956. Subsequently, the name of the company was changed to Powergrid NM Transmission Limited and a fresh certificate of incorporation was issued on September 13, 2012. PNMTL is authorised to plan, promote and develop an integrated and efficient power transmission system network in all aspects. The authorised share capital of PNMTL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each, and the paid up capital of PNMTL is ₹ 500,000 (divided into 50,000 equity shares of ₹ 10 each). Our Company, together with its nominees, holds 50,000 equity shares in PNMTL, i.e., 100% of the issued and paid up equity share capital of PNMTL.

3. Powergrid Vemagiri Transmission Limited ("PVTL")

PVTL was incorporated on April 21, 2011 as Vemagiri Transmission System Limited under the Companies Act 1956. Subsequently, the name of the company was changed to Powergrid Vemagiri Transmission Limited and a fresh certificate of incorporation was issued on September 13, 2012. PVTL is authorised to plan, promote and develop an integrated and efficient power transmission system network in all aspects. The authorised share capital of PVTL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each, and the paid up capital of PVTL is ₹ 500,000 (divided into 50,000 equity shares of ₹ 10 each). Our Company, together with its nominees, holds 50,000 equity shares in PVTL, i.e., 100% of the issued and paid up equity share capital of PVTL.

4. Vizag Transmission Limited ("VTL")

VTL was incorporated on November 30, 2011, under the Companies Act 1956. VTL is authorised to plan, promote and develop an integrated and efficient power transmission system network in all aspects. The authorised share capital of VTL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each, and the paid up capital of VTL is ₹ 500,000 (divided into 50,000 equity shares of ₹ 10 each). Our Company, together with its nominees, holds 50,000 equity shares in VTL, i.e., 100% of the issued and paid up equity share capital of VTL.

There are no accumulated profits or losses in relation to any of our Subsidiaries that are not accounted for by our Company.

Our Joint Ventures

We have entered into twelve joint venture arrangements, pursuant to which the following joint venture companies have been incorporated, none of which are listed on any stock exchange in India or overseas:

1. Powerlinks Transmission Limited ("**PTL**");
2. Torrent Power Grid Limited ("**TPL**");
3. Jaypee Powergrid Limited ("**JPL**");

4. Parbati Koldam Transmission Company Limited ("**PKTCL**");
5. Teestavalley Power Transmission Limited ("**TVPTL**");
6. North East Transmission Company Limited ("**NETCL**");
7. National High Power Test Laboratory Private Limited ("**NHPTL**");
8. Energy Efficiency Services Limited ("**EESL**");
9. Cross Border Power Transmission Company Limited ("**CPTCL**");
10. Power Transmission Company Nepal Limited ("**PTCN**");
11. Bihar Grid Company Limited ("**BGCL**"); and
12. Kalinga Bidyut Prasaran Nigam Private Limited ("**KBPNPL**").

The key agreements entered into by our Company in relation to the joint venture arrangements and brief details of the joint venture companies are described below.

1. Powerlinks Transmission Limited ("PTL")

Our Company is responsible for the implementation of the entire transmission system associated with the Tala Hydro-Electric Project developed at Bhutan. We have entered into a joint venture agreement with Tata Power Company Limited ("**Tata Power**") for establishing specific transmission lines associated with the Tala Hydro-Electric Power Project ("**Tala JV Transmission Project**") on a BOOT basis. The joint venture company PTL has been incorporated pursuant to this joint venture agreement for implementing the Tala JV Transmission Project. Our Company, Tata Power and PTL entered into a shareholders' agreement on July 4, 2003 in relation to the Tala JV Transmission Project ("**Tata SHA**"), which was amended by a supplementary agreement dated August 29, 2008. Our Company has, pursuant to a pledge agreement dated April 15, 2004, as amended on February 8, 2006, pledged 229,319,997 equity shares held in PTL, i.e., 49% of the paid up capital of PTL, in favour of Infrastructure Development Finance Company Limited, the security trustee on behalf of International Finance Corporation, Asian Development Bank, State Bank of India and IDFC Limited, the lenders of PTL, as security for a cumulative loan of ₹11,282.5 million. Further, our Company has also pledged all of its rights as a beneficial owner of the equity shares, including voting rights in or rights to control or direct the affairs of PTL. Under the pledge agreement, our Company has undertaken to pledge any additional equity shares acquired in PTL.

The key terms of the Tata SHA are set forth below.

- *Share subscription*: Our Company will subscribe to and hold 49% of the paid-up equity share capital of PTL while the remaining 51% of the paid up equity share capital of PTL will be subscribed to and held by Tata Power and its affiliates. However, Tata Power is required to hold at least 49% of the paid-up equity capital and its affiliates (which will be a maximum of two entities) will hold not more than 2% of the paid-up equity capital.

- *Board of directors*: As long as our Company holds at least 49% of the paid-up equity share capital of PTL, we have the right to nominate four directors. Tata Power will have the right to nominate five directors on the board of PTL as long as it continues to hold at least 51% of the paid-up equity share capital of PTL.

- *Termination*: The agreement may be terminated by, among other things, the parties' mutual written consent, or in the event of PTL's winding up, or on failure of parties in meeting their payment obligations towards their contribution to the equity capital of PTL and such failure continuing for a stipulated period, or due to termination of the Implementation Agreement or the Transmission Services Agreement, or if our Company ceases to hold at least 10% of the paid-up equity share capital of PTL.

Implementation Agreement and Transmission Service Agreement

On July 4, 2003 we entered into an implementation agreement with PTL which was revised through an amended and restated implementation agreement executed with PTL on April 8, 2004 ("**Tala Implementation Agreement**"). The Tala Implementation Agreement provides for matters relating to the development and construction of the Tala JV Transmission Project by PTL and establishes the obligations of each party in relation to the project.

On July 4, 2003 we entered into a transmission service agreement with PTL which was revised through an amended and restated transmission service agreement executed with PTL on April 8, 2004 ("**Tala TSA**") for the purchase of the entire transmission capacity of the Tala JV Transmission Project by our Company. Subject to

CERC's approval, we have the exclusive right to purchase the entire transmission capacity of the Tala JV Transmission Project for a prescribed transmission charge payable on a monthly basis from the date on which a phase of the Tala JV Transmission Project is first commissioned until the expiry of the Tala TSA i.e., 25 years from the date of issue of a transmission license to PTL (or such extended period for which the license is extended), or its termination, whichever is earlier.

2. Torrent Power Grid Limited ("TPL")

Torrent Power Limited ("**Torrent**") is implementing a 1,100 MW power generation project at Akhakhol in Surat, Gujarat. We have entered into a joint venture agreement with Torrent for establishing associated transmission lines for the aforesaid generation unit ("**Sugen Transmission Project**"). The joint venture company TPL has been incorporated pursuant to this joint venture agreement for the purpose of implementing the Sugen Transmission Project on a build, own and operate ("**BOO**") basis. On June 15, 2006 we entered into a shareholders' agreement with Torrent and TPL which was revised through an amended and restated shareholders' agreement executed with Torrent and TPL on February 23, 2007 in relation to the Sugen Transmission Project ("**Torrent SHA**"). The key terms of the Torrent SHA are set forth below:

- *Share subscription*: Our Company and Torrent will each subscribe to and hold 26% and 74%, respectively, of the paid-up equity share capital of TPL.

- *Board of directors*: As long as our Company continues to hold 26% of the paid-up equity share capital of TPL, our Company will have the right to nominate three directors on the board of directors of TPL. Torrent shall have the right to nominate seven directors on the board of directors of TPL as long as it continues to hold at least 74% of the paid-up equity share capital of TPL.

- *Termination*: The agreement may be terminated by, among other things, the parties' mutual written consent, or in the event of TPL's winding up, or on failure of parties in meeting their payment obligations towards their contribution to the equity capital of TPL and such failure continuing for a stipulated period, or due to termination of the Implementation Agreement or the Transmission Services Agreement, or if our Company ceases to hold at least 10% of the paid-up equity share capital of TPL.

Implementation and Transmission Service Agreements

For the purpose of implementation of the Sugen Transmission Project, TPL entered into an implementation agreement and a transmission services agreement with Torrent, both dated June 15, 2006 which were revised through the execution of an amended and restated Implementation Agreement ("**Torrent Implementation Agreement**") dated February 23, 2007 and an amended and restated Transmission Services Agreement ("**Torrent Transmission Services Agreement**") dated February 23, 2007. The Torrent Implementation Agreement provides for matters relating to the development and construction, commissioning and connection of the Sugen Transmission Project by TPL and establishes the obligations of each party in relation to the project. Further, Torrent has agreed to purchase the entire transmission capacity of the Sugen Transmission Project from TPTPL for a specified transmission charge, for a prescribed transmission charge payable on a monthly basis from the date on which a phase is first commissioned until the expiry of the Torrent Transmission Services Agreement i.e., 25 years from the date of issue of a transmission license to TPL.

3. Jaypee Powergrid Limited ("JPL")

Jaypee Karcham Hydro Corporation Limited ("**JKHCL**") has set up a 1,000 MW hydroelectric generation project at Karcham in Kinnaur, Himachal Pradesh. We have entered into a joint venture arrangement with Jaiprakash Power Ventures Limited ("**Jaiprakash**"), earlier named as Jaiprakash Hydro-Power Limited, for establishing associated transmission lines for the aforesaid generation unit ("**Karcham Transmission Project**") on a BOO basis. The joint venture company JPL has been incorporated pursuant to this joint venture agreement for the purpose of implementing the Karcham Transmission Project. Our Company, Jaiprakash and JPL entered into a shareholders' agreement dated February 22, 2007, which was amended by a supplementary shareholders' agreement dated March 25, 2010 in relation to the Karcham Transmission Project. ("**Jaiprakash SHA**"). The key terms of the Jaiprakash SHA are set forth below:

- *Share subscription*: Our Company will subscribe to and hold 26% of the paid-up equity share capital of JPL while the remaining 74% of the paid-up equity share capital of JPL will be subscribed and held by Jaiprakash.

- *Board of directors*: As long as we continue to hold 26% of the paid-up equity share capital of JPL, our Company will have the right to nominate up to three directors on the board of JPL. Jaiprakash will have the right to nominate seven directors on the board of JPL as long as it continues to hold at least 74% of the paid-up equity share capital of JPL.

- *Termination*: The agreement may be terminated by, among other things, the parties' mutual written consent, or in the event of JPL's winding up, or on failure of parties in meeting their payment obligations towards their contribution to the equity capital of JPL and such failure continuing for a stipulated period, or due to termination of the Implementation Agreement or the Transmission Services Agreement, or if our Company ceases to hold at least 10% of the paid-up equity share capital of JPL.

Implementation and Transmission Service Agreements

For the purpose of implementation of the Karcham Transmission Project, JKHCL has entered into an Implementation Agreement ("**Karcham Implementation Agreement**") dated February 22, 2007 and a Transmission Services Agreement ("**Karcham Transmission Services Agreement**") with JPL dated February 22, 2007. The Karcham Implementation Agreement provides for matters relating to the development and construction of the Karcham Transmission Project by JPL and establishes the obligations of each party in relation to the project. Further, JKHCL has agreed to purchase the entire transmission capacity of the Karcham Transmission Project from JPL for a specified transmission charge, payable on a monthly basis from the date on which a phase is first commissioned until the expiry of the Karcham Transmission Services Agreement i.e., 25 years from the date of issue of a transmission license to JPL (or such extended period for which the license is extended), or its termination, whichever is earlier.

4. Parbati Koldam Transmission Company Limited ("PKTCL")

NHPC Limited is establishing the 800 MW Parbati-II HEP Station in Kullu District, Himachal Pradesh and NTPC is establishing the 800 MW Koldam HEP Station in Bilaspur District, Himachal Pradesh. For the above mentioned projects the Standing Committee on Transmission System Planning of Northern Region had, in a meeting dated December 30, 2002 highlighted the need for establishing a suitable evacuation capacity. In furtherance of this our Company decided to implement the transmission project for the Koldam HEP and the Parbati HEP ("**Parbati Koldam Project**"). Reliance Infra Limited ("**RIL**"), earlier named as Reliance Energy Limited, was chosen through a bidding process to be the joint venture partner for the Parbati Koldam Project. We have entered into a joint venture arrangement with RIL for establishing the joint venture company that will undertake the implementation of the Parbati Koldam Project. On November 23, 2007 we executed a shareholders' agreement with RIL and PKTCL in relation to the Parbati Koldam Project. ("**RIL SHA**"). The key terms of the RIL SHA are set forth below:

- *Share subscription*: Our Company will subscribe to and hold 26% of the paid-up equity share capital of PKTCL while the remaining 74% of the paid-up equity share capital of PKTCL will be subscribed and held by RIL.

- *Board of directors*: As long as our Company holds at least 26% of the paid-up equity share capital of PKTCL, we will have the right to nominate up to three directors. RIL will have the right to nominate up to seven directors on the board of PKTCL as long as it continues to hold at least 74% of the paid-up equity share capital of PKTCL.

- *Termination*: The agreement may be terminated by, among other things, the parties' mutual written consent, or in the event of PKTCL's winding up, or on failure of parties in meeting their payment obligations towards their contribution to the equity capital of PKTCL and such failure continuing for a stipulated period, or due to termination of the Implementation Agreement or the Operations Interface Agreement, or if our Company ceases to hold at least 10% of the paid-up equity share capital of PKTCL .

Implementation Agreement and Operations Interface Agreement

On November 23, 2007, we entered into an implementation agreement with PKTCL ("**Parbati Implementation Agreement**"). The Parbati Implementation Agreement provides for matters relating to the development and construction of the Parbati Koldam Project by PKTCL and establishes the obligations of each party in relation to the project. PKTCL is responsible for constructing and commissioning the Parbati Koldam Project in accordance with technical specifications and particulars at its own cost and expense. On November 23, 2007 we entered into an operations interface agreement with PKTCL ("**Parbati Operations Agreement**"). The Parbati Operations Agreement provides for matters relating to the operation and maintenance of the Parbati Koldam Project by PKTCL and establishes the obligations of each party in relation to the project.

5. Teestavalley Power Transmission Limited ("TVPTL")

Teesta Urja Limited ("**TUL**") is setting up a 1,200 MW Teesta – III hydro electric project in North Sikkim (the "**Teesta Project**"). We have entered into a joint venture with TUL for establishing associated transmission lines for the above hydroelectric project on a build, own and operate basis. On August 6, 2008 we executed a shareholders' agreement (the "**Teesta SHA**") with TUL and TVPTL in relation to the Teesta Project. The key terms of the Teesta SHA are set forth below:

- *Share subscription*: The Teesta SHA provides that 26% of the paid-up equity share capital of TVPTL will be subscribed and held by our Company while the remaining paid-up equity capital of TVPTL will be subscribed to and held by TUL.

- *Board of directors*: As long as we continue to hold 26% of the paid-up equity share capital of TVPTL, our Company will have the right to nominate up to three directors on the board of TVPTL. TUL will have the right to nominate seven directors on the board of TVPTL as long as it continues to hold at least 74% of the paid-up equity share capital of TVPTL.

- *Termination*: The agreement may be terminated by, among other things, the parties' mutual written consent, or in the event of TVPTL's winding up, or on failure of parties in meeting their payment obligations towards their contribution to the equity capital of TVPTL and such failure continuing for a stipulated period, or due to termination of the Implementation Agreement or the Transmission Services Agreement, or if our Company ceases to hold at least 10% of the paid-up equity share capital of TVPTL .

Implementation and Transmission Service Agreements

TUL has entered into an Implementation Agreement ("**Teesta Implementation Agreement**") dated August 6, 2008 and a Transmission Services Agreement ("**Teesta Transmission Services Agreement**") with TVPTL dated August 6, 2008, for implementation of the Teesta Project. The Teesta Implementation Agreement provides for matters relating to the development and construction of the Teesta Project by TVPTL and establishes the obligations of each party in relation to the project. Further, TUL has agreed to purchase the entire transmission capacity of the Teesta Project from TVPTL for a specified transmission charge, for a prescribed transmission charge payable on a monthly basis from the date on which a phase is first commissioned until the expiry of the Teesta Transmission Services Agreement i.e., 25 years from the date of issue of a transmission license to TVPTL (or such extended period for which the license is extended), or its termination, whichever is earlier.

6. North East Transmission Company Limited ("NETCL")

ONGC Tripura Power Company Limited ("**OTPC**") is setting up a gas-based power project of 726 MW capacity at Pallatana in Tripura. We have entered into a joint venture with OTPC and the Government of Tripura ("**GoT**") for establishing associated transmission system for the above hydro electric project on a BOO basis. The joint venture company NETCL has been incorporated pursuant to this joint venture agreement for the purpose of implementing the above project. On February 3, 2009 we executed the shareholders' agreement (the "**OTPC SHA**") with OTPC, GoT and NETCL in relation to the gas-based power project of 726.6 MW capacity at Pallatana in Tripura (the "**Tripura Project**"). The key terms of the OTPC SHA are set forth below:

- *Share subscription*: The OTPC SHA provides that 26% of the paid-up equity share capital of NETCL will be subscribed and held by our Company while 64% of the paid-up equity capital of NETCL will be subscribed to and held by OTPC and 10% of the paid-up equity capital will be held and subscribed to by GoT. After achieving the aforesaid shareholding, OTPC will endeavor to tie-up 38% of the paid-up equity share capital of NETCL from one or more beneficiaries as defined in the OTPC SHA and/or other parties to the agreement so as to achieve the following shareholding (i) OTPC- 26%, (ii) our Company- 26%, (iii) Government of Tripura- 10%; and (iv) beneficiaries/other parties- 38%.

- *Board of directors*: As long as our Company continues to hold 26% or more of the paid-up equity share capital of NETCL, we will have the right to nominate up to three directors on the board of directors of NETCL. OTPC will have the right to nominate up to three directors on the board of directors of NETCL as long as it continues to hold 26% or more of the paid-up equity share capital of NETCL. A party holding over 15% but less than 26% of the paid-up equity share capital of NETCL is entitled to nominate two directors on the board of directors of NETCL. A party holding 10% or more but less than 15% of the paid-up equity share capital of NETCL is entitled to nominate one director on the board of directors of NETCL. Further, a party holding less than 10% of the paid-up equity share capital of NETCL is entitled to nominate one director as an invitee on the board of directors of NETCL.

- *Termination*: The agreement may be terminated by, among other things, the parties' mutual written consent, any party going into liquidation or insolvency, either party's failure to meet its payment obligations towards equity contribution in case of offer of additional shares.

Implementation and Transmission Service Agreement

NETCL has entered into an Implementation and Transmission Service Agreement ("**ITS Agreement**") dated February 3, 2009 with Assam Electricity Grid Corporation Limited, Tripura State Electricity Corporation Limited, Meghalaya SEB, Electricity Department (Government of Manipur), Department of Power (Government of Nagaland), Power & Electricity Department (Government of Mizoram), Department of Power (Government of Arunachal Pradesh) and OTPC (collectively, "**the Tripura Project Beneficiaries**"), for the implementation of the Tripura Project. The ITS Agreement provides for matters relating to the development, construction, operation and maintenance of the Tripura Project by NETCL and establishes the obligations of each party in relation to the project. The Tripura Project Beneficiaries have agreed to purchase the entire transmission capacity of the Tripura Project from NETCL for a specified transmission charge, pursuant to the ITS Agreement. The transmission charge is payable to NETCL on a monthly basis from the date on which the project is first commissioned until the ITS Agreement is terminated, or it expires, whichever is earlier.

7. National High Power Test Laboratory Private Limited ("NHPTL")

The MoP in its meeting dated September 1, 2008 had proposed the setting up of a joint venture to be co-promoted by our Company, NHPC, NTPC and Damodar Valley Corporation ("**DVC**"), for setting up a short circuit testing facility and other facilities as may be required. Consequently, our Company entered into a joint venture agreement dated April 8, 2009, as supplemented by an agreement dated May 3, 2011, with NHPC, NTPC, NHPTL and DVC (the "**NHPTL JVA**") to jointly incorporate a private limited company to set up a laboratory for short circuit testing and other facilities and to pursue its objects as elaborated in the memorandum of association of the NHPTL. By a supplementary joint venture agreement dated February 15, 2012, executed among our Company, NHPTL, NHPC, NTPC, DVC and Central Power Research Institute ("**CPRI**"), CPRI was included as an equal equity partner in NHPTL. The key terms of the NHPTL JVA are set forth below:

- *Share subscription*: The NHPTL JVA provides that 20% of the paid up equity share capital of NHPTL will be subscribed by each party respectively. The equity shareholding will also be inclusive of the shares held by affiliates/associates of the respective shareholders.

- *Board of directors:* The parties are entitled to nominate one director each on NHPTL's board, provided that the shareholding of each such party does not fall below 10% of the paid up share capital of NHPTL.

- *Termination*: The agreement may be terminated by, among other things, the parties' mutual written consent, any party going into liquidation or insolvency, or any party committing or knowingly permitting a material breach of any conditions of the agreement which is not cured within the stipulated period. Further, if a party ceases to hold at least 10% of the paid-up equity share capital of NHPTL, all rights of such party under the NHPTL JVA will cease.

8. Energy Efficiency Services Limited ("EESL")

The Government of India ("**GoI**") set up the Bureau of Energy Efficiency ("**BEE**") on March 1, 2002, under the provisions of Energy Conservation Act, 2001 as a quasi-regulatory body, with a view to regulate and reduce the energy intensity of the Indian economy. BEE mooted the proposal for the incorporation of a company with the name 'Energy Efficiency Services Limited' as an implementation arm of the National Mission of Enhanced Energy

Efficiency, which is a part of the National Action Plan on Climate Change. The Secretary, MoP, decided on July 6, 2009 that all promoting Central Public Sector Undertakings ("**CPSU**") will subscribe to equal equity participation, which is ₹ 475 million each, for creating EESL. Consequently, we have entered into a joint venture agreement with NTPC, Power Finance Corporation Limited ("**PFC**") and REC. On November 19, 2009, our Company executed a joint venture agreement with NTPC, PFC and REC in relation to the incorporation of EESL (the "**EESL JVA**"). The key terms of the EESL JVA are set forth below:

- *Share subscription*: Our Company, NTPC, PFC and REC will each subscribe to and hold 25% of the paid up equity share capital of EESL. The equity shareholding will be inclusive of equity shares held by affiliates/associates of the respective shareholders.

- *Board of directors*: As long as any shareholder holds at least 10% of the paid-up equity share capital of EESL, such shareholder will have the right to nominate a director on the board of directors of EESL.

- *Termination of rights*: The agreement may be terminated by, among other things, the parties' mutual written consent, any party going into liquidation or insolvency, or any party committing or knowingly permitting a material breach of any conditions of the agreement which is not cured within the stipulated period. Further, if a party ceases to hold at least 10% of the paid-up equity share capital of EESL, all rights of such party under the EESL JVA will cease.

- *Competition*: EESL will not take up any renovation and modernization business in power plants in India and the SAARC countries.

9. Cross Border Power Transmission Company Limited ("CPTCL")

Indo-Nepal Power Exchange Commission had envisioned four cross border interconnection corridors to be developed of which the 400 kV D/C Dhalkebar – Muzaffarpur Transmission Line was decided to be implemented in the first phase. Pursuant to the initiative taken by IL&FS Energy Development Company Limited ("**IEDCL**") and Nepal Electricity Authority ("**NEA**") in this regard, an MoU was signed between IEDCL and NEA and two joint venture companies were established to construct, operate and maintain 400 kV D/C Dhalkebar – Muzaffarpur Transmission Line. Our Company, SJVN Limited ("**SJVN**"), IEDCL, NEA and CPTCL entered into a shareholders' agreement on July 9, 2012 ("**CPTCL SHA**") in relation to implementation of the Muzaffarpur – Susand section of the 400 kV D/C Dhalkebar – Muzaffarpur Transmission Line on the Indian side of the Indo-Nepal border ("**TLP-India**") and have agreed to reconstitute the share capital of CPTCL and to subscribe to its equity shares. The key terms of the CPTCL SHA are set forth below:

- *Share subscription:* In accordance with the CPTCL SHA, IEDCL will hold 38%, our Company and SJVN will hold 26% each and NEA will hold 10%, respectively, of the paid up share capital. Subsequent to achieving this shareholding, IEDCL will have the right to divest to the extent of 12% of the issued and paid up share capital to other parties.

- *Board of directors:* A party together with its affiliates/associates/subsidiaries will be entitled to nominate up to two directors so long as it holds 26% or more or nominate one director so long as it holds less than 26% but 10% or more.

- *Termination:* The CPTCL SHA may be terminated by, among other things, mutual agreement, or in the event of CPTCL's winding up, or on failure of parties in meeting their payment obligations towards their contribution to the equity capital of CPTCL and such failure continuing for a stipulated period, or on all shares being held by or on behalf of a single shareholder.

Implementation and Transmission Service Agreement

To make available the entire capacity to NEA for the purpose of import and export and its operation and maintenance, CPTCL entered into an Implementation and Transmission Service Agreement ("**CPTCL ITSA**') with NEA and Power Transmission Company Nepal Limited, dated December 13, 2011. Further, the CPTCL ITSA provides for implementation, operation and maintenance of TLP-India and payment and billing of transmission charges, payable on a monthly basis, and establishes the obligations of the parties in relation to such activities. The CPTCL ITSA is valid until the first date falling 25 years after commercial operation date except for Part I of ITSA pertaining to implementation which will be effective until commercial operation date.

10. Power Transmission Company Nepal Limited ("PTCN")

Subsequent to a Joint Venture Agreement between IEDCL and NEA to construct, operate and maintain 400 KV D/C transmission line interconnecting India and Nepal on June 3, 2007, PTCN was incorporated on September 16, 2007, under the laws of Nepal, for the implementation of Dhalkebar – Bhittamod (Bathanaha VDC) section of the 400 KV D/C Dhalkebar – Muzaffarpur Transmission Line on the Nepalese side of the Indo-Nepal border ("**TLP- Nepal**"). The TLP-Nepal shall be implemented, operated and maintained on BOOT basis with PCTN as the transmission licensee as granted by Secretary, Ministry of Energy, Government of Nepal. Our Company, IEDCL, NEA and PTCN entered into a shareholders' agreement on July 9, 2012 in relation to implementation of TLP- Nepal ("**PTCN SHA**") and have agreed to reconstitute PTCN and to subscribe to its equity shares. As on September 30, 2013, our Company has not invested in the share capital of PTCN and any future investment will be subject to the approval of the Government of Nepal. The key terms of the PTCN SHA are set forth below:

- *Share subscription:* NEA shall hold 50%, our Company shall hold 26%, financial institutions (as identified) shall hold 14% and IEDCL shall hold 10% respectively, of the paid up share capital in accordance with the PTCN SHA. NEA shall hold the 14% to be divested to financial institutions in Nepal, until such institutions are identified by NEA.

- *Board of directors:* NEA shall be entitled to nominate up to three directors on the board of directors of PTCN. Further, a party together with its affiliates/associates/subsidiaries will be entitled to nominate up to three directors so long as it holds 50% or more, up to two directors so long as holds it 26% or more or one director so long as it holds less than 26% but 10% or more.

- *Termination:* The PTCN SHA may be terminated by, among other things, mutual agreement, or in the event of PTCN's winding up, or on failure of parties in meeting their payment obligations towards their contribution to the equity capital of PTCN and such failure continuing for a stipulated period, or on all shares of PTCN being held by or on behalf of a single shareholder.

Implementation and Transmission Service Agreement

To make available its entire transmission capacity of TLP-Nepal to NEA for the purpose of import and export and its operation and maintenance including levying of transmission service, PTCN entered into an Implementation and Transmission Service Agreement ("**PTCN ITSA**') with NEA and CPTCL, dated December 13, 2011. PTCN has agreed to make available the entire transmission capacity of TLP-Nepal to NEA on a commercial basis and NEA agrees to pay PTCN the transmission service charges, payable on a monthly basis, determined in accordance with the terms of PTCN ITSA. The PTCN ITSA is valid until first date falling 25 years after commercial operation date except for Part I of the ITSA pertaining to implementation which will be effective until commercial operation date.

11. Bihar Grid Company Limited ("BGCL")

Our Company is developing the inter-state transmission system for delivery of share from future generation projects to various beneficiaries in different regions. For development of intra-state transmission and sub-transmission system in Bihar for absorption of its share from future projects ("**Bihar Transmission Systems Project**") a joint venture company in the name of BGCL, was set up by Bihar State Power (Holding) Company Limited ("**BSPCL**"), its subsidiaries and our Company. The transmission systems in Bihar will be implemented and operated by BGCL on BOO basis with BGCL being the transmission licensee approved by Bihar Electricity Regulatory Commission ("**BERC**"). BGCL will make available its entire transmission capacity to BSPCL/its subsidiaries who will pay the transmission charges determined by BERC. The joint venture partners shall infuse their equity on approval of GoI. On December 29, 2012, our Company entered into a shareholders agreement with BSPCL for the Bihar Transmission Systems Project ("**BGCL SHA**"). The key terms of the SHA are set forth below:

- *Share subscription:* Our Company and BSPCL/its subsidiaries shall hold 50% each of the issued and paid up equity share capital of BGCL.

- *Board of directors:* As long as a party together with its affiliates/associates/subsidiaries continues to have a shareholding of 50%, it shall be entitled to nominate up to four directors on the board or any such number as may be mutually agreed. Further, in the event of change in shareholding pattern, each shareholder shall be entitled to nominate one director for each 12% block of fully paid shares held by it in BGCL.

- *Termination:* The BGCL SHA may be terminated on winding up of BGCL, or termination by mutual consent, or on failure of parties in meeting their payment obligations towards their contribution to the equity capital of BGCL and such failure continuing for a stipulated period, unless otherwise agreed by BGCL.

Implementation and Transmission Service Agreement

For the purpose of implementation of Bihar Transmission Systems Project, to strengthen the transmission and sub-transmission system in Bihar and levying of transmission service charges, BGCL entered into an Implementation and Transmission Service Agreement with BSPCL dated January 5, 2013 ("**BGCL ITSA**"). Further, the BGCL ITSA provides for operation and maintenance of Bihar Transmission Systems Project and payment and billing of transmission charges. BGCL has agreed to make available the entire transmission capacity of Bihar Transmission Systems Project to BSPCL on a commercial basis and BSPCL agrees to pay BGCL the transmission service charges determined by BERC.

12. Kalinga Bidyut Prasaran Nigam Private Limited ("KBPNPL")

Our Company is responsible for developing the inter-state transmission system for delivery of share from future generation projects to various beneficiaries in different regions and is developing transmission system under long term open access for seven IPP Projects in phase I with a total installed capacity of approximately 10,000 MW with others. For development of intra-state transmission and sub-transmission system in Odisha for absorption of its share from future projects ("**Odisha Transmission Systems Project**") a joint venture company in the name of KBPNPL, was set up by Odisha Power Transmission Corporation Limited ("**OPTCL**") and our Company. The transmission systems in Odisha shall be implemented and operated by KBPNPL on BOO basis with KBPNPL being the transmission licensee approved by Odisha Electricity Regulatory Commission ("**OERC**"). The parties shall infuse their equity on approval of GoI and further concurrences from the State Electricity Regulatory Authority of Odisha. On January 4, 2013, our Company entered into a shareholders agreement with OPTCL and KBPNPL for the Odisha Transmission Systems Project ("**KBPNPL SHA**"). The key terms of the SHA are set forth below:

- *Share subscription:* Unless otherwise mutually agreed, our Company and OPTCL will subscribe to and hold 50% each of the issued and paid up equity share capital of KBPNPL.

- *Board of directors:* As long as a party together with its affiliates/associates/subsidiaries continues to have a shareholding of 50%, it shall be entitled to nominate up to four directors on the board. Initially there will be six directors on the board of KBPNPL. Further, in the event of change in shareholding pattern, each shareholder shall be entitled to nominate one director for each 12.5% block of fully paid shares held by it in KBPNPL.

- *Termination:* The KBPNPL SHA may be terminated on winding up of KBPNPL, or termination by mutual written consent, or on failure of parties in meeting their payment obligations towards their contribution to the equity capital of KBPNPL and such failure continuing for a stipulated period, unless otherwise agreed by KBPNPL.

- *Competition:* KBPNPL shall not compete with either of the promoters in their respective areas of business activities, without their prior written consent.

Implementation and Transmission Service Agreement

For the purpose of implementation of Odisha Transmission Systems Project, to strengthen the transmission and sub-transmission system in Odisha and levying of transmission service charges, GRIDCO Limited ("**GRIDCO**") entered into an Implementation and Transmission Service Agreement ("**KBPNPL ITSA**') with KBPNPL dated January 5, 2013. The KBPNPL ITSA provides for operation and maintenance of Odisha Transmission Systems Project and payment and billing of transmission charges. KBPNPL has agreed to make available the entire transmission capacity of Odisha Transmission Systems Project to GRIDCO on a commercial basis and GRIDCO agrees to pay KBPNPL the transmission service charges determined by OERC. GRIDCO can use the Odisha Transmission Line for their own requirement or make it available to other users on a commercial basis.

Proposed Joint Ventures

NALCO MoU

Our Company entered into an MoU with National Aluminium Company Limited ("**NALCO**") on October 19, 2011 ("**NALCO MoU**"), to set up a joint venture company ("**JVC**") for the purpose of manufacturing aluminium and aluminium alloy electricity conductors including research and development at a mutually agreed location, which is valid for a period of three years. The equity stake in the joint venture will be shared equally by both the parties. All expenses incurred on the project before formalities of the JVC are complete, including third party expenses/consultancy expenses and expenses towards the incorporation of the JVC shall be shared equally between the parties.

RINL MoU

Our Company entered into an MoU with Rashtriya Ispat Nigam Limited ("**RINL**") on December 14, 2011, ("**RINL MoU**"), to set up a JVC for the purpose of manufacturing transmission line tower and tower parts including research and development at a mutually agreed location, which is valid for a period of three years. The equity stake in the joint venture will be decided later in the joint venture agreement. All expenses incurred on the project before formation of the JVC and expenses in relation to the formation of the JVC shall be shared in proportion to the equity by both parties.

RINL MoU-2

Our Company entered into another MoU with RINL on July 27, 2012 ("**RINL MoU-2**"), to set up a JVC for establishment of Cold Rolled Grain Oreinted/Cold Rolled Non-Grain Oriented steel production unit, which is valid for a period of two years. The equity stake in the joint venture will be decided later in the joint venture agreement. All expenses incurred on the project before formation of the JVC and expenses in relation to the formation of the JVC shall be shared in proportion to the equity by both parties.

SAIL MoU

Our Company entered into an MoU with Steel Authority of India Limited ("**SAIL**") on March 19, 2013 ("**SAIL MoU**"), to set up a JVC for the purpose of fabrication and galvanizing of transmission line tower and tower parts and tubular structures including research and development at a mutually agreed location, which is valid for a period of two years. The equity stake in the joint venture will be shared equally by both parties according to the terms and conditions of shareholders agreement to be entered into.

RITES MoU

Our Company entered into an MoU with RITES Limited ("**RITES**") on July 31, 2013 ("**RITES MoU**"), valid for a period of three years, to set up a JVC between RITES/ Railway Energy Management Company ("**REMC**") and Company to plan, construct, own, operate and maintain transmission and distribution system down up to and including the traction sub stations of Railways (subject to management approval of respective parties) and to collaborate in the following areas:

(i) Energy Efficiency
(ii) Smart Grid applications
(iii) Green Energy initiatives
(iv) International business
(v) Execution of T&D systems by Company/ proposed JVC on deposit basis
(vi) Undertaking O&M of existing T&D assets of railway systems by Company/ proposed JVC
(vii) Facilitating open access with Inter State Transmission System ("**ISTS**")
(viii) Any other business areas of mutual interest

All expenses incurred by the parties until the date of incorporation of the JVC shall be borne by the respective parties. Upon incorporation all expenses shall be borne by the joint venture company.

Entities in which our Company has substantial investment

Our Company presently owns 4.05% of the equity share capital of PTC India Limited (formerly known as Power Trading Corporation of India Limited) ("**PTC**"). PTC was incorporated as a joint venture company on April 16, 1999, under the Companies Act 1956, and received its certificate of commencement of business on July 15, 1999. PTC is engaged in the business of purchasing, selling, importing, exporting, trading all forms of electricity power and ancillary services. Initially, PTC was promoted by PFC, NTPC and our Company, pursuant to a promoters' agreement dated April 8, 1999. NHPC also became a promoter of PTC through a supplementary agreement dated November 29, 2002. Under the promoters' agreement, for as long as we hold 8.0% of the equity shares of PTC, our Company has the right to nominate one part-time director on the board of directors of PTC and the consents of PFC, NTPC, our Company and NHPC are required for the appointment of the chairman or chairman and managing director or managing director or any whole-time director of PTC.

Other Material Agreements

MoP MoU

We enter into an annual memorandum of understanding with the MoP ("**MoP MoU**"), which provides for the exercise of enhanced autonomy by, and delegation of financial powers to, our Company. The MoP MoU for the year 2013-2014 establishes detailed performance evaluation parameters and targets against which our performance is to be evaluated. The parameters include financial performance indicators, financial returns, quality, customer satisfaction, business development, commercial targets, human resource management, research and development for sustained and continuous innovation, corporate social responsibility and sustainability development, operational targets and secure grid operation. The MOP MoU for the year 2013-2014 lists the commitment and assistance to be received from the GoI, which include matters such as realization of dues from beneficiaries, discussions with the MoEF for expeditious clearance of projects to avoid delays in their timely execution, assistance for extending deemed export benefits, under the Foreign Trade Policy of the GOI, to the indigenous supplies awarded through international competitive bidding for Company's transmission projects, assistance through state governments for safety of Company's personnel as well as transmission system equipment in disturbed areas including Jammu and Kashmir and North Eastern States and assistance for extending benefits available under Mega Power Project Status to the transmission projects associated with such generation projects and transmission projects required for the establishment of the proposed National Power Grid. Under the MoP MoU, we undertake to submit quarterly reports on various performance areas within 30 days of the end of the quarter and our Board is required to ensure quarterly internal monitoring of the performance against the MoP MoU targets.

REC MoU

Our Company and REC have entered into a memorandum of understanding dated July 14, 2004, for the implementation of projects under the Rajiv Gandhi Grameen Vidyutikaran Yojana ("**Rural Electrification Programme**") for accelerated electrification of rural households to be undertaken in association with the concerned state government and state power utility ("**REC MoU**").

Projects to be undertaken under the Rural Electrification Programme shall be identified on the basis of proposals received from the concerned State Government and state power utilities. These projects will be funded by REC from funds sanctioned to the State Government/State power utility under the Rural Electrification Programme, and all such funds released by the REC for the identified projects will be released directly to our Company under suitable multilateral arrangements. Our Company is required to implement the distribution works under the respective projects on a deposit work basis and is responsible for their formulation, development and implementation in the identified areas involving system planning design and engineering (in accordance with guidelines, specifications and construction standards stipulated by REC) in a time-bound manner and in accordance with agreed competitive bidding procedures. On completion, the projects will be taken over by the concerned State Government/state power utility. However, if the concerned State Government or state power utility so desire, our Company may take up the operation and maintenance of the completed projects under a separate agreement with them. Further, if the concerned State Government or state power utility so desire, the role of our Company may be limited to project monitoring and supervision of quality of construction, formulation and preparation of project reports, arranging required project approvals, providing advisory support during procurement and supervision of quality of construction.

Presently, in accordance with the Office Memorandum (F. No. 44/10/2011-RE) dated September 2, 2013, issued by the MoP, GoI, on continuation of the RGGVY in the 12th and 13th plan – scheme of rural electricity infrastructure and household electrification, our Company will be entitled to a service charge of 5% of the project cost (excluding the cost of providing connections to BPL households) as agency charges (inclusive of all taxes) for implementing the scheme, including, field survey, preparation of DPR and deployment of dedicated manpower and also for meeting additional expenditure on compulsory third party monitoring at the first tier of the quality control mechanism.

Pursuant to the REC MoU, our Company is involved with rural electrification projects in nine states and has entered into quadruplicate agreements involving REC, the concerned State Government and the concerned state power utility for each such project ("**DMS Agreements**"). Pursuant to the DMS Agreements, our Company is implementing such projects in certain specified geographical areas as per the mutual understanding between the parties. The respective SPUs are required to provide all relevant geographical, technical and other data to our Company for implementation of the project. The land necessary to facilitate construction and commissioning of the projects and any statutory clearances will be provided by the state power utility. The state power utility will also obtain any approvals required for the project. Any disputes arising out of the DMS Agreements will be settled amicably between the parties, failing which such disputes will be referred to the Secretary, MoP, whose decision will be final and binding on the parties concerned. The DMS Agreements remain valid unless terminated by mutual consent of the respective parties. The list of the DMS Agreements our Company is a party to, as on the date of this Red Herring Prospectus, is set forth below:

S. No.	State Government	State Utility Company	Date of Agreement
1.	Government of Chhattisgarh	Chhattisgarh SEB	November 16, 2005
2.	Government of Tripura	Tripura State Electricity Corporation Limited	October 31, 2005
3.	Government of Odisha	Central Electricity Supply Company of Orissa Limited	October 5, 2005
4.	Government of Odisha	Southern Electricity Supply Company of Orissa Limited	October 5, 2005
5.	Government of Odisha	North Eastern Electricity Supply Company of Orissa Limited	October 5, 2005
6.	Government of Odisha	Western Electricity Supply Company of Orissa Limited	October 5, 2005
7.	Government of Assam	Assam SEB	September 29, 2005
8.	Government of Rajasthan	Jaipur Vidyut Vitaran Nigam Limited	September 14, 2005
9.	Government of Rajasthan	Ajmer Vidyut Vitaran Nigam Limited	September 14, 2005
10.	Government of Rajasthan	Jodhpur Vidyut Vitaran Nigam Limited	September 14, 2005
11.	Government of Gujarat	Dakshin Gujarat Vij Company Limited	September 8, 2005
12.	Government of Bihar	Bihar SEB	August 5, 2005
13.	Government of West Bengal	West Bengal SEB	June 24, 2005
14.	Government of Uttar Pradesh	Poorvanchal Vidyut Vitaran Nigam Limited	July 13, 2005
15.	Government of Uttar Pradesh	Madhyanchal Vidyut Vitaran Nigam Limited	July 13, 2005
16.	Government of Bihar	Bihar SEB	October 20, 2004

Collaborations

Our Company has not entered into any collaboration with any third party as per paragraph (VIII) (B) (1) (c) of Part A, Schedule VIII of the SEBI ICDR Regulations.

Strategic Partners

Our Company has not entered into any arrangements with any strategic partners within the meaning of the SEBI ICDR Regulations.

Financial Partners

Apart from our various arrangements with our lenders and bankers, which we undertake in the ordinary course of our business, our Company does not have any other financial partners within the meaning of the SEBI ICDR

Regulations.

Guarantee

For details on guarantees given to third parties by the Promoter, see "***Financial Indebtedness***" and "***Financial Statements***" on pages 320 and 168, respectively.

OUR MANAGEMENT

Under our Articles of Association, we are required to have not less than four directors and not more than 18 directors. Our Board presently comprises 14 Directors out of which five are our whole-time Directors, two Directors are nominees of the GoI and seven are independent Directors.

The following table sets out the details regarding our Board of Directors as of the date of this Red Herring Prospectus:

Name, Designation, Occupation and DIN	Age	Address	Other Directorships
Mr. R.N. Nayak **Designation:** Chairman and Managing Director (Whole-time) **Occupation:** Service **DIN:** 02658070	58	Bungalow No. FF1 Power Grid Residential Township Complex Sector-43 Gurgaon 122 002 Haryana	• Powerlinks Transmission Limited • Torrent Power Grid Limited • Jaypee Powergrid Limited • Parbati Koldam Transmission Company Limited • Teestavalley Power Transmission Limited • North East Transmission Company Limited • Power System Operation Corporation Limited • Kalinga Bidyut Prasaran Nigam Private Limited • Bihar Grid Company Limited • Cross Border Power Transmission Company Limited
Mr. I. S. Jha **Designation:** Director (Projects) (Whole-time) **Occupation:** Service **DIN:** 00015615	54	House No. 654 Sector 10 A Gurgaon 122 001 Haryana	• Power System Operation Corporation Limited • Powerlinks Transmission Limited • Madhya Pradesh Power Transmission Company Limited • Haryana Vidyut Prasaran Nigam Limited • Bihar Grid Company Limited • Kalinga Bidyut Prasaran Nigam Private Limited • Powergrid Vemagiri Transmission Limited • Powergrid NM Transmission Limited • Vizag Transmission Limited
Mr. R. T. Agarwal **Designation:** Director (Finance) (Whole-time) **Occupation:** Service **DIN:** 01937329	57	House No. 16 Sector 41 Gurgaon 122 001 Haryana	• Powerlinks Transmission Limited • Parbati Koldam Transmission Company Limited • Powergrid Vemagiri Transmission Limited • Powergrid NM Transmission Limited • Power System Operation Corporation Limited • PTC India Financial Services Limited
Mr. Ravi P. Singh **Designation:** Director (Personnel)	53	Bungalow No. GG-2 Power Grid Residential Township Complex	• Powerlinks Transmission Limited • PTC India Limited

Name, Designation, Occupation and DIN	Age	Address	Other Directorships
(Whole-time) **Occupation:** Service **DIN:** 05240974		Sector 43 Gurgaon 122 002 Haryana	• Powergrid NM Transmission Limited • Vizag Transmission Limited
Mr. R.P. Sasmal **Designation:** Director (Operations) (Whole-time) **Occupation:** Service **DIN:** 02319702	55	Bungalow No. GG-3 Power Grid Residential Township Complex Sector 43 Gurgaon 122 002 Haryana	• Powergrid Vemagiri Transmission Limited • Kalinga Bidyut Prasaran Nigam Private Limited • Cross Border Power Transmission Company Limited • Dakshin Haryana Bijli Vitran Nigam Limited • Vizag Transmission Limited • Delhi Transco Limited
Ms. Rita Acharya **Designation:** Government Nominee Director **Occupation:** Service **DIN:** 03610799	59	D-II/7, Cornwallis Road Subramanian Bharti Marg New Delhi 110 003	• PTC India Limited • Power System Operation Corporation Limited
Mr. Pradeep Kumar **Designation:** Government Nominee Director **Occupation:** Service **DIN:** 05125269	52	Room No. 309 Kerala House 3 Jantar Mantar Road New Delhi 110 001	• NTPC Limited
Mr. Santosh Saraf **Designation:** Independent Director **Occupation:** Chartered Accountant **DIN:** 00073618	62	108, Standard House 83, Maharshi Karve Road Mumbai 400 002 Maharashtra	• Power System Operation Corporation Limited • North Eastern Electric Power Corporation Limited • Smridhi Plast Private Limited • Smridhi Consultants Private Limited • Blissful Developers and Consultants Private Limited
Ms. Rita Sinha **Designation:** Independent Director **Occupation:** Service - Retired **DIN:** 05169220	63	46, Greenwoods Society Phase-I Plot-2, Sector Omega-I Greater Noida Gautam Buddha Nagar 201 308 Uttar Pradesh	Nil
Mr. R. K. Gupta **Designation:** Independent Director **Occupation:** Academic **DIN:** 06484088	63	E-6, MDI Campus Mehrauli Road, Sukhrali Gurgaon 122 001 Haryana	Nil
Dr. K. Ramalingam **Designation:** Independent Director **Occupation:** Service-Retired **DIN:** 00207932	64	B-5/54, Safdarjung Enclave New Delhi 110 029	Nil

Name, Designation, Occupation and DIN	Age	Address	Other Directorships
Mr. R. Krishnamoorthy **Designation:** Independent Director **Occupation:** Service-Retired **DIN:** 05292993	68	Flat No. 510 Swapnalok Maangalaya Suryodhaya Apartments HAL Varthur Main Road Maarathahalli Bengaluru 560 037 Karnataka	• Lanco Infratech Limited • Lanco Anpara Power Limited • Lanco Hydro Power Limited
Mr. Mahesh Shah **Designation:** Independent Director **Occupation:** Professional **DIN:** 00405556	60	1/1, Monica Building 9B Lord Sinha Road Kolkata 700 071 West Bengal	• Inter Corporate Financiers & Consultants Limited • NMDC Limited • MSV Share and Stock Brokers Limited
Mr. Ajay Kumar Mittal **Designation:** Independent Director **Occupation:** Chartered Accountant **DIN:** 00322351	52	B-33, UGF Swasthya Vihar Laxmi Nagar Delhi 110 092	• Mittal Securities Private Limited

All our Directors are Indian nationals and none of the Directors are related to each other. There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director or member of the senior management.

Brief Profile of our Directors

Mr. R. N. Nayak, aged 58 years, is the Chairman and Managing Director of our Company. He graduated with a Bachelor of Science in Electrical Engineering from Regional Engineering College, Rourkela, and also holds an M.Tech (Electrical) degree from Indian Institute of Technology, Kharagpur. He has been awarded the P.M. Ahluwalia Award for his contributions to the power sector. He is also a Senior Member of Institute of Electric and Electronic Engineers, has been honoured as a Fellow of the Indian National Academy of Engineering, has received the distinguished alumni award by the Indian Institute of Technology, Kharagpur, and is also the President of CIGRE (International Council on Large Electric Systems) India. He has over 35 years of work experience primarily in the power sector. Prior to joining our Company on January 21, 1991, he has worked in NTPC and Steel Authority of India Limited. He was appointed as a Director on our Board with effect from May 16, 2009 and his designation was changed to Chairman and Managing Director with effect from September 1, 2011. In 2013, he featured in the '2013 All-Asia Executive Team – Best CEOs' by Institutional Investor LLC.

Mr. I. S. Jha, aged 54 years, is the Director (Projects) of our Company. He graduated with a Bachelor of Science in Electrical Engineering from NIT, Jamshedpur and has completed a Diploma in Management from the Indira Gandhi National Open University, New Delhi. He has over 32 years of work experience primarily in the power sector. Prior to joining our Company on August 16, 1991, he has worked with NTPC. He has previously served as Executive Director (Engineering), Executive Director (Corporate Monitoring Group) and Executive Director (North Eastern Region) in our Company. He was appointed as a Director on our Board with effect from September 1, 2009.

Mr. R. T. Agarwal, aged 57 years, is the Director (Finance) of our Company. He graduated with a Bachelor of Commerce from Kurukshetra University and is a qualified chartered accountant from the Institute of Chartered Accountants of India. He has over 32 years of work experience in functions related to finance and accounts and understands the execution and operational issues of power sector. Prior to joining our Company in October 1991, he has worked with NTPC. He was appointed as a Director on our Board with effect from July 29, 2011.

Mr. Ravi P. Singh, aged 53 years, is the Director (Personnel) of our Company. He graduated with a Bachelor of Engineering in Mechanical Engineering from NIT, Allahabad, and completed his Post Graduate Diploma in Human Resources from All India Management Association, New Delhi. He has over 31 years of work experience in the power sector and understands the execution and operational issues of power sector. Prior to joining our Company in August 1991, he has worked with NTPC. He has previously served as Executive

Director (Human Resources) and Executive Director (Eastern Region – II) in our Company. He was appointed as a Director on our Board with effect from April 1, 2012.

Mr. R.P. Sasmal, aged 55 years, is the Director (Operations) of our Company. He graduated with a Bachelor of Science in Electronics and Telecommunication from Sambalpur University, Odisha, He has over 31 years of work experience in the power sector. He has been recognized as a 'Distinguished Member of CIGRE' in 2012 and is currently the national representative for India at CIGRE for HVDC and power electronics. Prior to joining our Company in October 1993, he has worked with NTPC. He was appointed as a Director on our Board with effect from August 1, 2012.

Ms. Rita Acharya, aged 59 years, is a government nominee Director of our Company. She holds a Masters degree in Social Work from Madras University and a Diploma in Development Administration from International Cooperation University, Rome. She has been an officer of the Central Secretariat Service since 1980, and is presently the Joint Secretary (Transmission) in the MoP. She has previously worked in the Ministry of Finance (Department of Economic Affairs), GoI, and Ministry of Home Affairs, GoI. She was appointed as a Director on our Board with effect from August 26, 2011.

Mr. Pradeep Kumar, aged 52 years, is a government nominee Director of our Company. He has graduated with a B.Tech degree in Electronics from National Institute of Technology, Surathkal, Karnataka and has completed his Masters in Business Administration from Management Development Institute, Gurgaon and M. Phil. in Social Sciences from Panjab University. He has also completed his Masters Diploma in Public Administration from Indian Institute of Public Administration, New Delhi and Masters Diploma in Governance from Institute of Social Studies, The Hague, Netherlands. He has been a part of the Indian Administrative Service for over 26 years and has held various positions in both Central and State Governments. Prior to joining as Joint Secretary & Financial Adviser, Ministry of Power, he was Principal Secretary, Environment and Forest Department, Government of Kerala. He was appointed as a Director on our Board with effect from September 10, 2013.

Mr. Santosh Saraf, aged 62 years, is an Independent Director of our Company. He has graduated with a Bachelors' degree in Commerce from University of Rajasthan and is a Fellow Member of Institute of Chartered Accountants of India. He has over 36 years of work experience as a practicing Chartered Accountant in the field of finance and taxation. He has previously been the Chairman of the Western Development Council of Assocham and has held position in the Managing Committee and Patron Member for Assocham. He has also served various institutions such as the Employee Provident Fund Organization of the GoI and the Associated Chambers of Commerce and Industry of India. Further, he has been a Member of the Central Board of Trustees for Employees Provident Fund Organization of GoI from May 2008 to April 2013. He is presently a member of the Cost Accounting Standards Board of Institute of Cost Accountants of India. He was appointed as a Director on our Board with effect from December 27, 2011.

Ms. Rita Sinha, aged 63 years, is an Independent Director of our Company. She has graduated with a degree in Bachelor of Arts from Lucknow University and holds a Masters degree in Geography from Punjab University, Chandigarh. She has previously been a part of the Indian Administrative Service for a period of 38 years till July 2010 and has been the Secretary in the Department of Land Resources, Ministry of Rural Development, GoI. She was appointed as a Director on our Board with effect from December 27, 2011.

Mr. R.K. Gupta, aged 63 years, is an Independent Director of our Company. He graduated with a degree in Electrical Engineering from the India Institute of Technology, Kanpur, and completed his Doctorate in management from the India Institute of Management, Ahmedabad. He has over 26 years of work experience as a management academic. He is a Professor of Human Behaviour and Organization Development at Management Development Institute, Gurgaon and is a Professional Member of the Indian Society of Applied Behavioural Science. He is also on the editorial boards of a number of international journals such as International Journal of Cross-Cultural Management and International Journal of Indian Culture and Business Management. He has previously been a Professor at the Indian Institute of Management, Lucknow and was a member of the Advisory Group on Human Resources Issues of Public Sector Banks set up by the Ministry of Finance, GoI. He was appointed as a Director on our Board with effect from January 16, 2013.

Dr. K. Ramalingam, aged 64 years, is an Independent Director of our Company. He graduated with a degree in Electrical Engineering from Madras University, and he holds an M.Tech degree in Electrical Engineering from the Indian Institute of Technology, Chennai, and has completed his Post Graduate Diploma in Management from All India Management Association, New Delhi and a Diploma in labour law and administrative law from Annamalai University. He has also received his Doctorate in Philosophy for his work in the field of satellite navigation from Jawaharlal Nehru Technological University, Hyderabad and has been awarded an honorary Doctorate by the Anna University, Chennai, in recognition of his services in the field of civil aviation. He has over 36 years of work experience in the field of aviation. He has also been awarded the 'Best Alumni Award 2007' by the Indian Institute of Technology, Chennai. He has previously been a member of the board of directors of the Airports Authority of India, Indian Airlines, Hyderabad International Airport Limited, Airports Council International - Asia Pacific Region, a governing board member of the Airports Council International and a member of the executive committee of the Civil Air Navigation Service Providers. He was appointed by the GoI as the Chairman of Maytas Infra Limited in 2009 and has been a member of Future Aviation System (FANS) committee and Global Navigation Satellites System (GNSS) panels of International Civil Aviation Organization. Further, he has previously worked with the Directorate General of Civil Aviation, National Airports Authority, Kochi International Airport Private Limited and Airports Authority of India. He was also a member of various committees and Inter Ministerial Groups set up by the GoI for development of new green field airports, airports in the north east region of India and for formulating the Greenfield Airport Policy. He was appointed as a Director on our Board with effect from January 16, 2013.

Mr. R. Krishnamoorthy, aged 68 years, is an Independent Director of our Company. He graduated with a Bachelors of Science from the University of Madras, has completed the Subordinate Audit/Accounts Service Examination (Commercial) held by the Indian Audit and Accounts Department, Comptroller &Auditor General of India and is a Fellow Member of the Institute of Cost Accountants of India. He has over 37 years of work experience in power and financial sector. He has previously been a Member of the CERC, Member of the DERC, Chairman and Managing Director of Power Finance Corporation. He has also previously worked with NHPC Limited and has been the Chairman of the Empowered Committee set up by the MoP for encouraging competition in development of transmission projects. He has been a member of the committee set up by the MoP on state-specific reforms under GoI's Accelerated Power Development & Reform Program, and a member of the committees set up by the GoI as part of GoI's X^{th} and XI^{th} Five Year Plans. He was appointed as a Director on our Board with effect from January 16, 2013.

Mr. Mahesh Shah, aged 60 years, is an Independent Director of our Company. He graduated with a Bachelors degree in Commerce from St. Xaviers College, Calcutta University, and is a qualified chartered accountant from the Institute of Chartered Accountants of India, a qualified cost accountant from the Institute of Cost Accountants of India and a qualified company secretary from the Institute of Company Secretaries of India. He has also completed his LL.B. degree from Calcutta University. He has over 36 years of work experience in the field of corporate governance, corporate finance, investment banking and financial management. He is a director of Inter Corporate Financiers & Consultants Limited, a SEBI Authorized Category-I Merchant Banker, and was the President of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. He has also been a member of the Accounting Standard Board of Institute of Chartered Accountants of India, Compliance Committee of International Federation of Accountants, Executive Committee of Confederation of Asian and Pacific Accountants and South Asian Federation of Accountants. He was a member of the technical group appointed by the Ministry of Finance, GoI, for studying the depository system and has been a member of the review committee appointed by the Ministry of Law, GoI, for reviewing the Monopolies and Restrictive Trade Practices Act, 1969, Companies Act, 1956, Chartered Accountants Act, 1949, Companies Secretaries Act, 1980 and Cost Accountants Act, 1959. He has been a member of Task Force appointed by Department of Public Enterprises for contract and consultancy syndicate. He was appointed as a Director on our Board with effect from January 16, 2013.

Mr. Ajay Kumar Mittal, aged 52 years, is an Independent Director of our Company. He graduated with a Bachelors in Commerce from Meerut University and is a Fellow Chartered Accountant from the Institute of Chartered Accountants of India. He has over 27 years of work experience in the field of finance, project appraisal, financial management and in government statutory compliances. He is a Fellow Member of Institute of Chartered Accountants of India. He has previously worked with U.P. Financial Corporation and has been a Fellow to United Nation Industrial Development Organisation. He was appointed as a Director on our Board with effect from January 16, 2013.

None of our Directors is or was a director of any listed companies during the last five years preceding the date of filing of this Red Herring Prospectus and until date, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such companies.

None of our Directors is or was a director of any listed companies which have been or were delisted from any stock exchange during the term of their directorship in such companies.

Additionally, Mr. Parvez Hayat has been appointed as our Chief Vigilance Officer, a brief profile of whom is provided below:

Mr. Parvez Hayat, aged 53 years, is the Chief Vigilance Officer of our Company. He completed his LL.B. degree and a post-graduate degree in modern history from Delhi University. He has over 25 years of work experience in police administration. He is an IPS Officer of Jharkhand Cadre and has worked in various capacities in both the State and Central Government, such as Superintendent of Police / Senior Superintendent of Police of five districts of Bihar and Jharkhand, Private Secretary to the Union Minister of Home Affairs, GoI, Commandant Staff (Operations) Directorate General of Indo-Tibetan Border Police, Ministry of Home Affairs, GoI, Deputy Inspector General of Palamu Range in the State of Jharkhand, Deputy Inspector General (Crime Branch) at State Police Headquarters, Ranchi, Assistant Director General, Central Economic Intelligence Bureau, Ministry of Finance, GoI, Inspector General of Police (Police Modernization & Training), Jharkhand and as Assistant Deputy General (Police Modernization & Training), Jharkhand. He was appointed as the Chief Vigilance Officer of our Company in February 2011.

Borrowing Powers of the Board of Directors of our Company

Pursuant to a resolution of the shareholders of our Company passed at the Annual General Meeting of our Company dated September 19, 2012, our Board of Directors have been authorised to borrow funds up to ₹ 1,000,000 million. Our Board of Directors has approved an increase in the borrowing powers to ₹ 1,300,000 million subject to shareholders' approval, pursuant to a resolution dated October 23, 2013.

Details of Appointment of our Directors

Name of Director	MoP Order No.	Term
Mr. R.N. Nayak	No. 11/32/2010-PG dated July 22, 2011	For a period of five years with effect from September 1, 2011 or until the date of his superannuation* or until further orders, whichever event occurs earlier
Mr. I.S. Jha	No. 11/18/2007-PG dated July 9, 2009	For a period of five years with effect from September 1, 2009 or until the date of his superannuation* or until further orders, whichever event occurs earlier
Mr. R. T. Agarwal	No. 11/26/2010-PG dated July 29, 2011	For a period of five years with effect from July 29, 2011 or until the date of his superannuation* or until further orders, whichever event occurs earlier
Mr. Ravi P. Singh	No. 11/40/2010-PG dated February 22, 2012	For a period of five years with effect from April 1, 2012 or until the date of his superannuation* or until further orders, whichever event occurs earlier
Mr. R.P. Sasmal	No. 11/50/2011-PG dated August 1, 2012	For a period of five years with effect from August 1, 2012 or until the date of his superannuation* or until further orders, whichever event occurs earlier
Ms. Rita Acharya	No. 1/16/1991-PG dated August 26, 2011	With effect from August 26, 2011 until such time as determined by the President of India
Mr. Pradeep Kumar	No. 1/16/1991-PG dated September 10, 2013	With effect from September 10, 2013 until such time as determined by the President of India
Mr. Santosh Saraf	No. 1/38/96-PG dated December 27, 2011	With effect from December 27, 2011 for a period of three years, or until further orders, whichever occurs earlier
Ms. Rita Sinha	No. 1/38/96-PG dated December 27, 2011	With effect from December 27, 2011 for a period of three years, or until further orders, whichever occurs earlier
Mr. R.K. Gupta	No. 1/38/96-PG dated January 16, 2013	With effect from January 16, 2013 for a period of three years, or until further orders, whichever occurs earlier
Dr. K. Ramalingam	No. 1/38/96-PG dated January 16, 2013	With effect from January 16, 2013 for a period of three years, or until further orders, whichever occurs earlier
Mr. R. Krishnamoorthy	No. 1/38/96-PG dated January 16, 2013	With effect from January 16, 2013 for a period of three years, or until further orders, whichever occurs earlier
Mr. Mahesh Shah	No. 1/38/96-PG dated January 16, 2013	With effect from January 16, 2013 for a period of three years, or until further orders, whichever occurs earlier
Mr. Ajay Kumar Mittal	No. 1/38/96-PG dated	With effect from January 16, 2013 for a period of three

Name of Director	MoP Order No.	Term
	January 16, 2013	years, or until further orders, whichever occurs earlier

** Please note that the age limit for the Chairman & Managing Director and the whole-time Directors of our Company is 60 years.*

Except for our whole-time Directors who are entitled to statutory benefits and post retirement medical benefits on termination of their employment with us, no other Director is entitled to any benefit on termination of his employment with us.

Remuneration of our whole-time Directors

The following table sets forth the details of the remuneration received by the whole-time Directors in fiscal 2013. In addition to the amounts specified below, our whole-time Directors are also entitled to an official vehicle, gratuity and reimbursements for maintenance of a residential office and with respect to official entertainment. Furthermore, our whole-time Directors are entitled to perquisites and allowances to the extent of 49% of their respective basic salary.

Remuneration of our whole-time Directors in fiscal 2013

(In ₹)

S. No.	Name	Basic Salary (Including Dearness Allowance)	Contribution Towards Lease	Provident Fund	Medical	Total
1.	Mr. R.N. Nayak	5,494,875.93	Nil	192,609.00	31,725.00	5,719,209.93
2.	Mr. I.S. Jha	5,425,298.00	687,000.00	209,915.00	55,136.00	6,377,349.00
3.	Mr. R. T. Agarwal	4,451,442.73	687,000.00	200,550.00	27,814.00	5,366,806.73
4.	Mr. Ravi P. Singh	3,865,142.33	20,833.00	190,156.00	18,349.00	4,094,480.33
5.	Mr. R.P. Sasmal	2,880,826.67	Nil	189,216.00	26,441.00	3,096,483.67

Pursuant to memoranda issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, GoI ("**DPE**"), on November 26, 2008 and April 2, 2009, the GoI has empowered public sector undertakings, including our Company, to revise the pay scales of their respective board members and executives. Our Company has made applications to the MoP for the fixation of basic pay in respect to each of the whole-time Directors in accordance with the revised pay scale. Presently, our Chairman and Managing Director is receiving the minimum amount determined as per the revised pay scales and the remaining whole-time Directors (Mr. I.S. Jha, Mr. R.T. Agarwal, Mr. Ravi P. Singh and Mr. R.P. Sasmal), pursuant to approval by our Chairman and Managing Director, are continuing to provisionally receive their basic pay at the same level to which they were entitled prior to becoming Directors of our Company. Accordingly, the remuneration set forth above is subject to further revision. Salary revision for all affected public sector employees will be retrospectively effective from January 2007.

The Directors who have been nominated by the GoI do not receive any remuneration or sitting fee for attending the meeting of the Board and committees appointed by our Board, from our Company. The Independent Directors are entitled to travel allowance/daily allowance and sitting fees of ₹ 20,000 for attending each meeting of our Board and its committees, which will be in accordance with the instructions issued by DPE from time to time and pursuant to a resolution of our Board dated December 6, 2012.

Details of terms and conditions of employment of our whole-time Directors

Our whole-time Directors are appointed by the President of India through the MoP. The MoP also prescribes the terms and conditions of appointment of our whole-time Directors. Pay fixation details of our whole-time Directors as per the revised pay scale prescribed by the DPE would be communicated by the MoP once the MoP decides to fix the respective basic pays. Pending receipt of the concurrence and approval from the MoP on our Company's proposal on the fixation of the basic salary for each of our whole-time Directors, the provisional basic pay as per the revised pay scales is being paid to the whole-time Directors as described above.

Our Company prescribes the terms and conditions of employment for each of the whole-time Directors in consonance with the terms and conditions prescribed by the MoP. The terms and conditions governing the appointment of Mr. R.N. Nayak, Mr. I.S. Jha, Mr. R.T. Agarwal, Mr. Ravi P. Singh and Mr. R.P. Sasmal are set forth below.

Mr. R. N. Nayak – Chairman and Managing Director

Mr. R. N. Nayak was appointed as Chairman and Managing Director pursuant to MoP Order No. 11/32/2010-PG dated July 22, 2011. The terms and conditions of employment, determined pursuant to the Office Memorandum (DPE OM No. 2(70)/08-DPE(WC)-GL-XVI/08) dated November 26, 2008, issued by the DPE, on revision of pay scales for board level and below board level executives and non-unionised supervisors in CPSEs (“**Revision of Pay Scales Memorandum**”), and as prescribed by our Company’s internal policies, are set forth below.

Term	For a period of five years from September 1, 2011 or until the date of his superannuation*, or until further orders, whichever event occurs the earliest
Basic salary	₹ 84,880 in the existing scale of ₹ 80,000-125,000
Dearness allowance	85.5% of the basic pay. The rate of dearness allowance is revised on a quarterly basis
Housing and furnishing	Company accommodation
Annual increment	3% of basic pay
Provident fund and gratuity	Contribution to provident fund is determined upon the basic pay and dearness allowance, Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 1 million
Other benefits and incentives	Entitled to a car and medical facilities
Performance Related Pay Scheme	Entitled to performance related pay with a ceiling of 200% of basic pay
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half-paid leave and 12 days of casual leave and two days of optional leave
Club membership	Entitled to membership of up to two clubs
Other conditions	Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the GoI

** Please note that the age limit for the Chairman & Managing Director of our Company is 60 years.*

Mr. I. S. Jha – Director (Projects)

Mr. I. S. Jha was appointed as Director (Projects) pursuant to MoP Order No. 11/18/2007-PG dated July 9, 2009. The terms and conditions of employment, pursuant to approval by our Chairman and Managing Director and as determined in accordance with the Revision of Pay Scales Memorandum, and as prescribed by our Company’s internal policies, are set forth below.

Term	For a period of five years from September 1, 2009 or until the date of his superannuation*, or until further orders, whichever event occurs the earliest
Basic salary	₹ 87,160 in the existing scale of ₹ 75,000-100,000
Dearness allowance	85.5% of the basic pay. The rate of dearness allowance is revised on a quarterly basis
Housing and furnishing	Lease rent of ₹ 60,000 per month
Annual increment	3% of basic pay
Provident fund and gratuity	Contribution to provident fund is determined upon the basic pay and dearness allowance, Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 1 million
Other benefits and incentives	Entitled to a car and medical facilities
Performance Related Pay Scheme	Entitled to performance related pay with a ceiling of 150% of basic pay
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half-paid leave and 12 days of casual leave and two days of optional leave
Club membership	Entitled to membership of up to two clubs
Other conditions	Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the GoI

** Please note that the age limit for the whole-time Directors of our Company is 60 years.*

Mr. R. T. Agarwal – Director (Finance)

Mr. R. T. Agarwal was appointed as Director (Finance) pursuant to MoP Order No. 11/26/2010-PG dated July 29, 2011. The terms and conditions of employment, pursuant to approval by our Chairman and Managing

Director and as determined in accordance with the Revision of Pay Scales Memorandum, and as prescribed by our Company's internal policies, are set forth below.

Term	For a period of five years from July 29, 2011 or until the date of his superannuation*, or until further orders, whichever event occurs the earliest
Basic salary	₹ 84,880 in the existing scale of ₹ 75,000-100,000
Dearness allowance	85.5% of the basic pay. The rate of dearness allowance is revised on a quarterly basis
Housing and furnishing	Lease rent of ₹ 60,000 per month
Annual increment	3% of basic pay
Provident fund and gratuity	Contribution to provident fund is determined upon the basic pay and dearness allowance, Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 1 million
Other benefits and incentives	Entitled to a car and medical facilities
Performance Related Pay Scheme	Entitled to performance related pay with a ceiling of 150% of basic pay
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half-paid leave and 12 days of casual leave and two days of optional leave
Club membership	Entitled to membership of up to two clubs
Other conditions	Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the GoI

** Please note that the age limit for the whole-time Directors of our Company is 60 years.*

Mr. Ravi P. Singh – Director (Personnel)

Mr. Ravi P. Singh was appointed as Director (Personnel) pursuant to MoP Order No. 11/40/2010-PG dated February 22, 2012. The terms and conditions of employment, pursuant to approval by our Chairman and Managing Director and as determined in accordance with the Revision of Pay Scales Memorandum, and as prescribed by our Company's internal policies, are set forth below.

Term	For a period of five years from April 1, 2012 or until the date of his superannuation*, or until further orders, whichever is the earliest
Basic salary	₹ 82,400 in the existing scale of ₹ 75,000-100,000
Dearness allowance	85.5% of the basic pay. The rate of dearness allowance is revised on a quarterly basis
Housing and furnishing	Company accommodation
Annual increment	3% of basic pay
Provident fund and Gratuity	Contribution to provident fund is determined upon the basic pay and dearness allowance, Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 1 million
Other benefits and incentives	Entitled to a car and medical facilities
Performance Related Pay Scheme	Entitled to performance related pay with a ceiling of 150% of basic pay
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half-paid leave and 12 days of casual leave and two days of optional leave
Club membership	Entitled to membership of up to two clubs
Other conditions	Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the GoI

** Please note that the age limit for the whole-time Directors of our Company is 60 years.*

Mr. R. P. Sasmal – Director (Operations)

Mr. R. P. Sasmal was appointed as Director (Personnel) pursuant to MoP Order No. 11/50/2011-PG dated August 1, 2012. The terms and conditions of employment, pursuant to approval by our Chairman and Managing Director and as determined in accordance with the Revision of Pay Scales Memorandum, and as prescribed by our Company's internal policies, are set forth below.

Term	For a period of five years from August 1, 2012 or until the date of his superannuation*, or until further orders, whichever is the earliest
Basic salary	₹ 82,400 in the existing scale of ₹ 75,000-100,000
Dearness allowance	85.5% of the basic pay. The rate of dearness allowance is revised on a quarterly basis

Housing and furnishing	Company accommodation
Annual increment	3% of basic pay
Provident fund and Gratuity	Contribution to provident fund is determined upon the basic pay and dearness allowance, Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 1 million
Other benefits and incentives	Entitled to a car and medical facilities
Performance Related Pay Scheme	Entitled to performance related pay with a ceiling of 150% of basic pay
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half-paid leave and 12 days of casual leave and two days of optional leave
Club membership	Entitled to membership of up to two clubs
Other conditions	Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the GoI

** Please note that the age limit for the whole-time Directors of our Company is 60 years.*

Except as stated above, no other compensation is paid to our Directors pursuant to any bonus or profit sharing plan of our Company.

Corporate Governance

Our Equity Shares are listed on the Stock Exchanges and our Company has adopted corporate governance practices in accordance with Clause 49 of the Equity Listing Agreements, entered into with the Stock Exchanges, in terms of broad basing our Board and constitution of various committees thereof. Our Company is also required to comply with the Guidelines on Corporate Governance for Public Sector Enterprises, Ministry of Heavy Industries and Public Enterprises ("**DPE Guidelines**"), and our Company is in compliance with the DPE Guidelines.

Our Company has not complied with the Equity Listing Agreements relating to composition of board of directors for certain quarters during the last three years immediately preceding the date of registering the Red Herring Prospectus with the RoC. However, our Company was compliant with the Equity Listing Agreements from January 16, 2013, with the induction of five independent Directors on its Board. Accordingly, our Company is in compliance with the requirements of Clause 49 of the Equity Listing Agreements as on the date of this Red Herring Prospectus.

We have constituted an Audit Committee and a Shareholders'/Investors' Grievance Committee as per the requirements of Clause 49 of the Equity Listing Agreement. Whilst, the constitution of Remuneration Committee is not mandatory under the Equity Listing Agreements, we have constituted a Remuneration Committee in accordance with the DPE Guidelines applicable to all central public sector enterprises.

I. Audit Committee

Our Audit Committee was constituted through Board resolution dated January 27, 1999 and last reconstituted on October 23, 2013. The Audit Committee currently comprises the following Directors:

(i) Mr. Santosh Saraf (Independent Director) – Chairman of the Audit Committee;

(ii) Mr. R. Krishnamorthy (Independent Director);

(iii) Mr. Rita Sinha (Independent Director);

(iv) Mr. Ajay Kumar Mittal (Independent Director); and

(v) Mr. Pradeep Kumar (Government Nominee Director).

The Company Secretary is the Secretary to the Audit Committee.

Meeting of Audit Committee

The Audit Committee is required to meet at least four times in a year and not more than four months will elapse between two meetings in that year. The quorum will be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent members present. The Audit Committee met nine times in fiscal 2013.

Powers of Audit Committee

The powers of the Audit Committee include the following:

1. To investigate any activity within its terms of reference.
2. To seek information on and from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To protect whistle blowers.
6. To consider other matters as referred by the Board.

Role of Audit Committee

The role of the audit committee includes the following:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Fixation of audit fees to be paid to statutory auditors appointed by the Comptroller & Auditor General under the Companies Act and approval for payment with respect to any other services rendered by the statutory auditors.

3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act.
    b. Changes, if any, in accounting policies and practices and reasons for the same.
    c. Major accounting entries involving estimates based on the exercise of judgment by management.
    d. Significant adjustments made in the financial statements arising out of audit findings.
    e. Compliance with listing and other legal requirements relating to financial statements.
    f. Disclosure of any related party transactions.
    g. Qualifications in the draft audit report.

4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

5. 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.

6. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

8. Discussion with internal auditors and / or auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies 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.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. 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.

12. To review the functioning of the whistle blower mechanism.

13. To review the follow up action on the audit observations of the Comptroller & Auditor General audit.

14. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.

15. Provide an open avenue of communication between the independent auditor, internal auditor and the Board.

16. Review all related party transactions in our Company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.

    Explanation: The term “related party transactions” shall have the same meaning as contained in the Accounting Standard 18, issued by the Institute of Chartered Accountants of India.

17. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.

18. Consider and review the following with the independent auditor and the management:

    a. The adequacy of internal controls including computerized information system controls and security; and
    b. Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

19. Consider and review the following with the management, internal auditor and the independent auditor:

    a. Significant findings during the year, including the status of previous audit recommendations; and
    b. Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

1. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations.

2. Statement of significant related party transactions submitted by management.

3. Management letters / letters of internal control weaknesses issued by the statutory auditors.

4. Internal audit reports relating to internal control weaknesses.

5. The appointment, removal and terms of remuneration of the chief internal auditor.

6. Certification/declaration of financial statements by the Chief Executive Officer/Chief Finance Officer.

II. Shareholders' / Investors' Grievance Committee

Our Shareholders'/Investors' Grievance Committee was constituted through Board resolution dated January 4, 2007 and last reconstituted on March 8, 2013. The Shareholders'/Investors' Grievance Committee currently comprises the following Directors:

(i) Mr. Santosh Saraf (Independent Director) – Chairman of the Shareholders' / Investors' Grievance Committee;

(ii) Mr. Mahesh Shah (Independent Director);

(iii) Dr. K. Ramalingam (Independent Director);

(iv) Mr. R.T. Agarwal (Director(Finance) – Whole-time Director); and

(v) Mr. Ravi P. Singh (Director (Personnel) – Whole-time Director).

The Company Secretary is the Secretary to the Shareholders' / Investors' Grievance Committee.

Meeting of Shareholders'/Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee met twice in fiscal 2013.

General Functions:

The Shareholders/ Investors Grievance Committee has been constituted for redressal of shareholders'/ investors' complaints relating to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, among others.

III. Remuneration Committee

Our Remuneration Committee was last reconstituted on October 23, 2013. The Remuneration Committee currently comprises the following Directors:

(i) Ms. Rita Sinha (Independent Director) – Chairperson of the Remuneration Committee;

(ii) Ms. Rita Acharya (Government Nominee Director);

(iii) Mr. Ajay Kumar Mittal (Independent Director);

(iv) Mr. R. K. Gupta (Independent Director); and

(v) Mr. Pradeep Kumar (Government Nominee Director).

Meeting of Remuneration Committee

The Remuneration Committee met twice in fiscal 2013.

The Remuneration Committee decides the annual bonus/variable pay pool and policy for its distribution across executives and non-unionized supervisors within prescribed limits.

IV. Pricing Committee

Our Pricing Committee was constituted through Board resolution dated October 23, 2013. The Pricing Committee currently comprises the following Directors:

(i) Mr. R. N. Nayak – (Chairman and Managing Director);

(ii) Mr. Alok Tandon (Joint Secretary, Department of Disinvestment);

(iii) Mr. Pradeep Kumar (Government Nominee Director); and

(iv) Mr. R. T. Agarwal (Director (Finance)).

The Pricing Committee is authorised to determine the Price Band/Offer Price with respect to the Offer and put forward the same to the Board and the Empowered Group of Ministers for approval.

Shareholding of Directors in our Company

Our Articles do not require our Directors to hold any Equity Shares. The following table details the shareholding of our Directors in our Company (held in individual capacity) as on the date of filing this Red Herring Prospectus:

Name of the Director	No. of Equity Shares
Mr. R.N. Nayak	11,721
Mr. I.S. Jha	2,998
Mr. R. T. Agarwal	3,056
Mr. Ravi P. Singh	9,016
Mr. R.P. Sasmal	1,798
Ms. Rita Acharya	-
Mr. Pradeep Kumar	-
Mr. Santosh Saraf	1,190
Ms. Rita Sinha	-
Mr. R.K. Gupta	-
Dr. K. Ramalingam	-
Mr. R. Krishnamoorthy	286
Mr. Mahesh Shah	-
Mr. Ajay Kumar Mittal	297

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

Some of our Directors also hold Equity Shares in our Company and are interested to the extent of any dividend payable to them in respect of the same. Our Directors may also be regarded as interested in the Equity Shares that may be subscribed by or Allotted to them or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer.

Except as stated in this Red Herring Prospectus and in particular "***Financial Statements – Annexure XX - Related Party Transactions***" on page 219, our Directors have no interest in any property acquired by us within two years of the date of filing of this Red Herring Prospectus or proposed to be acquired by us.

Some of our Directors also hold directorships in our Subsidiary/Joint Ventures which are also engaged in the power transmission business. However, none of our Directors have been appointed on our Board pursuant to any arrangement with our customers, suppliers or others.

Except as stated in this Red Herring Prospectus and in particular "***Financial Statements – Annexure XX – Related Party Transactions***" on page 219, our Directors do not have any other interest in our business.

Changes in our Board during the last three years

The changes in our Board in the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. R.N. Nayak	September 1, 2011	-	Appointment as Chairman and Managing Director pursuant to

Name	Date of Appointment	Date of Cessation	Reason
			notification of MoP
Mr. S.K. Chaturvedi	August 1, 2008	September 1, 2011	Retirement
Mr. J. Sridharan	December 21, 2005	April 30, 2011	Retirement
Mr. V.M. Kaul	March 16, 2009	April 1, 2012	Retirement
Dr. M. Ravi Kanth	December 11, 2009	August 16, 2011	Nomination withdrawn by MoP
Mr. Rakesh Jain	June 9, 2009	July 9, 2013	Nomination withdrawn by MoP
Mr. S.C. Tripathi	April 25, 2008	April 25, 2011	Retirement
Mr. Ashok Khanna	April 25, 2008	April 25, 2011	Retirement
Mrs. Sarita Prasad	August 4, 2008	August 4, 2011	Retirement
Mr. Anil K. Agarwal	July 10, 2010 (with effect from)	July 10, 2011	Retirement
Mr. F.A. Vandrevala	July 10, 2010 (with effect from)	July 10, 2011	Retirement
Dr. P.K. Shetty	July 10, 2010 (with effect from)	July 10, 2011	Retirement
Dr. A.S. Narag	July 10, 2010 (with effect from)	July 10, 2011	Retirement
Mr. R. T. Agarwal	July 29, 2011	-	Appointment pursuant to notification of MoP
Mr. Ravi P. Singh	April 1, 2012	-	Appointment pursuant to notification of MoP
Mr. R. P. Sasmal	August 1, 2012	-	Appointment pursuant to notification of MoP
Ms. Rita Acharya	August 26, 2011	-	Appointment pursuant to notification of MoP
Mr. Santosh Saraf	December 27, 2011	-	Appointment pursuant to notification of MoP
Ms. Rita Sinha	December 27, 2011	-	Appointment pursuant to notification of MoP
Mr. R. K. Gupta	January 16, 2013	-	Appointment pursuant to notification of MoP
Dr. K. Ramalingam	January 16, 2013	-	Appointment pursuant to notification of MoP
Mr. Ajay Kumar Mittal	January 16, 2013	-	Appointment pursuant to notification of MoP
Mr. R. Krishnamoorthy	January 16, 2013	-	Appointment pursuant to notification of MoP
Mr. Mahesh Shah	January 16, 2013	-	Appointment pursuant to notification of MoP
Mr. Pradeep Kumar	September 10, 2013	-	Appointment pursuant to notification of MoP

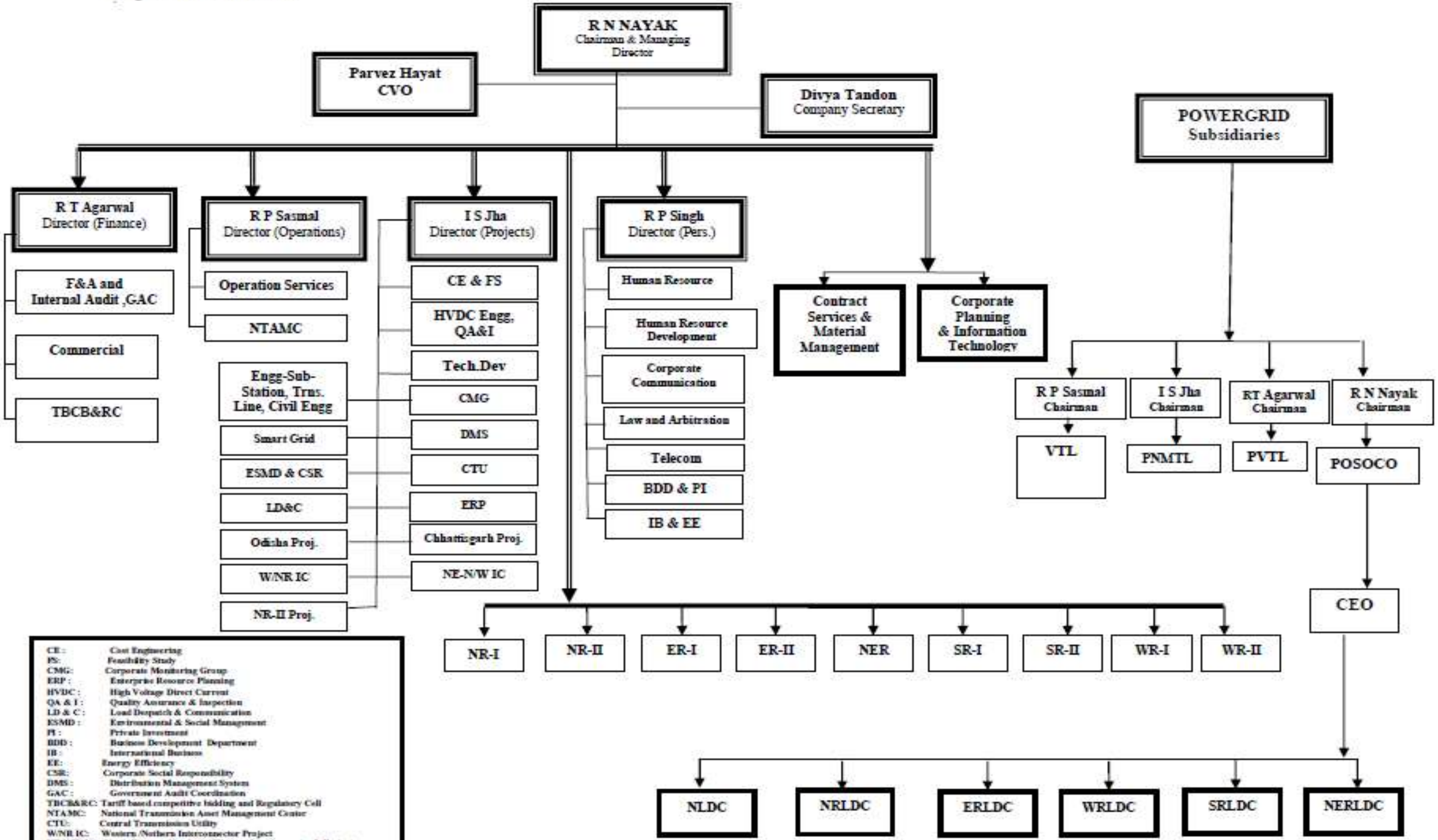
Employees

Our Company does not have any employee stock option scheme or employee stock purchase scheme.

Payment or benefits to officers of our Company

Except certain post retirement medical benefits and statutory benefits on superannuation, and except as stated otherwise in this Red Herring Prospectus, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company's officers apart from remuneration for services rendered as Directors, officers or employees of our Company.

Organization structure



CE : Cost Engineering
FS: Feasibility Study
CMG: Corporate Monitoring Group
ERP : Enterprise Resource Planning
HVDC : High Voltage Direct Current
QA & I : Quality Assurance & Inspection
LD & C : Load Despatch & Communication
ESMD : Environmental & Social Management
PI : Private Investment
BDD : Business Development Department
IB : International Business
EE: Energy Efficiency
CSR: Corporate Social Responsibility
DMS : Distribution Management System
GAC : Government Audit Coordination
TBCB&RC: Tariff based competitive bidding and Regulatory Cell
NTAMC: National Transmission Asset Management Center
CTU: Central Transmission Utility
W/NR IC: Western /Nothern Interconnector Project
NE-N/W IC: North Eastern -Northern/Western Interconnector I Project
PNMTL: Powergrid NM Transmission Company Limited
PVTL: Powergrid Vemagiri Transmission Limited
VTL: Virag Transmission Limited
POSOCO: Power System Operations Company

OUR PROMOTER AND GROUP COMPANIES

Our Promoter is the President of India acting through the MoP and the MoDoNER. Our Promoter currently holds 69.42% of the pre-Offer paid-up equity share capital of our Company. As our Promoter is the President of India acting through the MoP and the MoDoNER, disclosure of our 'group companies' cannot be provided.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to guidelines issued by the DoE, our profits, capital requirements, contractual obligations, restrictive covenants under our loan and financing arrangements and the overall financial condition of our Company.

The dividend and dividend tax paid by our Company during the last three fiscal is presented below.

	Fiscal 2013	**Fiscal 2012**	**Fiscal 2011**
Face value of Equity Shares (in ₹ per Equity Share)	10	10	10
Interim Dividend (in ₹ million)	7,453.9	3,703.9	2,315.1
Final Dividend (in ₹ million)	5,277.9	6,065.0	5,787.2
Total Dividend (in ₹ million)	12,731.8	9,768.9	8,102.3
Dividend per Equity Share (₹)	2.75	2.11	1.75
Interim Dividend Rate (%)	16.1	8.0	5.0
Final Dividend Rate (%)	11.4	13.1	12.5
Total Dividend Rate (%)	27.5	21.1	17.5
Dividend Tax (in ₹ million)	2,085.5	1,569.7	1,323.3

However, the amounts distributed as dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future. Future dividends will depend on our revenues, profits, cash flow, financial condition, capital requirements and other factors.

S. K. Mehta & Co.
Chartered Accountants
504, Kirti Mahal,
19, Rajendra Place,
New Delhi – 110 008.

Chatterjee & Co.
Chartered Accountants
153, Rash Behari Avenue,
3rd Floor,
Kolkata – 700 029.

Sagar & Associates
Chartered Accountants
H.No. 6 - 3 - 244 / 5,
Sarada Devi Street, Prem Nagar,
Hyderabad – 500 004.

Auditors' Report on Standalone Financial Statements

The Board of Directors
Power Grid Corporation of India Limited
Plot No. 2, Sector 29,
Gurgaon

Dear Sirs,

1. We have examined the attached financial information of Power Grid Corporation of India Limited (**the 'Company'**) comprising Standalone Statements of Assets and Liabilities (Annexure-I), Profit & Loss (Annexure-II) and Cash Flows (Annexure III) for the years ended on March 31, 2012 and 2013 and for the half year ended on September 30, 2013 & Profit & Loss Account and certain condensed standalone balance sheet items and select information as per requirements of clause 41 of the Listing Agreement for the half year ended on September 30, 2012 and Accounting Policies (Annexure IV) & Notes on Accounts (Annexure V) for the year ended on March 31, 2013 as approved by the Committee of the Board of Directors of the Company formed for this purpose, which has been prepared in terms of the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date, (**ICDR Regulations**) applicable provisions of the Companies Act, 1956 (**the Act**) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated October 23, 2013 in connection with the proposed "Further Public Offering (**FPO**) of Equity Shares comprising of Fresh Issue of shares by the Company and Offer for Sale by the President of India acting through the Ministry of Power, Government of India (GoI) (**the "Selling Shareholder"**).

   The preparation and presentation of these financial information is the responsibility of the Company's Management.

2. These financial information have been extracted by the Management from the Company's audited standalone financial statements for the years ended on March 31, 2012 and 2013 and unaudited reviewed standalone financial statements for the half year ended on September 30, 2013 and unaudited reviewed stand alone financial results for the half year ended on September 30, 2012, which also contains certain condensed standalone balance sheet items and select information as per requirements of clause 41 of the Listing Agreement which were subjected to limited review, after making such regroupings as considered appropriate. The standalone financial statements of the Company for the year ended on March 31, 2012 and 2013 were audited by

us. The unaudited standalone financial statements for the half year ended September 30, 2013 and unaudited standalone statement of financial results for the half year ended on September 30, 2012 were subjected to review carried out by us.

3. We have performed such tests and procedures, which in our opinion, were necessary for the examination of these financial information. These procedures, mainly involved comparison of the attached financial information with the Company's audited/unaudited financial statements for the respective years/periods.

4. Based on above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been used in the financial information appropriately.

5. Emphasis of matter is included in the Auditors' Report on the Standalone financial statements for the financial year ending March 31, 2012 and 2013 relating to provisional recognition of revenue from transmission charges (refer para A-(V)a & c in Annexure V- Notes on Accounts).

   Our report is not qualified in respect of these matters.

6. In accordance with the requirements of the ICDR Regulations, applicable provisions of the Act and the terms of our engagements agreed with you, we have also examined the other standalone financial information prepared by the Management and approved by the committee of the Board of Directors of the Company for the purpose of inclusion in the Red Herring Prospectus and Prospectus as mentioned below:-

(i)	Statement of Accounting Ratios	Annexure VI
(ii)	Capitalisation Statement as of September 30, 2013	Annexure VII
(iii)	Statement of Dividend paid / proposed	Annexure VIII
(iv)	Statement of Revenue from Operations, Statement of Other Income, Statement of Transmission, Administration and Other Expenses	Annexure IX a,b,c
(v)	Statement of Share Capital	Annexure X
(vi)	Statement of Reserves and Surplus	Annexure XI
(vii)	Statement of Deferred Revenue	Annexure XII
(viii)	Statement of Long and Short Term Borrowings	Annexure XIII
(ix)	Statement of Other Current Liabilities and Short Term Provisions	Annexure XIV
(x)	Statement of Tangible and Intangible Fixed Assets	Annexure XV
(xi)	Statement of Investments	Annexure XVI
(xii)	Statement of Trade Receivables	Annexure XVII
(xiii)	Statement of Long Term and Short Term Loans and Advances	Annexure XVIII
(xiv)	Statement of Contingent Liabilities	Annexure XIX
(xv)	Statement of Related Party Transactions	Annexure XX
(xvi)	Statement of Segment Reporting	Annexure XXI
(xvii)	Statement of Employee Benefits Expense	Annexure XXII
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(xix)	Statement of Prior Period Expenditure/ (Income)	Annexure XXIV
(xx)	Statement of changes in the accounting policies adopted for the year ended on March 31, 2012 and half year ended September 30, 2013 as compared to that for the year ended on March 31, 2013	Annexure XXV

All of the above statements are for the years ended on March 31, 2012 and 2013 and for the half year ended on September 30, 2013 except for the 'Statement of Fixed Assets', which are for the years ended on March 31, 2012 and 2013.

7. In our opinion the attached standalone financial information of the company, as mentioned in paragraph 1 and 6 above have been extracted and prepared in accordance with the ICDR Regulations and the applicable provisions of the Act.

8. This report is intended solely for use of the management of the Company and "Selling Shareholder" for inclusion in the Red Herring Prospectus and the Prospectus in connection with FPO of the Equity Shares of the Company comprising of Fresh Issue of shares by the Company and Offer for Sale by the Selling Shareholder and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S. K. Mehta & Co.	**For Chatterjee & Co.**	**For Sagar & Associates**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Firm Regn. No. 000478 N	Firm Regn. No. 302114 E	Firm Regn. No. 003510 S
(Rohit Mehta)	**(R. N. Basu)**	**(D. Manohar)**
Partner	**Partner**	**Partner**
Membership No. 91382	Membership No. 50430	Membership No. 29644

Place : Gurgaon
Date : November 12, 2013

Statement of Assets & Liabilities - Standalone *Annexure I*

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
Non-current assets (A) :			
a) Fixed assets			
(i) Tangible assets	473,397.8	608,776.9	652,834.8
(ii) Intangible assets	3,225.2	5,229.5	5,993.4
(iii) Capital work in progress	154,998.9	189,213.0	247,598.4
(iv) Intangible assets under development	736.1	1,936.2	1,920.2
b) Construction Stores	126,100.4	157,086.2	195,895.1
c) Non Current Investments	11,011.9	9,642.4	9,891.2
d) Deferred foreign currency fluctuation asset	13,166.7	17,162.9	31,947.8
e) Long-term loans and advances	56,147.6	59,634.0	55,897.9
Sub -total (A)	838,784.6	1,048,681.1	1,201,978.8
Current assets (B) :			
a) Current investments	1,832.6	1,832.6	1,832.6
b) Inventories	4,403.1	5,515.3	6,259.3
c) Trade receivables	14,974.9	14,340.9	15,864.6
d) Cash and Bank balances	23,368.8	16,619.7	19,929.5
e) Short-term loans and advances	4,259.6	5,950.3	5,432.8
f) Other current assets	14,459.9	18,395.7	22,957.0
Sub -total (B)	63,298.9	62,654.5	72,275.8
Deferred Revenue (C)	27,762.7	37,176.0	52,031.5
Non Current Liabilities (D)			
a) Long-term borrowings	491,191.9	630,762.7	743,506.9
b) Deferred tax liabilities (Net)	16,008.8	19,591.6	21,763.2
c) Other long term liabilities	14,317.3	9,899.3	14,230.2
d) Long-term provisions	4,214.9	4,426.3	4,919.2
Sub -total (D)	525,732.9	664,679.9	784,419.5
Current Liabilities (E)			
a) Short-term borrowings	16,500.0	20,000.0	20,000.0
b) Trade payables	2,007.8	2,467.3	2,913.6
c) Other current liabilities	84,635.6	116,934.6	122,122.2
d) Short-term provisions	10,566.7	7,683.1	7,577.9
Sub-total (E)	113,710.1	147,085.0	152,613.7
Committed Reserves (F)			
Corporate Social Responsibility (CSR) Activity Reserve	**-**	**260.6**	**425.9**
NET WORTH (A+B-C-D-E-F)	**234,877.8**	**262,134.1**	**284,764.0**
Represented by :			
Share Capital (G)	**46,297.3**	**46,297.3**	**46,297.3**
Reserves and Surplus	188,580.5	216,097.4	238,892.6
Less : CSR Activity Reserve	-	260.6	425.9
Reserves and Surplus (H)	**188,580.5**	**215,836.8**	**238,466.7**
NET WORTH (G+H)	**234,877.8**	**262,134.1**	**284,764.0**

Statement of Profit & Loss - Standalone *Annexure II*

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Half Year Ended September 30, 2012 (Unaudited Reviewed)	Half Year Ended September 30, 2013 (Unaudited Reviewed)
Income :				
Transmission Income	95,441.9	121,626.6	57,336.7	70,810.0
Consultancy Income- Services	2,899.5	2,289.6	1,278.9	1,217.6
Consultancy Income- Sale of Products	-	864.4	-	1,861.3
Telecom Income	2,011.9	2,313.9	1,124.6	1,465.0
Other Operating Revenue	1,289.4	484.0	342.4	240.6
Other Income	6,207.4	5,708.9	2,147.6	1,790.1
Total Income	**107,850.1**	**133,287.4**	**62,230.2**	**77,384.6**
Expenditure :				
Purchases of Stock in trade	-	635.0	-	1,379.2
Employee benefits expense	8,429.7	8,864.0	4,404.1	4,616.6
Depreciation and amortisation expense	25,725.4	33,519.2	15,816.6	19,303.8
Transmission, Administration and Other Expenses	8,099.8	8,715.4	3,997.1	5,120.5
Finance Costs				
a) Interest and other charges	18,588.3	26,091.4	12,444.4	15,612.6
b) Foreign Exchange Rate Variation	844.3	(739.2)	(687.6)	-
Total Finance Costs	19,432.6	25,352.2	11,756.8	15,612.6
Total Expenditure	**61,687.5**	**77,085.8**	**35,974.6**	**46,032.7**
Profit before prior period adjustments and exceptional items	**46,162.6**	**56,201.6**	**26,255.6**	**31,351.9**
Less : Prior Period Adjustments (Expense/(Income))	186.6	(247.0)	(136.5)	(5.5)
Less : Exceptional Items	-	-	-	-
Profit before Tax	**45,976.0**	**56,448.6**	**26,392.1**	**31,357.4**
Provision for :				
Current Tax				
- Current Year	8,911.0	10,715.0	5,143.5	6,390.4
- Earlier Years	(25.9)	(194.2)	(194.7)	-
Total Current Tax	8,885.1	10,520.8	4,948.8	6,390.4
Deferred Tax				
- Current Year	4,541.4	3,418.0	1,483.3	2,171.6
- Earlier Years	-	164.8	-	-
Total Deferred Tax	4,541.4	3,582.8	1,483.3	2,171.6
Total Tax Expenses	**13,426.5**	**14,103.6**	**6,432.1**	**8,562.0**
Profit after Tax	**32,549.5**	**42,345.0**	**19,960.0**	**22,795.4**

Annexure III

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Half Year Ended September 30, 2013 (Unaudited Reviewed)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax	45,976.0	56,448.6	31,357.4
Adjustment for :			
Depreciation (including prior period)	26,102.9	33,796.9	19,327.6
Transfer from Grants in Aid	(319.9)	(222.9)	(109.9)
Deferred revenue - Advance against Depreciation	(322.9)	(488.2)	(377.4)
Amortised Expenditure(DRE written off)	24.1	-	-
Provisions	23.0	27.5	11.0
Transfer from Self Insurance Reserve	(8.1)	(3.5)	-
Net Loss on Disposal / Write off of Fixed Assets	12.1	63.8	32.8
Interest and Finance Charges	18,588.3	26,091.4	15,612.6
Provisions Written Back	(407.9)	(592.4)	(24.5)
FERV loss / (gain)	844.3	(739.2)	-
Interest earned on Term Deposits, Bonds and loans to State Govts.	(817.6)	(2,624.6)	(543.8)
Dividend received	(541.8)	(606.8)	(230.0)
Operating profit before Working Capital Changes	**89,152.5**	**111,150.6**	**65,055.8**
Adjustment for :			
(Increase)/Decrease in Inventories	(588.0)	(1,112.1)	(744.0)
(Increase)/Decrease in Trade Receivables	(12,013.5)	1,208.2	(1,525.9)
(Increase)/Decrease in Loans and Advances	(16,794.3)	(4,115.7)	3,338.2
(Increase)/Decrease in Other current assets	15,908.5	(4,121.9)	(4,552.7)
Increase/(Decrease) in Liabilities & Provisions	(2,847.0)	18,022.3	4,437.2
Increase/(Decrease) in Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	(451.1)	(1,204.8)	(865.2)
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	1,276.3	1,353.3	1,423.0
	(15,509.1)	**10,029.3**	**1,510.6**
Direct taxes paid	(9,618.1)	(10,719.5)	(5,251.7)
Net Cash from operating activities	**64,025.3**	**110,460.4**	**61,314.7**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Fixed assets (including incidental expenditure during construction)	(6,658.8)	(4,402.3)	(48,222.1)
Capital work in progress	(138,611.7)	(186,119.9)	(40,079.5)
Construction Stores	(18,607.9)	(30,985.8)	(38,808.9)
(Increase)/Decrease in Investments	1,139.0	1,369.5	(248.8)
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	154.2	77.2	77.1
Loans & Advances to Subsidiaries	972.0	-	-
Lease receivables	1,832.6	(463.2)	(90.4)
Interest earned on Term Deposits, Bonds and loans to State Govts.	895.5	2,810.7	535.2
Dividend received	541.8	606.8	230.0
Net cash used in investing activities	**(158,343.3)**	**(217,107.0)**	**(126,607.4)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Loans raised during the year/period	143,630.5	180,428.3	94,663.8
Loans repaid during the year/period	(36,669.3)	(42,480.8)	(13,882.6)
Interest and Finance Charges Paid	(15,049.4)	(22,355.9)	(11,292.1)
Dividend paid	(9,491.1)	(13,518.9)	-
Dividend Tax paid	(1,534.5)	(2,175.2)	(886.6)
Net Cash from Financing Activities	**80,886.2**	**99,897.5**	**68,602.5**
D. Net change in Cash and Cash equivalents(A+B+C)	**(13,431.8)**	**(6,749.1)**	**3,309.8**
E. Cash and Cash equivalents(Opening balance)	**36,800.6**	**23,368.8**	**16,619.7**
F. Cash and Cash equivalents(Closing balance)	**23,368.8**	**16,619.7**	**19,929.5**

Annexure IV

<u>Accounting Policies for Standalone Accounts for the Financial Year ended March 31, 2013</u>

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified there under.

1.2 USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

1.3 RESERVES AND SURPLUS

Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under mega insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self insurance reserve" under 'Reserves & Surplus'.

1.4 GRANTS-IN-AID

1.4.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

1.4.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the Statement of Profit and Loss over the useful life of related asset and in proportion to which depreciation on these assets is provided.

1.5 FIXED ASSETS

1.5.1 Fixed assets are shown at historical cost comprising of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

1.5.2 In the case of commissioned assets, deposit works/cost- plus contracts where final settlement of bills with contractors is yet to be affected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

1.5.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/ assessments

1.5.4 Transmission system assets are considered when they are 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

1.5.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken,

1.5.6 Expenditure on levelling, clearing and grading of land is capitalised as part of cost of the related buildings.

1.5.7 Insurance spares, which can be used only in connection with an item of fixed asset and whose use is expected to be at irregular intervals are capitalized and depreciated over the residual useful life of the related plant & machinery. In case the year of purchase and consumption is same, amount of insurance spares are charged to revenue.

1.5.8 Mandatory spares in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalized and depreciation is charged in accordance with the relevant accounting standard. In case the year of purchase & consumption is same, amount of mandatory spares are charged to revenue.

1.6 CAPITAL WORK –IN- PROGRESS (CWIP)

1.6.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till the date of capitalization.

1.6.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

1.6.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 1.6.2 above (allocated to the projects on prorate basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule .

1.6.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

1.6.5 Unsettled liability for price variation/ exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

1.7 INTANGIBLE ASSETS

1.7.1 The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as an intangible assets in the books of accounts when the same is ready for its use.

1.7.2 Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted for as intangible assets and same are amortized following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulation.

1.8 CONSTRUCTION STORES

Construction stores are valued at cost.

1.9 BORROWING COST

1.9.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, discount on bonds, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.

1.9.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

1.10 TRANSACTION IN FOREIGN CURRENCY

1.10.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

1.10.2 Foreign Exchange Rate Variation (FERV) arising on settlement / translation of foreign currency loans relating to fixed assets/ capital work-in-progress are adjusted to the carrying cost of related assets.

1.10.3 FERV accounted for as per policy no 1.10.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central Electricity Regulatory Commission (CERC) norms w.e.f. 1st April, 2004 or Date of Commercial Operation (DOCO) which ever is later.

The above FERV to the extent recoverable or payable as per the CERC norms is accounted for as follows:

a) FERV recoverable/payable adjusted to carrying cost of fixed assets is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'

b) 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.

c) The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding credit/ debit to the trade receivables.

1.10.4 FERV earlier charged to Statement of Profit and Loss & included in the capital cost for the purpose of tariff is adjusted against 'Deferred foreign currency fluctuation asset/liability a/c' in the following manner:

i) Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c in the transmission charges.

ii) Balance 10% is adjusted against the transmission charges over the tenure of respective loan.

1.10.5 FERV arising out of settlement/translation of long term monetary items (other than foreign currency loans) relating to fixed assets/CWIP are adjusted in the carrying cost of related assets.

1.10.6 FERV arising during the construction period from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable/payable to the beneficiaries as capital cost as per CERC tariff Regulation are accounted as 'Deferred foreign currency fluctuation asset/liability a/c'. Transmission charges recognised on such amount is adjusted against above account.

1.10.7 Other exchange differences are recognized as income or expenses in the period in which they arise.

1.11 INVESTMENTS

1.11.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.

1.11.2 Long term investments are carried at cost. Provision is made for diminution other than temporary, in the value of such investments.

1.12 INVENTORIES

1.12.1 Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

1.12.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

1.12.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.

1.12.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.

1.12.5 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

1.13 REVENUE RECOGNITION

1.13.1 Transmission Income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by the CERC in similar cases. Difference, if any, is adjusted based on issuance of final notification of tariff orders by the CERC. Transmission Income in respect of additional capital expenditure incurred after the date of commercial operation is accounted based on actual expenditure incurred on year to year basis as per tariff norms of the CERC.

1.13.2 Income from short term open access is accounted for on the basis of regulations notified by the CERC.

1.13.3 The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the norms notified / approved by the CERC.

1.13.4 **ADVANCE AGAINST DEPRECIATION**

1.13.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.

1.13.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after twelve years from the end of the financial year in which the asset was commissioned, to the extent depreciation recovered in the tariff during the year is lower than depreciation charged in the accounts.

1.13.5 Surcharge recoverable from trade receivables and liquidated damages / warranty claims / interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

1.13.6 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.

1.13.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.

1.13.8 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:

a. 10% on the issue of Notice Inviting Tender for execution

b. 5% on the Award of Contracts for execution

c. Balance 85% on the basis of actual progress of work including supplies

1.13.9 Income from Sale of Goods is recognized on the transfer of significant risks and reward of ownership to the buyer.

1.13.10 Application Fees received on account of Long Term Open Access (LTOA) Charges is accounted for as and when received in accordance with CERC Guidelines.

1.13.11 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

1.13.12 Dividend income is recognized when right to receive payment is established.

1.14 LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

1.14.1 State sector unified load dispatch centre (ULDC) assets leased to the beneficiaries are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under long term loans & advances. Wherever grant-in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.

1.14.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by the CERC.

1.14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

1.15 DEPRECIATION / AMORTIZATION

1.15.1 Depreciation / amortization is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation / amortization is provided at the rates mentioned below:

a) Computers & Peripherals	30%
b) Mobile Phones	33.33%
c) Software	33.33%

1.15. 2 ULDC assets are depreciated on Straight Line Method @ 6.67% per annum as determined by the CERC for levellized tariff.

1.15. 3 Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

1.15.4 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis.

1.15.5 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956.

1.15.6 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing ₹5,000/- or less, or where the written down value is ₹5000/- or less as at the beginning of the year, are charged off to revenue.

1.15.7 Other fixed assets costing upto ₹5,000/- are fully depreciated in the year of acquisition.

1.15.8 Leasehold Land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Lease hold Land acquired on perpetual lease is not amortised.

1.15.9 In the case of assets of National thermal power corporation limited (NTPC) , National hydro-electric power corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

1.16 EXPENDITURE

1.16.1 Pre-paid/prior-period expenses/Income of items up to ₹100,000/- are charged to natural heads of account.

1.16.2 Expenditure of research and development, other than Capital Expenditure , are charged to revenue in the year of incurrence.

1.16.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred

1.17 IMPAIRMENT OF ASSETS

Cash generating units as defined in Accounting Standard -28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in Statement of Profit & Loss. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

1.18 EMPLOYEE BENEFITS

1.18.1 Company contribution paid/payable during the year to defined pension contribution scheme and provident fund scheme is recognized in the Statement of Profit and Loss. The same is paid to a fund administered through a separate trust.

1.18.2 The liability for retirement benefits of employees in respect of Gratuity, is ascertained annually on actuarial valuation at the year end, is provided and funded separately.

1.18.3 The liabilities for compensated absences, leave encashment, post retirement medical benefits, settlement allowance & farewell gift to employees are ascertained annually on actuarial valuation at the year end and provided for.

1.18.4 Short term employee benefit are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.

1.18.5 Actuarial gains/losses are recognized immediately in the Statement of Profit & Loss.

1.19 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed on the basis of judgment of the management /independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

1.20 INCOME TAX

Income Tax comprises of current and deferred tax. Current income taxes are measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred tax resulting from timing difference between accounting and taxable profit is accounted for using the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Annexure V

Notes on Accounts for the Financial Year ending March 31, 2013 - Standalone

A. Specific Notes attached to Line Items of Balance Sheet and the Statement of Profit & Loss:

I. Fixed Assets – Tangible Assets

a) The company owns 5957 hectare (previous year 5377 hectare) of land amounting to ₹ 16053.3 million (previous year ₹ 14018.4 million) which has been classified into freehold ₹13534.2 million (previous year ₹ 11902.6 million) and leasehold ₹ 2519.1 million (previous year ₹ 2115.8 million) based on available documentation.

b) i) The land classified as leasehold land held in the State of Jammu and Kashmir amounting to ₹ 597.2 million (previous year ₹ 546.0 million) is acquired by State Government as per procedures under State Land Acquisition Act. As per prevailing law the state government remains the owner of the land so acquired and company is only given possession for the specific use.

ii) The transmission system situated in the state of Jammu and Kashmir have been taken over by the company w.e.f 1st April 1993 from National Hydroelectric Power Corporation of India Ltd. (NHPC) upon mutually agreed terms pending completion of legal formalities.

c) Freehold land includes ₹ 553.2 million (previous year ₹ 337.1 million) and ₹ 523.9 million (previous year ₹ 273.1 million) in respect of land acquired by the Company for which conveyance deed in favour of the Company and mutation in revenue record respectively is pending.

d) Leasehold land includes ₹ 76.4 million (previous year ₹ 76.4 million) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence not amortised.

e) Leasehold land includes ₹ 139.7 million (previous year ₹ 139.7 million) in respect of land acquired by the company for which legal formalities are pending.

f) Freehold land includes 0.16 hectare land valuing ₹ 0.3 million which is not in possession of the Company due to encroachment by farmers. Company is taking appropriate action for repossession of the same.

g) Township buildings includes ₹ 72.7 million (previous year ₹ 72.7 million) for 28 flats at Mumbai, for which registration in favour of the company is pending.

h) Plant and machinery under substation in fixed assets includes companys share of ₹ 38.0 million (previous year ₹ 38.0 million) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.

II. Fixed Assets – Capital Work in Progress

Capital Work in Progress (CWIP) includes ₹15.8 million being the cost of 13 foundations which became redundant because of change in a transmission scheme and ₹ 4.6 million towards cost of survey for realignment of transmission line route. Company proposes to hold discussion with the beneficiaries for recovery of these costs.

III. Construction Stores

i) Pending reconciliation, materials amounting to ₹635.5 million (previous year ₹438.2 million) in commissioned lines is shown as construction stores lying with contractors.

ii) Construction Stores includes ₹ 916.1 million representing the value of conductors supplied by a supplier but found to be defective. The supplier has agreed to replace the defective conductors.

IV. Other Current Assets

Unbilled revenue ₹ 7421.5 million (previous year ₹5309.3 Million) represent amount for which the company is yet to raise bills in view of recognition of revenue as per CERC Tariff norms applicable for 2009-2014 and also includes transmission charges for the month of March,2013 amounting to ₹10157.2 million (previous year ₹8178.8 million) billed to beneficiaries in the month of April, 2013 (previous year April,2012).

V. Revenue from Operations

The company has recognized transmission income during the year as per the following:

a) ₹34503.9 million (previous year ₹ 19344.2 million) for which provisional tariff orders have been issued by the Central Electricity Regulatory Commission (CERC) allowing provisional billing at 85-95% of the tariff claimed.

b) ₹81415.1 million (previous year ₹ 65168.0 million) for which final tariff orders have been issued by CERC.

c) ₹ 964.4 million (previous year ₹ 3019.4 million) based on CERC Tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC.

d) Transmission charges for the current year include ₹ 652.6 million (previous year ₹ 4655.5 million) on account of deferred tax materialised during the year which is recoverable from beneficiaries as per CERC Tariff Regulations 2009 notified by the CERC.

e) CERC issued tariff order dated 29.04.2011 in respect of Barh-Balia Transmission line considering the date of commercial operation (DOCO) 01.07.10. Against this tariff order, one of the beneficiaries filed appeal before the Appellate Tribunal for Electricity (ATE) challenging the tariff approved by CERC based on above DOCO claimed by the company. The ATE vide its orders dated 02.07.12 observed that the DOCO of 01.07.10 was not correct as the appellant had reported that the transmission line was actually commissioned in August 2011 i.e. when it was successfully test charged at both ends as the work which was in scope of generating Company have been completed in August 2011. Accordingly, the ATE remanded CERC for redetermination of DOCO and tariff of the Transmission line. ATE vide order dated 08.11.12 also rejected the review petition of the company in this regard. Upon this, the company filed an appeal in the Supreme Court explaining that the DOCO of 01.07.10 was as per CERC Regulations.The Supreme Court in its order dated 15.03.13 granted stay in further proceedings before the CERC. Pending decision of the Supreme Court, and considering that 01.07.10 is correct DOCO as per CERC Regulations, no adjustment has been made in respect of Revenue of ₹ 851.8 million recognised during the period 01.07.10 to 31.07.11.

VI. Other Income

Ministry of Power vide order dated 05.02.13 conveyed the approval of Government of India for non-plan assistance to Government of National Capital Territory of Delhi (GNCTD) towards settlement of dues of erstwhile Delhi Electric Supply Undertaking (DESU) to four CPSUs including Power Grid Corporation of India Ltd. According to this order payment of principal amount of ₹ 577.9 million and interest of ₹ 913.8 million is to be made by GNCTD to the Company. In view of above The Company has written back provision of ₹ 577.9 million made in earlier years and accounted interest of ₹ 913.8 million as ‘Other income’.

VII. Employee Benefits Expense

a) Employees' remuneration and benefits include the following for the whole time directors, including chairman and managing director and excluding arrears paid to ex-directors.

(₹ in million)

	Current Year	Previous year
Salaries and Allowances	22.1	18.0
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	1.0	0.8
Other benefits	1.6	2.2

b) In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of ₹ 780/- p.m. as contained in the Ministry of Finance (BPE) Circular No.2(18)/pc/64 dt. 29th November, 1964 as amended

c) Pending approval of Ministry of Power and Department of Public Enterprises, special allowance up to 10% of Basic pay amounting to ₹167.3 million for the financial year 2012-13 (Cumulative amounting to ₹ 614.3 million upto 31.03.2013) is being paid to employees who are posted in the difficult and far flung areas. The above allowance is above the maximum ceiling of 50% of Basic Pay as per DPE office memorandum no. 2(70)/08-DPE(WC)-GL-XVI/08 dated 26-Nov-2008.

B. Other Notes - Standalone

1. Cash equivalent of deemed export benefits availed of ₹ 2099.9 million in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt. of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP project and the same was capitalised in the books of accounts. Thereafter, World Bank had financed both the ESI project and STP project as originally envisaged and they became eligible for deemed export benefits. Consequently, the company has lodged claims with the Customs and Excise Authorities.

   In the regard the Cumulative amount received and de-capitalized upto 31st March 2013 is ₹121.2 million (Previous year ₹ 121.2 million). The company continued to show the balance of ₹ 1978.7 million as at 31st March 2013 (Previous year ₹ 1978.7 million) in the capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.

2. Out of the proceeds of Follow on Public Offer (FPO) made in Financial Year 2010-11, a sum of ₹ 7500.0 million (previous year ₹13711.7 million) has been utilised during the year for part financing of capital expenditure on the projects specified for utilization resulting in complete utilisation of funds amounting to ₹ 37211.7 million raised through FPO.

3. a) Certain balances in Loans and Advances & Trade Payables are subject to confirmation and consequential adjustments, if any.

   b) In the opinion of the management, the value of any of the assets other than fixed assets and non current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet.

4. Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts " is provided as under :

(₹ in million)

	Particulars	Year ended 31.03.2013	Year ended 31.03.2012
i)	The amount of revenue recognised on cost plus consultancy contract works	1769.0	2008.8
ii)	**The methods used to determine the contract revenue recognised in the period:** 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy	As Per Policy
iii)	Cumulative amount of costs incurred on construction contracts	115192.4	102431.9
iv)	Cumulative amount of advance received from customers	132518.5	120458.0
v)	Amount of retention money with customers	960.1	-
vi)	Gross amount due from customers for contract works as an asset	355.2	135.8
vii)	Gross amount due to customers for contract works as a liability	14132.5	14151.0

5. The company has been entrusted with the responsibility of billing collection and disbursement (BCD) of the transmission charges on behalf of all the ISTS (Interstate transmission System) licensees through the mechanism of the POC (Point of Connection) charges introduced w.e.f. 01-07-2011 which involves billing based on approved drawal/injection of power in place of old mechanism based on Mega Watt allocation of

power by Ministry of Power. By this mechanism, revenue of the company will remain unaffected.

Some of the beneficiaries aggrieved by the POC mechanism have preferred appeal before various High Courts of India and continue to make payment as per old system of billing. Due to this, an unrealized amount of ₹2732.7 million (previous year ₹ 1415.6 million) is included in Trade Receivables. All such appeals have been transferred to Delhi High Court as per order of the Supreme Court on the appeal preferred by the company and company has also requested for directing agitating states to pay full transmission charges as per new methodology pending settlement of the matter..

6. i) FERV Loss of ₹ 16600.2 million including ₹ 6718.9 million for previous year (previous year FERV loss ₹8821.4 million) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.

ii) FERV Gain of ₹11.6 million (previous year FERV Loss ₹22.3 million) has been recognised in the Statement of Profit and Loss.

7 **Effect due to change in accounting policies during the year -**

i) Ministry of Corporate Affairs, Government of India through circular no.25/2012 dated 9th August 2012 has clarified that Para 6 of Accounting Standard (AS 11) and para 4(e) of AS 16 shall not apply to company which is applying para 46A of AS 11. Consequently, exchange differences arising on settlement/translation of foreign currency loans to the extent regarded as an adjustment to interest cost as per para 4(e) of AS 16 and charged to the statement of profit and loss have now been adjusted in the cost of related capital assets. This change in accounting policy is made effective from 01 April 2011.This change has resulted in increase in Profit before tax for the year by ₹ 1229.5 million (including ₹661.2 million for FY 11-12).

ii) In view of opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India, unspent expenditure, out of the budget for the year towards Corporate Social Responsibility(CSR), which was hitherto being provided for in the statement of Profit & Loss is now being transferred to CSR reserve by appropriating profit. The change has resulted in increase in profit before tax for the year by ₹ 260.6 million (including ₹152.6 million write back of provision for earlier years).

8. Borrowing cost capitalised during the year is ₹ 18249.3 million (previous Year ₹ 16671.4 million) as per AS 16- “Borrowing Cost”.

9. Pending approval of the Performance Related Pay (PRP) scheme for workmen, provision of ₹414.8 million (including ₹ 218.7 million for earlier years) has been made net of payments made as per old Performance Linked Incentive Scheme.

10. Disclosures as per Accounting Standard (AS) 15

Defined employee benefit/ contribution schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution to the fund for the year amounting to ₹ 665.7 million(previous year ₹606.9 million) has been recognized as expense and is charged to Statement of Profit and Loss. The obligation of the company is limited to such fixed contribution and to ensure a minimum rate of interest on contributions to the members as specified by GOI. As per the report of actuary over all interest earning and cumulative surplus 'is more' than statutory interest payment requirement. Hence, no further provision is considered necessary.

B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 1 million. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

C. Pension

The Company has scheme of employees defined Pension Contribution. Company contribution is paid to separate trust. Amount of contribution paid/payable for the year is ₹522.4 million (previous year ₹ 303.6 million) has been recognised as expense and is charged to statement of profit & loss.

D. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

E. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents to superannuated employees. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

The summarised position of various defined benefits recognized in the Statement of Profit & Loss and Balance Sheet and funded status is as under:-

a) Expenses recognised in Statement of profit and loss

(₹ in million)

Description	GRATUITY		PRMF		ODRB	
	Current Year	**Previous Year**	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**
Current Service Cost	191.1	172.7	61.3	48.1	6.6	6.1
Interest cost on benefit obligation	286.2	270.5	118.8	100.3	10.1	9.0
Expected return on plan assets	(301.4)	(270.5)	--	--	--	--
Net actuarial (gain)/loss recognized in the year	41.1	101.8	147.0	208.6	(4.7)	7.8
Expenses recognized in the Statement of profit and loss	216.9	274.5	327.1	357.1	12.0	23.1

b) Actual return on plan assets is ₹ 302.5 million (previous year ₹ 277.7 million)

c) The amount recognized in the Balance Sheet

(₹ in million)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(i) Present value of obligation as at 31/03/2013	3895.1	3577.3	1792.7	1485.3	134.2	126.2
(ii) Fair value of plan assets as at 31/03/2013	3835.4	3546.2	--	--	--	--
Difference (ii) – (i)	(59.6)	(31.1)	(1792.7)	(1485.3)	(134.2)	(126.2)
Net asset (liability) recognized in the Balance Sheet	(59.6)	(31.1)	(1792.7)	(1485.3)	(134.2)	(126.2)

d) Changes in the present value of the defined benefit obligations:

(₹ in million)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 01/04/2012	3577.3	3182.8	1485.3	1179.9	126.2	106.4
Interest cost	286.2	270.5	118.8	100.3	10.1	9.1
Current Service Cost	191.1	172.7	61.3	48.1	6.6	6.1
Benefits paid	(201.6)	(157.7)	(19.7)	(51.7)	(4.0)	(3.3)
Net actuarial (gain)/loss on obligation	42.2	109.0	147.0	208.6	(4.7)	7.9
Present value of the defined benefit obligation as at 31/03/2013	3895.1	3577.3	1792.7	1485.3	134.2	126.2

e) Changes in the fair value of plan assets:

(₹ in million)

Description	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2012	3546.2	3182.8
Expected return on plan assets	301.4	270.5
Contribution by employer	188.5	243.4
Benefits paid	(201.7)	(157.7)
Actuarial gain/(loss)	1.1	7.2
Fair value of plan assets as at 31/03/2013	3835.4	3546.2

F. Other Employee Benefits

Provision for Leave encashment (including compensated absences) amounting to ₹ (116.5) million (previous Year ₹ 603.3 million) for the year has been made on the basis of actuarial valuation at the year end and same is credited to Statement of Profit and Loss.

Provision for Long Service Award amounting to ₹ 11.9 million (previous year ₹ 86.7 million including for earlier years ₹ 74.3 million) have been made on the basis of actuarial valuation at the year end.

G. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2013 are as follows:-

(₹ in million)
(At Purchase Value)

		Current Year	Previous Year
i)	State Government Securities	688.4	419.2
ii)	Central Government Securities	884.3	641.8
iii)	Corporate Bonds/Debentures	2286.3	2425.5
iv)	RBI Special Deposit	51.3	51.3
v)	Other Assets	154.6	230.9
	Total:-	4064.9	3768.7
Less :	Share of POSOCO in the plan Assets	229.5	222.5
	Grand Total	3835.4	3546.2

H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

i) Method used - Projected unit credit (PUC)
ii) Discount rate - 8% (previous Year 8.5 %)
ii) Expected rate of return on assets (Gratuity only) – 8.5 % (previous Year 8.5%)
iv) Future salary increase- 6% (previous Year 6%)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market. Further the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets, assessed risk of asset management and historical return for plan assets.

I. The Company's best estimate of contribution towards gratuity for the financial year 2013-14 is ₹ 81.3 million (previous year ₹ 223.6 million)

J. The effect of the percentage point increase/decrease in the medical cost of PRMF will be as under:-

(₹ in million)

Particulars	**Increase by**	**Decrease by**
Service and Interest Cost	27.7	(32.9)
Present value of obligation	170.5	(202.1)

K. Experience Adjustments

(₹ in million)

	Year ended 31.03.2013	**Year ended 31.03.2012**
Gratuity		
i) Plan assets – Loss/(Gain)	(1.1)	(7.2)
ii) Obligation- Loss/(Gain)	42.2	109.0
PRMF		
Obligation – Loss/(Gain)	147.0	208.6
ODRB		
Obligation – Loss/(Gain)	(4.7)	7.8

11. **Segment information (AS 17):**

a) **Business Segments**

The company's principal business is transmission of bulk power across different States of India. However, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 "Segment Reporting".

b) **Segment Revenue and Expense**

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses.

c) **Segment Assets and Liabilities**

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include long term and short term borrowings, current and non current liabilities and provisions

Segment Reporting

(₹ in million)

	Transmission		Consultancy		Telecom		Elemination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue:										
Revenue from Operations (including allocable other income)	124489.9	98686.3	3180.3	2923.5	2315.7	2014.4			129985.9	103624.2
Inter Segment Revenue					121.9	88.1	(121.9)	(88.1)		
Net Revenue from Operations	124489.9	98686.3	3180.3	2923.5	2437.6	2102.5	(121.9)	(88.1)	129985.9	103624.2
Segment results	76532.9	58861.9	1332.5	1675.5	760.5	652.8			78625.9	61190.2
Unallocated Interest and Other Income									3301.5	4225.9
Unallocated Finance Costs									25478.8	19440.1
Profit before Tax									56448.6	45976.0
Provision for Taxes									14103.6	13426.5
Profit after Tax									42345.0	32549.5
Other information:										
Segment Assets	678964.1	526325.8	8903.9	13096.5	8295.7	7390.2			696163.7	546812.5
Unallocated Assets									415171.9	355271.0
Total Assets									1111335.6	902083.5
Segment Liabilities:	48434.4	39033.7	17461.5	17724.3	5212.5	4904.7			71108.4	61662.7
Unallocated Other Liabilities (including loans)									777832.5	605543.0
Total liabilities									848940.9	667205.7
Depreciation and Amortisation	33158.9	25221.1	4.2	4.3	633.8	562.1			33796.9	25787.5
Non-cash expenditure other than Depreciation	67.0	43.6	19.9	1.0	6.4	9.3			93.3	53.9
Capital Expenditure	205926.9	155734.6	2.9	3.1	1611.5	800.4			207541.3	156538.1

Note :
1. Profit of Telecom segment has been increased by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.
2. In earlier years, ULDCs were treated as separate business segment. In order to have better presentation of segment result, same have been merged with Transmission segment and Accordingly, previous year figures have also been merged with Transmission segment.

d) The operation of the company mainly carried out within the country and therefore there is no reportable geographical segment.

12. **Related Party Disclosures:-**

a) List of Related Parties:-

i) Key Management Personnel

Sh. R.N. Nayak	Chairman and Managing Director
Sh. I.S. Jha	Director (Projects)
Sh. R.T. Agarwal	Director (Finance)
Sh. Ravi P Singh	Director(Personnel) w.e.f. 01.04.2012
Sh. R.P. Sasmal	Director(Operations) w.e.f. 01.08.2012

ii) Subsidiaries:- Wholly Owned

i) Power System Operation Corporation Limited (POSOCO)
ii) Powergrid NM Transmission Limited
iii) Powergrid Vemagiri Transmission Limited

iii) Joint Ventures:-

i) Powerlinks Transmission Limited
ii) Torrent Power Grid Limited
iii) Jaypee Powergrid Limited
iv) Parbati Koldam Transmission Company Limited
v) Teestavalley Power Transmission Limited
vi) North East Transmission Company Limited
vii) National High Power Test Laboratory Private Limited
viii) Energy Efficiency Services Limited
ix) Bihar Grid Company Limited w.e.f . 04.01.2013
x) Kalinga Bidyut Prasaran Nigam Private Limited w.e.f. 31.12.2012
xi) Cross Border Power Transmission Company Limited w.e.f. 11.08.2012

b) Transactions with the related parties at 12 (a) above during the year are as follows:

(₹ in million)

Particulars	Current year		Previous Year	
Transactions for services received by the company		**162.9**		**273.9**
Power System Operation Corporation Limited	162.9		273.9	
Transactions for services provided by the company*		**245.9**		**525.0**
Parbati Koldam Transmission Company Limited	1.7		5.1	
Torrent Power Grid Limited	0.3		-	
Jaypee Powergrid Limited	0.6		20.0	
North East Transmission Company Limited	222.2		457.5	
National High Power Test Laboratory Private Limited	15.4		21.5	
Powerlinks Transmission Limited	3.4		-	
Teestavalley Power Transmission Limited	-		5.3	
Power System Operation Corporation Limited	2.3		15.6	
Amount recoverable		**1053.9**		**264.3**
Parbati Koldam Transmission Company Limited	0.1		0.8	
Torrent Power Grid Limited	0.3		0.3	
North East Transmission Company Limited	201.2		68.0	
National High Power Test Laboratory Private Limited	1.9		-	

Energy Efficiency Services Limited	0.2		0.5	
Bihar Grid Company Limited	0.8		-	
Kalinga Vidyut Prasaran Nigam Private Limited	0.5		-	
Power System Operation Corporation Limited	451.5		-	
Powergrid Vemagiri Transmission Limited	192.0		-	
Powergrid NM Transmission Limited	205.4		194.7	
Amount payable		**229.9**		**378.9**
Parbati Koldam Transmission Company Limited	0.9		2.5	
Jaypee Powergrid Limited	5.0		5.2	
North East Transmission Company Limited	20.8		18.7	
National High Power Test Laboratory Private Limited	200.7		246.2	
Powerlinks Transmission Limited	2.5		27.8	
Power System Operation Corporation Limited	-		78.5	
Investment made		**719.7**		**728.6**
Jaypee Powergrid Limited	20.8		109.2	
Teestavalley Power Transmission Limited	50.8		-	
Parbati Koldam Transmission Company Limited	195.0		-	
North East Transmission Company Limited	149.2		618.9	
Energy Efficiency Services Limited	218.7		-	
Cross Border Power Transmission Company Limited	0.1		-	
Bihar Grid Company Limited	0.2		-	
Kalinga Bidyut Prasaran Nigam Private Limited	0.1		-	
National High Power Test Laboratory Private Limited	84.3		-	
Powergrid NM Transmission Limited	-		0.5	
Powergrid Vemagiri Transmission Limited	0.5		-	
Dividend Received		**588.8**		**523.7**
Powerlinks Transmission Limited	481.6		447.2	
Power System Operation Corporation Limited	107.2		76.5	
Deputation of Employees		**8.9**		**6.6**
North East Transmission Company Limited	-		0.6	
Energy Efficiency Services Limited	2.1		6.0	
National High Power Test Laboratory Private Limited	6.8		-	

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

c) Remuneration to whole time directors including chairman and managing director is ₹24.7 million (previous year ₹ 21.0 million) and amount of dues outstanding to the company as on 31st March, 2013 are ₹ 0.7 million (previous year ₹ 0.5 million).

13. **Disclosures regarding leases**

a) Finance Leases :-

Long Term Loans and Advances and Short Term Loans and Advances include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 "Leases" notified under the Companies Act, 1956.

The reconciliation of the lease receivables (as per project cost data submitted to / approved by the CERC for tariff fixation) is as under:

(₹ in million)

	Particulars	Current Year	Previous Year
	Gross value of assets acquired and leased at the beginning of the year	9959.2	9940.6
Add	Adjustment for gross value of assets acquired prior to the beginning of the year	-	18.6
	Revised Gross value of the assets at the beginning of the year	9959.2	9959.2
Less	Capital recovery provided up to the beginning of the year	5824.5	3902.3
Add	Capital recovery for assets acquired prior to the beginning of the year	-	789.8
	Revised Capital recovery provided up to the beginning of the year	5824.5	4692.1
	Capital recovery outstanding as on 31st March of last financial year	4134.7	5267.1
Add	Gross value of assets acquired and leased during current financial year	680.1	-
Less	Capital recovery for the current year	604.4	1132.4
	Lease receivables	4210.4	4134.7

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2013 for each of the periods are as under:

(₹ in million)

Particulars	Amount as at 31st March, 2013	Amount as at 31st March, 2012
Gross investment in Lease	5816.3	5310.2
Un-earned Finance Income	1605.9	1175.5
Present value of Minimum Lease Payment (MLP)	4210.4	4134.7

The unearned finance income as on 31st March, 2013 is ₹ 1605.9 million (previous year ₹1175.5 million).

The value of contractual maturity of such leases as per AS-19 are as under :

(₹ in million)

Particulars	Gross Investment in Lease		Present Value of MLPs	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Not later than one year	952.3	906.7	607.4	595.5
Later than one year and not later than five years	3362.2	3419.0	2535.8	2664.0
Later than five years	1501.8	984.5	1067.2	875.2
Total	5816.3	5310.2	4210.4	4134.7

b) Operating leases:-

The company’s significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees’ remuneration and benefits include ₹ 332.8 million (previous Year ₹ 324.0 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹ 99.2 million (previous Year ₹ 81.4 million) in respect of premises for offices and guest house/transit camps are shown under the head Rent in Transmission, Administration and Other expenses.

14. The elements considered in calculation of Earning Per Share (Basic and Diluted) are as under:

	Current Year	**Previous Year**
Net Profit after tax used as numerator (₹ in million)	42345.0	32549.5
Weighted average number of equity shares used a denominator	4629725353	4629725353
Earning per share (Basic & Diluted) (in ₹)	9.15	7.03
Face Value per share in ₹	10	10

15. **Interest in Joint Ventures**

Joint Venture entities

Name of the company	**Proportion (%) of ownership as on**	
	31st March, 2013	**31st March, 2012**
Powerlinks Transmission Limited	49%	49%
Torrent Power Grid Limited*	26%	26%
Jaypee Powergrid Limited	26%	26%
Parbati Koldam Transmission Company Ltd	26%	26%
Teestavalley Power Transmission Limited *	26%	26%
North East Transmission Company Limited*	26%	26%
National High Power Test Laboratory Private Limited	20%	25%
Energy Efficiency Services Limited	25%	25%
Bihar Grid Company Limited	50%	-
Kalinga Vidyut Prasaran Nigam Private Limited	50%	-
Cross Border Power Transmission Company Limited	26%	-

* The accounts are unaudited.

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The above joint venture companies are incorporated in India. The company's share in assets, liabilities, contingent liabilities and capital commitment as on 31st March 2013 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

(₹ in million)

		As at 31st March, 2013	As at 31st march, 2012
A.	Assets		
	• Non Current Assets		
	• Fixed Assets	15578.8	14157.6
	• Long term loans and advances	241.5	375.0
	• Current Assets	2500.9	1661.4
	Total	**18321.2**	**16194.0**
B.	Liabilities		
	• Non current liabilities	10407.3	9427.6
	• Current Liabilities	1967.3	1525.0
	Total	**12374.6**	**10952.6**
C.	Contingent Liabilities	235.6	95.8
D.	Capital Commitments	1582.3	2312.3
		Current Year	**Previous year**
E.	Income	2334.8	1640.9
F.	Expenses(Including provision for taxes)	1605.3	1056.7

16. In accordance with Accounting Standard (AS-28) "Impairment of Assets", impairment analysis of assets of transmission activity & telecom activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 & 2006-07 respectively and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. The company has assessed as on the balance sheet date whether there are any indications with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore no formal estimate of recoverable amount has been made. Accordingly, no impairment loss has been provided in the accounts.

17. **Capital and Other Commitments**

i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹431907.6 million (previous year ₹ 418001.4 million).

ii) As at 31st March, 2013, the company has commitment of ₹ 10053.1 million (previous year ₹ 1493.6 million) towards further investment in joint venture entities.

iii) As at 31st March, 2013, the company has commitment of ₹ 1833.3 million towards further investment in subsidiary companies.

18. Contingent Liabilities

1. Claims against the Company not acknowledged as debts in respect of :

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company for ₹ 1726.0 million (previous year ₹ 731.5 million) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources, if any, for settlement of such claims pending resolution.

(ii) Land Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of ₹ 25226.4 million (previous year ₹ 17650.9 million) has been estimated.

(iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of ₹ 27.3 million (previous year ₹117.2 million) has been estimated.

(iv) Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to ₹2948.6 million (previous year ₹ 2578.6 million) are pending before various Appellate Authorities and contested before various Appellate Authorities. Many of these matters are disposed off in favour of the company but are disputed before higher authorities by the concerned departments.

(v) Others

a) Other contingent liabilities amounts to ₹ 897.8 million (previous year ₹801.6 million)

b) Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.

2. Special purpose vehicle(SPV) company namely Powergrid NM Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Nagapattinam Madugiri Transmission Company Ltd.) and Powergrid Vemagiri Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Vemagiri Transmission System Limited) has been taken over to carry over the business awarded under Tariff based bidding. Bank guarantee of ₹ 450.0 million (previous year ₹ 450.0 million)and ₹ 360.0 million (previous year Nil)respectively has been given by the company on behalf of SPV towards performance of the work awarded.

19. **a) VALUE OF IMPORTS CALCULATED ON CIF BASIS:**

(₹ in million)

Particulars	Current Year	Previous Year
i) Capital Goods	15435.4	21647.0
ii) Spare Parts	56.5	264.9

b) **EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

(₹ in million)

Particulars		Current Year	Previous Year
i)	Professional and Consultancy fees	0.5	-
ii)	Interest	2605.3	1523.0
iii)	Others	1460.3	228.9

c) **VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED:**

(₹ in million)

Particulars	%	Current Year	%	Previous Year
i) Imported	0.74%	6.2	2.55%	13.2
ii) Indigenous (Including fuel)	99.26%	828.4	97.45%	504.5

d) **EARNINGS IN FOREIGN EXCHANGE**

(₹ in million)

Particulars	Current Year	Previous Year
Interest	0.1	-
Consultancy Fee	74.0	96.5
Export of Goods	864.4	-

20. a) Figures have been rounded off to nearest rupees in million up to one decimal.

b) Previous year figures have been regrouped / rearranged wherever considered necessary.

Statement of Accounting Ratios - Standalone *Annexure VI*

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Half Year Ended September 30, 2012 (Unaudited Reviewed)	Half Year Ended September 30, 2013 (Unaudited Reviewed)
Basic Earning Per Share (₹)	7.03	9.15	4.31	4.92
Diluted Earning Per Share (₹)	7.03	9.15	4.31	4.92
Net Assets Value per Share (₹)	50.73	56.62	55.04	61.51
Return on Net Worth(%)	13.86	16.15	7.83	8.01
Profit After Tax (₹ in Million)	32,549.5	42,345.0	19,960.0	22,795.4
Weighted Average No. of Shares for Basic EPS	4,629,725,353	4,629,725,353	4,629,725,353	4,629,725,353
Weighted Average No. of Shares for Diluted EPS	4,629,725,353	4,629,725,353	4,629,725,353	4,629,725,353
No. of Shares at the end of the Year	4,629,725,353	4,629,725,353	4,629,725,353	4,629,725,353
Net Worth (₹ in Million)	234,877.8	262,134.1	254,830.4	284,764.0

Formula:

Earning Per Share (₹) $\dfrac{\text{Profit after Tax}}{\text{Weighted Average No. of Equity Shares}}$

Net Assets Value Per Share (₹) $\dfrac{\text{Net Worth}}{\text{No. of Equity Share Outstanding at the end of the Year/Period}}$

Return on Net Worth (%) $\dfrac{\text{Profit after Tax}}{\text{Net Worth}}$

Notes :

1 Earning per share is calculated in accordance with Accounting Standard (AS)-20 "Earning Per Share" notified under the Companies (Accounting Standards) Rules. 2006.

2 Net worth means paid-up share capital plus free reserves & surplus.

3 Earning per share (basic and diluted) and return on net worth for the half year ended September 30, 2012 and 2013 are not annualised.

Capitalisation Statement - Standalone

Annexure VII

(₹ in Million)

	Particulras	Pre-issue As at September 30, 2013	Post Issue (As adjusted for issue)
A.	Debt :		
	a) Short Term Debt	53,593.0	-
	b) Long Term Debt	743,506.9	-
B.	Shareholders' Funds :		
	a) Equity Share Capital	46,297.3	-
	b) Reserves & Surplus (*)	238,466.7	-
	Total Shareholders' Funds (Equity)	**284,764.0**	**-**
C.	Long-term Debt/Equity	72:28	-

(*) excludes committed reserves for CSR Activities ₹ 425.9 million.

Notes :

1 Short term debts represent debts which are due within 12 months from September 30, 2013.

2 Long term debts represent debts other than short term debts as defined in (1) above.

Statement of Dividend Paid/Proposed - Standalone *Annexure VIII*

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Half Year Ended September 30, 2013 (Unaudited Reviewed)
No. of Equity Shares of ₹10 each (in numbers)	4,629,725,353	4,629,725,353	4,629,725,353
Rate of Dividend (%)			
Interim	8.0	16.1	-
Final	13.1	11.4	-
Amount of Dividend on Equity Shares (₹ in million)			
Interim	3,703.9	7,453.9	-
Final	6,065.0	5,277.9	-
Total Dividend Tax paid (₹ in million)	1,569.7	2,085.5	-

Statement of Revenue from Operations - Standalone ***Annexure IX (a)***

(₹ in Million)

Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2012	**2013**	**2013 (Unaudited Reviewed)**
i) Transmission Business			
Sales of services			
Transmission Charges	91,864.2	117,047.8	68,399.1
Add:Revenue Recognised out of Advance against depreciation	322.9	488.2	377.5
Add: Short Term Open Access	3,254.8	4,090.6	2,033.4
Sub total	95,441.9	121,626.6	70,810.0
Other Operating Revenue			
Interest on differential between provisional and Final Tariff by CERC	1,289.4	484.0	240.6
Total for transmission business	**96,731.3**	**122,110.6**	**71,050.6**
ii) Telecom income - Sales of services	**2,011.9**	**2,313.9**	**1,465.0**
iii) Consultancy, Project Management and Supervision			
Sales of services	2,899.5	2,289.6	1,217.6
Sales of products	-	864.4	1,861.3
Total for consultancy business	**2,899.5**	**3,154.0**	**3,078.9**
Revenue From Operation	**101,642.7**	**127,578.5**	**75,594.5**

Statement of Other Income - Standalone *Annexure -IX (b)*

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Half Year Ended September 30, 2013 (Unaudited Reviewed)
A) Income from non-current Investments			
i) Dividend			
Subsidiary	76.5	107.2	61.2
Others	465.3	499.6	168.7
ii) Interest on Govt.securities	748.8	592.6	237.9
B) Other Interests			
Loan to State Govt. in settlement of dues	68.8	55.7	23.0
Indian Banks	3,467.0	2,167.5	761.4
Interest from advances to contractors	1,789.0	2,674.9	1,194.4
Interest on outstanding dues from DESU	-	913.8	-
Others	78.9	79.2	47.3
Total (A+B)	**6,694.3**	**7,090.5**	**2,493.9**
C) Others			
Profit on sale of Fixed Assets	0.9	2.0	0.6
Deferred Income (Transferred from Grants-in-aid)	263.3	222.9	109.8
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	8.1	3.5	
Lease Income-State Sector ULDC	78.9	356.6	194.8
Surcharge	669.3	734.7	331.2
Hire charges for equipments	0.8	2.8	0.1
FERV gain	-	11.6	-
Rebate	3.0	2.7	1.6
Provisions written back	407.9	592.4	24.5
Miscellaneous income	626.6	512.6	332.5
Total (A+B+C)	**8,753.1**	**9,532.3**	**3,489.0**
Less: Income transferred to Expenditure During Construction	2,545.7	3,823.4	1,698.9
Total	**6,207.4**	**5,708.9**	**1,790.1**

Statement of Transmission, Administration and Other Expenses - Standalone *Annexure IX(c)*

(₹ in Million)

Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2012	2013	2013 (Unaudited Reviewed)
Repair & Maintenance			
Buildings	244.4	279.7	145.9
Plant & Machinery			
Sub Station	1,137.3	1,242.2	820.6
Transmission lines	475.7	686.2	288.2
Telecom	231.2	256.1	118.2
Others	76.2	85.0	38.0
Total	**2,164.8**	**2,549.2**	**1,410.9**
System and Market Operation Charges	273.9	168.0	85.8
Power charges	808.0	1,056.8	598.4
Less: Recovery from contractors	10.5	7.7	4.8
Net Power charges	797.5	1,049.1	593.6
Expenses of Diesel Generating Sets	42.9	62.2	29.1
Stores & spares consumed	0.5	0.9	0.5
Water charges	9.7	10.3	5.2
Right of Way charges(Telecom)	42.5	54.3	17.7
Patrolling Expenses-Telecom	16.9	15.1	9.6
Last Mile connectivity-Telecom	1.2	3.0	(1.0)
Training & Recruitment expenses	209.3	173.0	69.6
Less: Fees for training and application	10.9	0.5	1.4
Net Training & Recruitment expenses	198.4	172.5	68.2
Legal expenses	79.0	146.9	129.7
Professional charges (Including TA/DA)	71.9	106.7	89.2
Consultancy expenses (Including TA/DA)	13.3	16.0	5.5
Communication expenses	97.3	120.2	57.6
Travelling & Conveyance Expenses	788.8	838.3	415.2
Foreign travel	66.4	75.4	53.7
Total travelling and conveyance expenses	855.2	913.7	468.9
Tender expenses	161.6	132.3	71.4
Less: Sale of tenders	61.4	41.4	13.9
Net Tender expenses	100.2	90.9	57.5
Remuneration to auditors			
Statutory Auditors			
Audit Fees	4.2	5.1	1.0
Tax Audit Fees	1.2	1.0	-
In Other Capacity	4.7	6.4	3.0
Out of pocket Expenses	5.8	6.7	3.0
Arrears	-	2.4	-
	15.9	21.6	7.0
Advertisement and publicity	106.6	67.5	21.1
Printing and stationery	52.4	47.2	23.7
Books Periodicals and Journals	9.3	9.1	3.2
EDP hire and other charges	31.0	32.6	22.7
Entertainment expenses	16.1	16.3	6.9
Brokerage & Commission	3.2	2.0	2.0
Research & Development expenses	31.6	10.7	3.1

Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2012	2013	2013 (Unaudited Reviewed)
Cost Audit and Physical verification Fees	2.8	4.5	0.9
Rent	91.5	99.2	53.5
Capital Expenses on assets not owned by the company	4.5	78.7	-
CERC Petition and other charges	54.5	142.4	103.5
Miscellaneous expenses	241.2	299.5	191.5
Horticulture Expenses	69.3	88.0	48.9
Security Expenses	588.3	675.9	409.5
Hiring of Vehicle	577.3	740.2	427.5
Insurance	310.7	499.6	306.4
Rates and taxes	73.4	101.3	23.1
License Fees to DOT	141.0	159.3	117.4
Bandwidth charges, dark fibre lease charges (Telecom) etc	133.8	166.1	101.7
Expenditure on Corporate Social Responsibility (CSR)	269.7	217.5	46.5
Expenditure on Sustainable Development	-	0.9	-
Non operating expenses	11.3	3.2	4.7
Transit Accommodation Expenses	55.0	65.0	36.4
Less : Recovery for usage	6.6	7.8	3.8
Net Transit Accommodation Expenses	48.4	57.2	32.6
Rebate to Customers	1,134.0	791.9	518.4
Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable)	22.3	-	194.5
Provision-Others	23.0	27.5	11.0
Sub Total	**8,828.3**	**9,838.9**	**5,709.3**
Less: Transferred to Expenditure during Construction	759.4	1,189.3	624.3
	8,068.9	8,649.6	5,085.0
Deferred revenue expenses written off	17.9	-	2.1
Loss on Disposal/Write off of Fixed Assets	13.0	65.8	33.4
Total	**8,099.8**	**8,715.4**	**5,120.5**

Statement of Share Capital - Standalone *Annexure X*

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
A. Authorized Capital			
10,000,000,000 equity shares of ₹ 10/- each	100,000.0	100,000.0	100,000.0
B. Issued, Subscribed and Paid-Up Capital before the Issue			
4,629,725,353 equity shares of ₹ 10/-each fully paid up	46,297.3	46,297.3	46,297.3
Total	**46,297.3**	**46,297.3**	**46,297.3**

Statement of Reserves & Surplus - Standalone

Annexure XI

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
Securities Premium Reserve	48,751.5	48,751.5	48,751.5
Bonds Redemption Reserve	32,240.3	40,052.9	44,713.5
Self Insurance Reserve			
Through Appropriation of Profit	2,513.8	3,042.2	3,020.1
Through Charge to Statement of Profit & Loss	653.9	650.4	650.4
Corporate Social Responsibility(CSR) Activity Reserve	-	260.6	425.9
General Reserve	104,159.5	123,159.5	123,459.0
Surplus (Balance in Statement of Profit & Loss)	261.5	180.3	17,872.2
Total	**188,580.5**	**216,097.4**	**238,892.6**

Statement of Deferred Revenue - Standalone

Annexure XII

(₹ in Million)

Particulars	As at March 31,		As at September 30,
	2012	2013	2013 (Unaudited Reviewed)
a) Advance Against Depreciation	21,437.8	20,949.6	20,572.1
b) Grants in aid	1,393.2	1,170.3	1,060.5
c) Deferred income/(expenditure) from Foreign Currency Fluctuation(Net)	4,931.7	15,056.1	30,398.9
Total	**27,762.7**	**37,176.0**	**52,031.5**

Statement of Long Term and Short Term Borrowings- Standalone *Annexure XIII*

(₹ in Million)

Description	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
LONG TERM BORROWINGS			
A) BONDS			
A1) **Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)**			
A1.1 **i)** *Bonds of ₹ 1.0 million each*			
XXXIX Issue- 9.40% redeemable at par on 29.03.2027	☆ 18,000.0	18,000.0	18,000.0
XXXVIII Issue- 9.25% redeemable at par on 09.03.2027	☆ 8,550.0	8,550.0	8,550.0
XLII Issue-8.80% redeemable at par on 13.03.2023		☆ 19,900.0	19,900.0
XLIII Issue-7.93% redeemable at par on 20.05.2017			31,260.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.			
ii) *Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*			
XLI Issue-8.85% redeemable w.e.f. 19.10.2016	-	28,425.0	28,425.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.			
iii) *Bonds of ₹ 15.0 million each, consisting of 15 STRPPs of ₹ 1.0 million each redeemable at par in 15 (fifteen) equal annual instalments*			
XXXVI Issue- 9.35% redeemable w.e.f. 29.08.2016	30,900.0	30,900.0	30,900.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.			
iv) *Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*			
XL Issue-9.30% redeemable w.e.f. 28.06.2016	-	39,975.0	39,975.0
XXXVII Issue- 9.25% redeemable w.e.f 26.12.2015	19,950.0	19,950.0	19,950.0
XXXV Issue- 9.64% redeemable w.e.f 31.05.2015	19,575.0	19,575.0	19,575.0
XXXIV Issue- 8.84% redeemable w.e.f 21.10.2014	34,875.0	34,875.0	34,875.0
XXXIII Issue- 8.64% redeemable w.e.f 08.07.2014	28,800.0	28,800.0	26,400.0
XXXII Issue- 8.84% redeemable w.e.f 29.03.2014	10,350.0	9,487.5	9,487.5
XXXI Issue- 8.90% redeemable w.e.f 25.02.2014	20,475.0	18,768.8	18,768.8
XXX Issue- 8.80% redeemable w.e.f 29.09.2013	23,325.0	21,381.2	19,437.5
XXIX Issue- 9.20% redeemable w.e.f 12.03.2013	11,893.7	10,812.5	10,812.5
XXVIII Issue- 9.33% redeemable w.e.f 15.12.2012	22,000.0	20,000.0	20,000.0
XXVII Issue- 9.47% redeemable w.e.f 31.03.2012	5,875.0	5,287.5	5,287.5
XXVI Issue- 9.30% redeemable w.e.f 07.03.2012	8,325.0	7,492.5	7,492.5
XXV Issue- 10.10% redeemable w.e.f 12.06.2011	8,875.0	7,987.5	7,100.0
XXIV Issue- 9.95% redeemable w.e.f 26.03.2011	5,996.3	5,330.0	5,330.0
XXIII Issue- 9.25% redeemable w.e.f 09.02.2011	2,306.3	2,050.0	2,050.0
XXII Issue- 8.68% redeemable w.e.f 07.12.2010	5,175.0	4,600.0	4,600.0
XXI Issue- 8.73% redeemable w.e.f 11.10.2010	3,825.0	3,400.0	3,400.0
XX Issue- 8.93% redeemable w.e.f 07.09.2010	11,250.0	10,000.0	8,750.0
XIX Issue- 9.25% redeemable w.e.f 24.07.2010	3,712.5	3,300.0	2,887.5
XVIII Issue- 8.15% redeemable w.e.f 09.03.2010	6,660.0	5,827.5	5,827.5
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.			
v) *Bonds of ₹ 10.0 million each, consisting of 10 STRPPs of ₹ 1.0 million each redeemable at par in 10 (ten) equal annual instalments.*			
XVII Issue- 7.39% redeemable w.e.f 22.09.2009	6,000.0	5,000.0	4,000.0
XVI Issue- 7.10% redeemable w.e.f 18.02.2009	3,750.0	3,000.0	3,000.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.			
vi) *Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*			
XV Issue-6.68% redeemable w.e.f. 23.02.2008	4,500.0	3,750.0	3,750.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.			

(₹ in Million)

	Description	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
A1.2	*Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments*			
	XIII issue-8.63% redeemable w.e.f 31.07.2006	3,375.0	2,700.0	2,025.0
	Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System			
A1.3	*Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*			
	XII issue-9.70% redeemable w.e.f 28.03.2006	615.0	461.2	461.2
	Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System			
A1.4	*Bonds of ₹ 30.0 million each consisting of 12 STRPPs of ₹ 2.5 million each redeemable at par in 12 (twelve) equal annual instalments*			
	XI issue-9.80% redeemable w.e.f 07.12.2005	1,810.0	1,357.5	1,357.5
	Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta,Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahabad, LILO of Singraulli-Kanpur and Allahabad Sub-station			
A1.5	Bonds of ₹1000/-each redeemable at par in 10(Ten) equal annual instalments			
	VIII issue-10.35% redeemable w.e.f. 27.04.2005	40.0	20.0	-
	Secured by floating charge over the Fixed Assets of the Company			
A1.6	*Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*			
	XIV issue-6.10% redeemable w.e.f 17.07.2004	1,747.5	1,165.0	582.5
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.			
A1.7	*Bonds of ₹ 1.2 million each redeemable at par in 12 (twelve) equal annual instalments*			
	X issue-10.90% redeemable w.e.f 21.06.2004	1,903.8	1,269.2	634.6
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-Farakka & Chamera Transmission system			
	Total A1	**334,435.1**	**403,397.9**	**424,852.1**
A2) To be Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)				
A2.1	*Redeemable Bonds of ₹ 3.0 million each*			
	XLIV Issue-8.70% redeemable at par on 15.07.2018,15.07.2023 and 15.08.2028	-	-	39,660.0
	To be secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.			
A3) Unsecured				
A3.1	*Redeemable Foreign Currency Bonds*			
	3.875% Foreign Currency Bonds to be redeemed at par on 17.01.2023	-	27,455.0	31,685.0
	Total (A)	**334,435.1**	**430,852.9**	**496,197.1**
B) Term loans from Banks				
B1) Rupee Loan (Secured)				
B1.1	**i) Corporation Bank**	50.0	-	
	ii) Punjab National Bank-Loan-II	750.0	500.0	500.0
	iii) Oriental Bank of Commerce	625.0	416.7	416.7
	Secured by a floating charge on the fixed assets of the Company			
B1.2	**Line of Credit (LOC) from State Bank of India**	☆ 10,000.0	15,000.0	25,550.0
	Secured by way of pari passu charge on assest of the company except investments, Land and Buildings and Current Assets.			
	Total (B1)	11,425.0	15,916.7	26,466.7
B2) Foreign Currency Loans(Secured)				
B2.1	**Bank of India Cayman Islands**	2,717.3	2,601.0	2,835.0
	Secured by a Floating charge on the immovable properties of the company			
B2.2	**i) Nordic Investment Bank (PIL5120)**	☆ 4,701.9	5,567.1	6,740.3
	ii) ADB-VIII (2788-IND)	-	1,248.6	2,384.5

(₹ in Million)

Description	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
Secured by pari passu interest in the liens created on the assets as security for the debts.			
Guaranteed by Government of India			
B2.3 From Asian Development Bank (ADB)			
ADB-I (1405-IND)	2,620.5	1,461.5	863.9
ADB-II (1764-IND)	9,190.2	8,927.1	9,776.2
ADB-III (2152-IND)	17,686.3	18,475.7	20,726.5
ADB-IV (2415-IND)	☆ 13,487.4	17,649.4	21,269.2
ADB-V (2510-IND)	☆ 3,401.4	5,186.4	6,011.2
From International Bank for Reconstruction and Development (IBRD)			
PSDP-II (4603-IN)	15,423.3	14,894.4	16,276.6
PSDP-III (4813-IN)	18,598.1	18,615.9	20,790.8
PSDP-IV (4890-IN)	26,850.6	29,702.3	34,294.6
PSDP-IV (Addl.) (7593-IN)	14,868.1	16,687.2	19,435.8
PSDP-V (7787-IN)	8,789.1	17,068.9	23,546.4
Secured by pari passu interest in the lien created on the assets as security for the debts.			
B2.4 **PSDP-I (3577-IN)**	700.6	-	
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyachal and Rihand Transmission system.			
Total B2	139,034.8	158,085.5	184,951.0
B3) Foreign Currency Loans(To Be Secured)			
B3.1 From Asian Development Bank (ADB) (**Guaranteed by Government of India**)			
ADB-VI (2823-IND)	-	960.5	1,918.7
ADB-VII (2787-IND)	-	2,126.1	4,060.1
B3.2 From Other Banks			
International Finance Corporation	-	12,080.2	13,941.4
ICF Debt Pool LLP	-	2,745.5	3,168.5
To be Secured by pari passu interest in the lien created on the assets as security for the debts.			
Total B3	-	17,912.3	23,088.7
B4) Foreign currency Loans (Unsecured)			
B4.1 **Skandinaviska Enskilda Banken AB(publ) Sweden**	825.2	670.3	654.2
AB Svensk Exportkredit,Sweden	-	3,824.2	8,394.4
B4.2 **Guaranteed by Government of India**			
Natixis Banque (Formerely Credit National) France	1,046.8	980.1	1,143.1
Japan International Cooperation Agency(Formerly Japan Bank for International Cooperation) Japan	1,610.9	1,384.3	1,475.3
European Investment Bank Luxembourg	212.9	-	-
Total (B4)	3,695.8	6,858.9	11,667.0
Total B	154,155.6	198,773.4	246,173.4
C) Term Loan From Others			
Rupee Loans (Secured)			
C1 **Life Insurance Corporation of India-II**	1,711.0	1,103.2	1,103.2
Life Insurance Corporation of India-III	99.1	33.2	33.2
Secured by a floating charge on the fixed assets of the Company.	1,810.1	1,136.4	1,136.4
Foreign Currency Loan (Unsecured)			
C2 **Kreditanstalt fur Wiederaufbau Germany**	791.1	-	
	791.1	-	-
Total C	2,601.2	1,136.4	1,136.4
TOTAL LONG TERM BORROWINGS (A TO C)	491,191.9	630,762.7	743,506.9
SHORT TERM BORROWINGS			
Short Term Loans			
From Banks (Unsecured)	16,500.0	20,000.0	20,000.0
TOTAL SHORT TERM BORROWINGS	**16,500.0**	**20,000.0**	**20,000.0**
TOTAL LONG TERM AND SHORT TERM BORROWINGS	**507,691.9**	**650,762.7**	**763,506.9**

The Term loans are repayable in installments as per the terms of respective agreement generally over the period of 10 to 20 years after the moratorium period of 3 to 5 years.

☆ Shown as "to be secured" in financial statatments. Securities for these are created subsequently.

Statement of other Current Liabilities and Short Term Provisions -Standalone *Annexure XIV*

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
Other Current Liabilities (A)			
A) Current maturities of Long Term borrowings	26,327.2	31,116.0	33,593.0
B) Interest Accrued But Not Due On borrowings From			
Indian Banks Financial Institutions & Corporations	177.8	157.3	96.7
Foreign Banks & Financial Institutions	414.7	401.0	357.0
Secured/Unsecured redeemable Bonds	12,119.7	15,889.4	20,314.5
C) Others			
i) Dues for Capital Expenditure	12,210.1	27,953.1	25,225.0
ii) Employee related liabilities	42.0	674.2	60.7
iii) Unpaid matured bonds	0.8	0.9	1.0
iv) Unclaimed Dividends	59.3	84.6	74.5
v) Deposits/Retention money from contractors and others	15,840.5	21,778.5	26,109.6
Less: Investments held as security	7.5	59.8	58.5
	15,833.0	**21,718.7**	**26,051.1**
vi) Advance from customers (Consultancy contracts)	16,298.2	16,482.9	11,974.8
vii) Statutory dues	692.9	1,075.5	552.4
viii) Related parties	378.9	229.9	159.5
ix) Others	81.0	1,151.1	3,662.0
Sub Total (A)	**84,635.6**	**116,934.6**	**122,122.2**
Short Term Provisions (B)			
a) Employee Benefits			
Transmission incentive/special incentive	2,151.0	1,230.4	1,882.1
Retirement benefit/Wage revision	946.0	-	-
Other Employee Benefits	236.6	250.8	372.6
b) Others			
Proposed Dividend	6,065.0	5,277.9	5,277.9
Dividend Tax	969.0	886.6	-
Downtime Service Credit-Telecom	32.1	37.4	45.3
Provision for Corporate Social Responsibility (CSR) Activity	152.6	-	
Provision Others	14.4	-	-
Sub Total (B)	**10,566.7**	**7,683.1**	**7,577.9**
Total (A+B)	**95,202.3**	**124,617.7**	**129,700.1**

Statement of Tangible and Intangible Fixed Assets - Standalone *Annexure XV*

(₹ in million)

Particulars	As at March 31, 2012			As at March 31, 2013		
	Gross Block	Accumulated Depreciation/ Amortisation	Net Block	Gross Block	Accumulated Depreciation/ Amortisation	Net Block
Tangible assets						
Land						
a) Freehold	11,902.6	-	11,902.6	13,534.2	-	13,534.2
b) Leasehold	2,115.8	179.5	1,936.3	2,519.1	268.1	2,251.0
Buildings						
a) Sub-Stations & Office	4,975.7	1,528.7	3,447.0	5,599.1	1,720.9	3,878.2
b) Township	4,136.9	977.7	3,159.2	4,551.8	1,157.2	3,394.6
Temporary Erection	91.6	91.6	-	75.4	75.4	-
Roads & Bridges	1,278.6	339.7	938.9	1,396.1	400.5	995.6
Water Supply Drainage & Sewerage	811.4	227.3	584.1	938.9	263.1	675.8
Plant & Equipment						
a) Transmission	395,845.9	87,525.0	308,320.9	476,432.8	108,550.4	367,882.4
b) Substation	188,601.3	56,965.7	131,635.6	271,665.3	68,588.4	203,076.9
c) Unified Load Despatch & Communication	3,315.0	2,343.4	971.6	3,748.8	2,596.3	1,152.5
d) Telecom	12,248.1	4,435.8	7,812.3	13,666.9	5,172.5	8,494.4
Furniture Fixtures	698.2	316.9	381.3	782.4	356.4	426.0
Office equipment	745.8	334.4	411.4	864.8	379.0	485.8
Electronic Data Processing & Word Processing Machines	754.3	541.6	212.7	945.7	640.1	305.6
Vehicles	49.4	22.1	27.3	47.3	22.2	25.1
Construction and Workshop equipment	1,034.3	253.3	781.0	1,328.5	313.5	1,015.0
Electrical Installation	864.6	323.5	541.1	1,165.3	375.6	789.7
Laboratory Equipments	564.9	283.5	281.4	643.3	309.2	334.1
Workshop & Testing Equipments	213.7	143.6	70.1	225.4	148.2	77.2
Miscellaneous Assets/Equipments	1.4	0.8	0.6	1.1	0.7	0.4
Total	**630,249.5**	**156,834.1**	**473,415.4**	**800,132.2**	**191,337.7**	**608,794.5**
Less: Provision for assets discarded	**104.7**	**87.1**	**17.6**	**104.7**	**87.1**	**17.6**
Total Tangible Assets	**630,144.8**	**156,747.0**	**473,397.8**	**800,027.5**	**191,250.6**	**608,776.9**
Intangible Assets						
Electronic Data Processing Software	54.9	32.9	22.0	65.6	48.3	17.3
Right of Way-Afforestation Expenses	3,673.7	470.5	3,203.2	5,907.4	695.2	5,212.2
Total Intangible Assets	**3,728.6**	**503.4**	**3,225.2**	**5,973.0**	**743.5**	**5,229.5**
Total Tangible and Intangible Fixed Assets	**633,873.4**	**157,250.4**	**476,623.0**	**806,000.5**	**191,994.1**	**614,006.4**

Statement of Investments - Standalone

Annexure XVI

(₹ in million)

Particulars	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
(1) NON CURRENT INVESTMENTS			
LONG TERM			
A.TRADE INVESTMENTS (AT COST)			
I. Equity Instruments-Fully Paid up :-			
Quoted			
PTC India Limited			
12000006 Shares of ₹10/- each (Market Value ₹ 736.8 million, ₹ 719.4 million and ₹ 557.4 million as at March 31, 2012, March 31, 2013 and September 30, 2013 respectively)	120.0	120.0	120.0
Unquoted			
Subsidiary companies			
Power System Operation Corporation Limited			
30640000 Shares of ₹ 10 each	306.4	306.4	306.4
Powergrid NM Transmission Company Limited			
50000 Shares of ₹ 10 each	0.5	0.5	0.5
Powergrid Vemagiri Transmission Limited			
50000 (Nil as at March 31, 2012) Shares of ₹ 10 each	-	0.5	0.5
Vizag Transmission Limited			
50000 (Nil as at March 31, 2012 and 2013) Shares of ₹ 10 each	-	-	0.5
Joint Venture Companies			
Torrent Power Grid Limited			
23400000 Shares of ₹ 10/- each	234.0	234.0	234.0
Jaypee Powergrid Limited			
78000000 (75920000 as at March 31, 2012) Shares of ₹ 10/- each	759.2	780.0	780.0
Parbati Koldam Transmission Company Limited			
49183800 (40983800 as at March 31, 2013, 21483800 as at March 31, 2012) Shares of ₹ 10/- each	214.9	409.8	491.8
Teestavalley Power Transmission Limited			
35811762 (25411762 as at March 31, 2013, 20333000 as at March 31, 2012) Shares of ₹ 10/- each	203.3	254.1	358.1
Powerlinks Transmission Limited			
229320000 Shares of ₹ 10/- each	2,293.2	2,293.2	2,293.2
North East Transmission Company Limited			
106964000 (92040000 as at March 31, 2012) Shares of ₹ 10/- each	920.4	1,069.6	1,069.6
Energy Efficiency Services Limited			
22500000 (625000 as at March 31, 2012)Shares of ₹ 10/- each	6.3	225.0	225.0
National High Power Test Laboratory Limited			
11060000 (2625000 at March 31, 2012) Shares of ₹ 10/- each	26.3	110.6	110.6
Cross Border Power Transmission Company Limited			
13000 (Nil as at March, 31, 2012) Shares of ₹ 10/- each	-	0.1	0.1
Kalinga Bidyut Prasaran Nigam Private Limited			
5000 (Nil as at March 31, 2012) Shares of ₹ 10/- each	-	0.1	0.1
Bihar Grid Company Limited			
25000 (Nil as at march 31, 2012) Shares of ₹ 10/- each	-	0.2	0.2
	5,084.5	5,804.1	5,990.6
II. Govt.Securities (Unquoted):-			
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :			
Andhra Pradesh	541.6	361.0	361.0
Arunachal Pradesh	15.7	10.4	10.4
Assam	503.4	335.6	335.6
Bihar	486.4	324.3	324.3
Gujarat	210.1	140.1	140.1
Haryana	241.5	161.0	161.0
Himachal Pradesh	8.5	5.7	5.7
Jammu & Kashmir	485.9	324.0	324.0
Kerala	72.3	48.2	48.2
Madhya Pradesh	312.2	208.1	208.1
Maharashtra	40.4	26.9	26.9
Manipur	95.1	63.4	63.4
Meghalaya	1.3	0.9	0.9
Mizoram	0.1	0.1	0.1
Nagaland	41.8	27.9	27.9
Punjab	140.8	93.9	93.9
Rajasthan	32.7	32.7	32.7
Sikkim	33.8	22.5	22.5
Tripura	2.7	1.8	1.8
Uttar Pradesh	1,384.4	922.9	922.9
Uttaranchal	153.8	102.5	102.5
West Bengal	241.5	161.0	161.0
Jharkhand	334.5	223.0	223.0
	5,380.5	3,597.9	3,597.9

(₹ in million)

Particulars	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
b) Other Bonds:-			
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 30.11.2007	103.8	80.9	69.4
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable in 20 half yearly instalmentsw.e.f 31.03.2008	134.3	107.5	93.9
	238.1	188.4	163.3
III. Share application money pending allotment in Joint Venture Companies			
Cross Border Power Transmission Company Limited	-	-	49.3
Teestavalley Power Transmission Limited	-	52.0	52.0
National High Power Test Laboratory Limited	65.0	-	38.1
Energy Efficiency Services Limited	243.8	-	-
	308.8	52.0	139.4
Total (A)	**11,011.9**	**9,642.4**	**9,891.2**
B. Non-trade investments (Unquoted)			
500 Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Itarsi (₹ 5000/-)	-	-	-
500 Fully paid up shares of ₹ 10/- each in EmployeesCo-op Society Limited Nagpur (₹ 5000/-)	-	-	-
500 Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Jabalpur (₹ 5000/-)	-	-	-
Total (B)	**-**	**-**	**-**
Total (1)	**11,011.9**	**9,642.4**	**9,891.2**
(2) CURRENT INVESTMENTS			
CURRENT MATURITIES OF LONG TERM INVESTMENTS (AT COST)			
TRADE INVESTMENTS			
Govt.Securities (Unquoted):-			
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :			
Andhra Pradesh	180.4	180.4	180.4
Arunachal Pradesh	5.2	5.2	5.2
Assam	167.8	167.8	167.8
Bihar	162.2	162.2	162.2
Gujarat	70.0	70.0	70.0
Haryana	80.4	80.4	80.4
Himachal Pradesh	2.8	2.8	2.8
Jammu & Kashmir	162.0	162.0	162.0
Kerala	24.2	24.2	24.2
Madhya Pradesh	104.0	104.0	104.0
Maharashtra	13.4	13.4	13.4
Manipur	31.8	31.8	31.8
Meghalaya	0.4	0.4	0.4
Nagaland	14.0	14.0	14.0
Punjab	47.0	47.0	47.0
Sikkim	11.2	11.2	11.2
Tripura	1.0	1.0	1.0
Uttar Pradesh	461.4	461.4	461.4
Uttaranchal	51.2	51.2	51.2
West Bengal	80.6	80.6	80.6
Jharkhand	111.6	111.6	111.6
	1,782.6	**1,782.6**	**1,782.6**
b) Other Bonds:-			
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable w.e.f 30.11.2007	23.1	23.1	23.1
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable w.e.f 31.03.2008	26.9	26.9	26.9
	50.0	50.0	50.0
Total (2)	**1,832.6**	**1,832.6**	**1,832.6**
Grand Total (1+2)	**12,844.5**	**11,475.0**	**11,723.8**

Note :

229,319,997 shares of Powerlinks Transmission Ltd. Held by the Company have been pledged as continuous security with consortium of financial institutions against financial assistance obtained by Powerlinks Transmission Limited.

Statement of Trade Receivables - Standalone **Annexure XVII**

(Unsecured considered good unless otherwise stated) ***(₹ in Million)***

Particulars	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
(i) Outstanding for a period exceeding Six Months			
Considered Good	1,848.7	2,454.6	2,318.0
Considered Doubtful	780.3	206.1	208.3
(ii) Others	13,126.2	11,886.3	13,546.6
	15,755.2	**14,547.0**	**16,072.9**
Less: Provision for bad & doubtful trade receivables	780.3	206.1	208.3
Total	**14,974.9**	**14,340.9**	**15,864.6**

Statement of Long Term and Short Term Loans and Advances -Standalone *Annexure XVIII*

(Unsecured considered good unless otherwise stated) ***(₹ in Million)***

Particulars	As at March 31, 2012	As at March 31, 2013	As at September 30, 2013 (Unaudited Reviewed)
Long Term Loans and Advances			
A) Advances for Capital Expenditure			
i) Secured	20.9	12.1	9.3
ii) Unsecured			
a. Against Bank guarantees	46,715.2	47,834.8	39,429.4
b. Others	4,176.2	5,442.9	9,695.2
iii) Unsecured Considered Doubtful	11.4	11.4	11.4
	50,902.8	53,289.1	49,136.0
Less: Provision for Bad & Doubtful Advances	11.4	11.4	11.4
	50,891.4	53,277.7	49,124.6
Sub Total (A)	**50,912.3**	**53,289.8**	**49,133.9**
B) Loans			
i) Employees (including interest accrued)			
Secured	1,180.4	1,113.0	1,467.5
Unsecured	52.2	55.0	83.0
	1,232.6	1,168.0	1,550.5
ii) Long Term Loan (Under securitisation Scheme)	539.9	385.6	385.7
iii) Lease Receivables	2,950.2	4,473.6	4,555.9
Sub Total (B)	**4,722.7**	**6,027.2**	**6,492.1**
C) Security Deposits	**77.0**	**39.5**	**45.2**
D) Advances recoverable in cash or in kind or for value to be received			
Contractors & Suppliers(Including material issued on Loan)	12.5	165.5	25.4
Employees	147.4	53.1	65.8
Others	203.8	36.2	120.3
Balance with Customs Port Trust and other authorities	71.9	22.7	15.2
	435.6	277.5	226.7
Considered doubtful	71.8	90.0	69.1
	507.4	367.5	295.8
Less: Provision for bad and doubtful Advances	71.8	90.0	69.1
Sub Total (D)	**435.6**	**277.5**	**226.7**
Total Long Term Loans (A+B+C+D)	**56,147.6**	**59,634.0**	**55,897.9**
Short Term Loans and advances			
A) Loans			
a) Employees including interest accrued			
i) Secured	292.0	498.8	224.4
ii) Unsecured	40.8	50.9	49.3
b) Others			
Current maturities of Long Term Advances (Under securitisation Scheme)	154.3	231.4	154.3
Current Maturities of Lease Receivables	1,314.4	634.4	642.5
Sub total(A)	**1,801.5**	**1,415.5**	**1,070.5**
B) Advances to related parties	**264.3**	**1,053.9**	**1,283.7**
C) Advances recoverable in cash or in kind or for value to be received			
a) Employees	233.2	204.0	173.3
b) Others			
Contractors & Suppliers (Including Material issued on loan)	67.8	317.2	360.3
Balance with Customs Port Trust and other authorities	112.4	157.0	141.8
Advance Tax & TDS	21,144.8	27,497.0	32,740.0
Less: Provision for taxation	20,077.3	26,230.8	32,621.2
	1,067.5	1,266.2	118.8
Others	712.9	1,536.5	2,284.4
Sub Total (C)	**2,193.8**	**3,480.9**	**3,078.6**
Total Short Term Loans and Advances (A+B+C)	**4,259.6**	**5,950.3**	**5,432.8**
Total Loans and Advances	**60,407.2**	**65,584.3**	**61,330.7**

Statement of Contingent Liabilities - Standalone

Annexure XIX

(₹ in Million)

Particulars	As at March 31,		As at September 30,
	2012	2013	2013 (Unaudited Reviewed)
(1) Claims against the company not acknowledged as debts in respect of			
Capital Works	731.5	1,726.0	1,853.1
Land Compensation Cases	17,650.9	25,226.4	32,465.2
Other Claims	117.2	27.3	99.1
Disputed Tax/Sales Tax/Excise Matters/Municipal Tax Matters	2,578.6	2,948.6	3,019.6
Others	801.6	897.8	307.2
(2) Bank Guarantees given on behalf of Subsidiaries towards performance of work awarded	450.0	810.0	1,260.0
Total	**22,329.8**	**31,636.1**	**39,004.2**

Statement of Related Party Transactions -Standalone *Annexure- XX*

(₹ in Million)

A) List of Related Parties :

I) Key Management Personnel

Sh. R. N. Nayak	Chairman and Managing Director w.e.f. 01.09.2011
	Director (Operations) upto 31.08.2011
Sh. S. K. Chaturvedi	Chairman and Managing Director upto 31.08.2011
Sh. I. S. Jha	Director (Projects)
Sh. R. T. Agarwal	Director (Finance) w.e.f. 29.07.2011
Sh. J. Sridharan	Director (Finance) upto 30.04.2011
Sh. Ravi P. Singh	Director (Personnel) w.e.f. 01.04.2012
Sh. R. P. Sasmal	Director (Operations) w.e.f 01.08.2012
Sh. V. M. Kaul	Director (Personnel) upto 31.03.2012

II) Subsidiaries : Wholly Owned

i) Power System Operation Corporation Limited (POSOCO)
ii) Powergrid NM Transmission Limited w.e.f. 29.03.2012
iii) Powergrid Vemagiri Transmission Limited w.e.f. 18.04.2012
iv) Vizag Transmission Limited w.e.f. from 30.08.2013

III) Joint Ventures :

i) Powerlinks Transmission Limited
ii) Torrent Power Grid Limited
iii) Jaypee Powergrid Limited
iv) Parbati Koldam Transmission Company Limited
v) Teestavalley Power Transmission Limited
vi) North East Transmission Company Limited
vii) National High Power Test Laboratory Private Limited
viii) Energy Efficiency Services Limited
ix) Bihar Grid Company Limited w.e.f. 04.01.2013
x) Kalinga Bidyut Prasaran Nigam Private Limited w.e.f. 31.12.2012
xi) Cross Border Power Transmission Company Limited w.e.f. 11.08.2012

B) Transactions with the Related Parties :

Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2012	2013	2013 (Unaudited Reviewed)
Transactions for services received by the company			
Power System Operation Corporation Limited	273.9	162.9	84.6
	273.9	**162.9**	**84.6**
Transactions for services provided by the company*			
Parbati Koldam Transmission Company Limited	5.1	1.7	20.7
Torrent Power Grid Limited	-	0.3	-
Jaypee Powergrid Limited	20.0	0.6	0.3
North East Transmission Company Limited	457.5	222.2	66.3
National High Power Test Laboratory Private Limited	21.5	15.4	53.9
Powerlinks Transmission Limited	-	3.4	0.6
Teestavalley Power Transmission Limited	5.3	-	-
Power System Operation Corporation Limited	15.6	2.3	0.8
	525.0	**245.9**	**142.6**
Amount recoverable			
Parbati Koldam Transmission Company Limited	0.8	0.1	0.1
Torrent Power Grid Limited	0.3	0.3	0.4
North East Transmission Company Limited	68.0	201.2	254.5
National High Power Test Laboratory Private Limited	-	1.9	3.0
Energy Efficiency Services Limited	0.5	0.2	0.3
Bihar Grid Company Limited	-	0.8	6.7
Kalinga Vidyut Prasaran Nigam Private Limited	-	0.5	0.4
Power System Operation Corporation Limited	-	451.5	467.6
Powergrid Vemagiri Transmission Limited	-	192.0	191.6
Powergrid NM Transmission Limited	194.7	205.4	205.4
Vizag Transmission Limited	-	-	153.7
	264.3	**1,053.9**	**1,283.7**

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Half Year Ended September 30, 2013 (Unaudited Reviewed)
Amount payable			
Parbati Koldam Transmission Company Limited	2.5	0.9	0.9
Jaypee Powergrid Limited	5.2	5.0	5.0
North East Transmission Company Limited	18.7	20.8	37.7
National High Power Test Laboratory Private Limited	246.2	200.7	106.1
Powerlinks Transmission Limited	27.8	2.5	6.2
Powergrid Vemagiri Transmission Limited	-	-	3.6
Power System Operation Corporation Limited	78.5	-	-
	378.9	**229.9**	**159.5**
Investment made			
Jaypee Powergrid Limited	109.2	20.8	-
Teestavalley Power Transmission Limited	-	50.8	104.0
Parbati Koldam Transmission Company Limited	-	195.0	81.9
North East Transmission Company Limited	618.9	149.2	-
Energy Efficiency Services Limited	-	218.7	-
Cross Border Power Transmission Company Limited	-	0.1	49.3
Bihar Grid Company Limited	-	0.2	-
Kalinga Bidyut Prasaran Nigam Private Limited	-	0.1	-
National High Power Test Laboratory Private Limited	-	84.3	38.1
Powergrid NM Transmission Limited	0.5	-	-
Powergrid Vemagiri Transmission Limited	-	0.5	-
Vizag Transmission Limited	-	-	0.5
	728.6	**719.7**	**273.8**
Dividend Received			
Powerlinks Transmission Limited	447.2	481.6	126.1
Power System Operation Corporation Limited	76.5	107.2	61.2
Torrent Power Grid Limited	-	-	23.4
	523.7	**588.8**	**210.7**
Deputation of Employees			
North East Transmission Company Limited	0.6	-	-
Energy Efficiency Services Limited	6.0	2.1	-
National High Power Test Laboratory Private Limited	-	6.8	-
	6.6	**8.9**	**-**

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

c) Remuneration to whole time directors including chairman and managing director for year ending March 31, 2012, 2013 and half year ended September 30, 2013 is ₹21.0 million, ₹24.7 million and ₹8.2 million respectively. The amount of dues outstanding to the company as on March 31, 2012, 2013 and September 30, 2013 is ₹0.5 million, ₹0.7 million and ₹0.6 million respectively.

Statement of Segment Reporting -Standalone

Annexure XXI

(₹ in Million)

	Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,	
		2012	**2013**	**2012 (Unaudited Reviewed)**	**2013 (Unaudited Reviewed)**
A.	Segment Revenue (including allocable Other Income)				
	- Transmission	98,686.3	124,489.9	58,568.8	71,963.6
	- Consultancy	2,923.5	3,180.3	1,289.8	3,134.0
	- Telecom	2,102.5	2,437.6	1,182.3	1,525.6
	Total	103,712.3	130,107.8	61,040.9	76,623.2
	Less: Inter Segment Revenue	88.1	121.9	56.8	53.9
	Total Revenue including Other Income	**103,624.2**	**129,985.9**	**60,984.1**	**76,569.3**
B.	Segment Results				
	Profit Before Interest and Tax				
	- Transmission	58,861.9	76,532.9	35,820.0	44,439.0
	- Consultancy	1,675.5	1,332.5	722.3	1,119.6
	- Telecom	652.8	760.5	360.5	596.1
	Total Profit Before Interest and Tax	61,190.2	78,625.9	36,902.8	46,154.7
	Less :				
	Unallocated interest and finance charges	19,440.1	25,478.8	11,756.8	15,612.6
	Other unallocated expenditure net of unallocated income	(4,225.9)	(3,301.5)	(1,246.1)	(815.3)
	Profit before Tax	**45,976.0**	**56,448.6**	**26,392.1**	**31,357.4**
C.	Capital Employed (Segment Assets - Segment Liabilities)				
	- Transmission	487,292.1	630,529.7	564,784.9	683,121.9
	- Consultancy	(4,627.8)	(8,557.6)	(5,196.6)	(5,932.1)
	- Telecom	2,485.5	3,083.2	3,031.0	3,517.3
	Capital Employed in Segments	485,149.8	625,055.3	562,619.3	680,707.1
	- Unallocated Assets Less Liabilities	283,747.1	319,218.1	290,292.4	401,582.7
	Total	**768,896.9**	**944,273.4**	**852,911.7**	**1,082,289.8**

Notes

1 The operations of the Company are mainly carried out within the country and therefore, geographical segments are not applicable.

2 Previous half year / years figures have been regrouped / rearranged wherever necessary.

Statement of Employee Benefits Expense - Standalone

Annexure XXII

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Half Year Ended September 30, 2013 (Unaudited Reviewed)
Salaries, wages, allowances & benefits	10,261.0	10,863.3	5,442.9
Contribution to provident and other funds	884.1	1,403.8	773.5
Welfare expenses	875.8	1,013.1	600.3
	12,020.9	**13,280.2**	**6,816.7**
Less: Transferred to Expenditure during Construction	3,591.2	4,416.2	2,200.1
Total	**8,429.7**	**8,864.0**	**4,616.6**

Statement of Finance Costs -Standalone *Annexure XXIII*

(₹ in Million)

Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2012	2013	2013 (Unaudited Reviewed)
A) Interest on Loan from			
Indian Banks,Financial Institutions & Corporations	2,250.8	3,581.3	2,294.9
Foreign Banks and Financial Institutions	1,456.8	2,304.0	1,161.5
Secured/Unsecured redeemable Bonds	26,969.8	35,300.4	21,356.3
Others	268.7	76.0	64.3
Sub Total (A)	**30,946.1**	**41,261.7**	**24,877.0**
B) Other borrowing costs			
Commitment charges	32.3	183.4	93.7
Guarantee Fee	1,427.7	2,120.3	1,039.3
Other finance charges	393.5	775.3	149.2
Sub Total (B)	**1,853.5**	**3,079.0**	**1,282.2**
C) ERV as adjustment to Borrowing Cost			
ERV as adjustment to Borrowing Cost	9,184.5	(6,718.9)	-
Less: Transferred to Expenditure during Construction	2,460.1	-	-
	6,724.4	(6,718.9)	-
Less: FERV recoverable	5,880.1	(5,979.7)	
Sub Total (C)	**844.3**	**(739.2)**	**-**
Sub Total (A+B+C)	**33,643.9**	**43,601.5**	**26,159.2**
Less: Transferred to Expenditure during Construction	14,211.3	18,249.3	10,546.6
Total	**19,432.6**	**25,352.2**	**15,612.6**

Statement of Prior Period Expenditure/ (Income) -Standalone

Annexure XXIV

(₹ in Million)

Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2012	2013	2013 (Unaudited Reviewed)
Income			
Transmission charges	(172.0)	512.0	(9.2)
Depreciation written back	-	1.5	38.5
Depreciation amortised due to FERV	-	18.2	-
Deferred Income (Transferred from Grants-in-aid)	56.6	-	-
Lease income-State Sector ULDC	99.7	-	-
Consultancy Project Management and Supervision Fees	29.7	-	-
Others	11.5	203.0	49.3
Total (A)	**25.5**	**734.7**	**78.6**
Expenditure			
Rates and taxes	-	12.0	-
Depreciation	62.1	297.4	62.3
Unspent CSR Expenditure for earlier years	132.2	-	-
Interest	7.5	126.6	-
Employee Remuneration	74.3	-	-
Others	(59.8)	53.1	10.8
Total (B)	**216.3**	**489.1**	**73.1**
Net Prior period expenditure/(income)(Net) (B-A)	**190.8**	**(245.6)**	**(5.5)**
Less: Transferred to Expenditure during Construction	4.2	1.4	-
Total	**186.6**	**(247.0)**	**(5.5)**

Annexure XXV

Statement of changes in the accounting policies adopted for the year ended on March 31, 2012 and half year ended September 30, 2013 as compared to that for the year ended on March 31, 2013 for Standalone Accounts

1. During the year ended March 31, 2013, the following changes were made in the accounting policies:

   a. Ministry of Corporate Affairs, Government of India through circular no. 25/2012 dated 9th August 2012 has clarified that para 6 of Accounting Standard (AS)-11 and para 4(e) of AS-16 shall not apply to company which is applying para 46A of AS 11. Earlier exchange differences arising on settlement/translation of foreign currency loans to the extent regarded as an adjustment to interest cost as per para 4(e) of AS 16 and charged to the statement of profit and loss have now been adjusted in the cost of related capital assets. This change in accounting policy is made effective from 01 April 2011.This change has resulted in increase in Profit before tax for the year by ₹ 1229.5 million (including ₹ 661.2 million for FY 11-12).

      The revised accounting policy adopted is given as under:

      "Foreign Exchange Rate Variation (FERV) arising on settlement / translation of foreign currency loans relating to fixed assets/ capital work-in-progress are adjusted to the carrying cost of related assets".

   b. Based on opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India, unspent expenditure, out of the budget for the year towards Corporate Social Responsibility(CSR), which was hitherto being provided for in the statement of Profit & Loss is now being transferred to CSR reserve by appropriating profit. The change in accounting treatment has resulted in increase in profit before tax for the year by ₹ 260.6 million (including ₹152.6 million write back of provision for earlier years).

   c. In addition to above, wordings in certain accounting policies were modified to bring more clarity.

2. During the half year ended September 30, 2013 no changes are made in the Accounting Policies.

S. K. Mehta & Co.	Chatterjee & Co.	Sagar & Associates
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
504, Kirti Mahal,	153, Rash Behari Avenue,	H.No. 6 - 3 - 244 / 5,
19, Rajendra Place,	3rd Floor,	Sarada Devi Street, Prem Nagar,
New Delhi – 110 008.	Kolkata – 700 029.	Hyderabad – 500 004.

Auditors' Report on Consolidated Financial Statements

The Board of Directors
Power Grid Corporation of India Limited
Plot No. 2, Sector 29,
Gurgaon

Dear Sirs,

1. We have examined the attached consolidated financial information of Power Grid Corporation of India Limited (**the 'Company'**) and its subsidiaries and joint ventures comprising Statements of Assets and Liabilities (Annexure-I), Profit & Loss (Annexure-II) and Cash Flows (Annexure III) for the years ended on March 31, 2012 and 2013 and Accounting Policies (Annexure IV) & Notes on Accounts (Annexure V) for the year ended on March 31, 2013 as approved by the Committee of the Board of Directors of the Company formed for this purpose, which has been prepared in terms of the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date, (**ICDR Regulations**) applicable provisions of the Companies Act, 1956 (**the Act**) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated October 23, 2013 in connection with the proposed "Further Public Offering (**FPO**) of Equity Shares comprising of Fresh Issue of shares by the Company and Offer for Sale by the President of India acting through the Ministry of Power, Government of India (**the "Selling Shareholder"**).

   The preparation and presentation of these financial information is the responsibility of the Company's Management.

2. These financial information have been extracted by the Management from the Company's audited consolidated financial statements for the years ended on March 31, 2012 and 2013, after making such regroupings as considered appropriate.

3. We did not audit the financial statements of the subsidiaries and joint ventures for the financial years ended on March 31, 2012 and 2013. These financial statements for the relevant periods have been audited and reported upon by their auditors whose reports have been furnished to us except to the extent mentioned herein below. We have placed reliance on the reports of such auditors in so far as it relates to the amounts included in the financial statements of the Subsidiaries and Joint Venture Companies which are based solely on the report of their auditors. The unaudited financial statements of Subsidiaries and Joint Venture Companies to the extent mentioned herein below have been incorporated in the financial statements. The names of the auditors of the Subsidiaries and Joint Venture Companies for the years ended on March 31, 2012 and 2013 are as under :

S. No.	Name of Subsidiary / Joint Venture	Name of the Statutory Auditor
	Subsidiaries	
1.	Power System Operation corporation Limited *	B.C. Jain & Co. (Year ended March 31, 2012)
2.	Powergrid NM Transmission Limited	T. Gandhi & Co. (Year ended March 31, 2012 and 2013)
3.	Powergrid Vemagiri Transmission Limited	S.B.S. Murthy & Co. (Year ended March 31, 2013)
	Joint Ventures	
1.	North East Transmission Company Limited *	J.S. Dua & Co. (Year ended March 31, 2012)
2.	Torrent Power Grid Limited *	Deloitte Haskins & Sells (Year ended March 31, 2012)
3.	Jaypee Powergrid Limited	Awatar & Co. (Year ended March 31, 2012 and 2013)
4.	Powerlinks Transmission Limited	Deloitte Haskins & Sells (Year ended March 31, 2012 and 2013)
5.	National High Power Test Laboratory Private Ltd.	Dua & Associates (Year ended March 31, 2012 and 2013)
6.	Parbati Koldam Transmission Company Limited	Pathak H.D. & Associates (Year ended March 31, 2012 and 2013)
7.	Energy Efficiency Services Limited	Jain & Anand (Year ended March 31, 2012 and 2013)
8.	Teestavalley Power Transmission Limited **	-
9.	Cross Border Power Transmission Company Ltd.	Vivek Vijay Agarwal & Associates (Year ended March 31, 2013)
10.	Bihar Grid Company Limited	Ramakant Jha & Co. (Year ended March 31, 2013)
11.	Kalinga Bidyut Prasaran Nigam Private Limited	MPS & Associates (Year ended March 31, 2013)

(*) Un audited for the Year ended March 31, 2013
(**) Un audited for the Years ended March 31, 2012 and 2013

4. We have performed such tests and procedures, which in our opinion, were necessary for the examination of these financial information. These procedures, mainly involved comparison of the attached financial information with the Company's audited consolidated financial statements for the respective years.

5. Based on above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been used in the financial information appropriately.

6. Emphasis of matter is included in the Auditors' Report on the Consolidated financial statements for the financial year ending March 31, 2012 and 2013 relating to provisional recognition of revenue from transmission charges (refer para A-(V)a & c in Annexure V-Notes on Accounts).

   Our report is not qualified in respect of these matters.

7. In accordance with the requirements of the ICDR Regulations, applicable provisions of the Act and the terms of our engagements agreed with you, we have also examined the other consolidated financial information prepared by the Management and approved by the committee of the Board of Directors of the Company for the purpose of inclusion in the Red Herring Prospectus and Prospectus as mentioned below:-

(i)	Statement of Accounting Ratios	Annexure VI
(ii)	Statement of Dividend paid / proposed	Annexure VII
(iii)	Statement of Revenue from Operations, Statement of Other Income, Statement of Transmission, Administration and Other Expenses	Annexure VIII a,b,c
(iv)	Statement of Share Capital	Annexure IX
(v)	Statement of Reserves and Surplus	Annexure X
(vi)	Statement of Deferred Revenue	Annexure XI
(vii)	Statement of Long Term and Short Term Borrowings	Annexure XII
(viii)	Statement of Other Current Liabilities and Short Term Provisions	Annexure XIII

(ix)	Statement of Tangible and Intangible Fixed Assets	Annexure XIV
(x)	Statement of Investments	Annexure XV
(xi)	Statement of Trade Receivables	Annexure XVI
(xii)	Statement of Long Term and Short Term Loans and Advances	Annexure XVII
(xiii)	Statement of Contingent Liabilities	Annexure XVIII
(xiv)	Statement of Related Party Transactions	Annexure XIX
(xv)	Statement of Segment Reporting	Annexure XX
(xvi)	Statement of Employee Benefits Expense	Annexure XXI
(xvii)	Statement of Finance Costs	Annexure XXII
(xviii)	Statement of Prior Period Expenditure/ (Income)	Annexure XXIII
(xix)	Statement of changes in the accounting policies adopted for the year ended on March 31, 2012 as compared to that for the year ended on March 31, 2013	Annexure XXIV

8. In our opinion the attached consolidated financial information of the company, as mentioned in paragraph 1 and 7 above have been extracted and prepared in accordance with the ICDR Regulations and the applicable provisions of the Act.

9. This report is intended solely for use of the management of the Company and "Selling Shareholder" for inclusion in the Red Herring Prospectus and the Prospectus in connection with FPO of the Equity Shares of the Company comprising of Fresh Issue of shares by the Company and Offer for Sale by the Selling Shareholder and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S. K. Mehta & Co.
Chartered Accountants
Firm Regn. No. 000478 N

(Rohit Mehta)
Partner
Membership No. 91382

For Chatterjee & Co.
Chartered Accountants
Firm Regn. No. 302114 E

(R. N. Basu)
Partner
Membership No. 50430

For Sagar & Associates
Chartered Accountants
Firm Regn. No. 003510 S

(D. Manohar)
Partner
Membership No. 29644

Place : Gurgaon
Date : November 12, 2013

Statement of Assets & Liabilities - Consolidated *Annexure I*

(₹ in Million)

Particulars	As at March, 31	
	2012	2013
Non-current assets (A) :		
a) Fixed assets		
(i) Tangible assets	479,977.0	620,313.7
(ii) Intangible assets	3,241.1	5,371.2
(iii) Capital work in progress	162,487.5	192,562.7
(iv) Intangible assets under development	930.8	2,153.3
b) Construction Stores	126,367.7	157,938.2
c) Non Current Investments	5,738.6	3,906.3
d) Deferred foreign currency fluctuation asset	13,166.7	17,162.9
e) Long-term loans and advances	56,445.3	60,020.3
Sub -total (A)	848,354.7	1,059,428.6
Current assets (B) :		
a) Current investments	1,998.4	1,957.4
b) Inventories	4,412.5	5,528.5
c) Trade receivables	15,291.9	14,913.8
d) Cash and Bank balances	31,113.4	26,788.9
e) Short-term loans and advances	5,252.3	6,326.6
f) Other current assets	14,899.3	18,897.0
Sub -total (B)	72,967.8	74,412.2
Deferred Revenue (C)	28,259.2	37,664.8
Non Current Liabilities (D)		
a) Long-term borrowings	500,057.3	640,301.4
b) Deferred tax liabilities (Net)	15,945.6	19,750.3
c) Other long term liabilities	14,622.5	10,368.0
d) Long-term provisions	4,489.5	4,698.9
Sub -total (D)	535,114.9	675,118.6
Current Liabilities (E)		
a) Short-term borrowings	16,582.8	20,270.6
b) Trade payables	2,346.0	2,580.4
c) Other current liabilities	91,724.4	126,207.4
d) Short-term provisions	11,463.1	7,967.9
Sub-total (E)	122,116.3	157,026.3
Committed Reserves (F)		
Corporate Social Responsibility (CSR) Activity Reserve	-	265.2
NET WORTH (A+B-C-D-E-F)	**235,832.1**	**263,765.9**
Represented by :		
Share Capital (G)	46,297.3	46,297.3
Reserves and Surplus	**189,534.8**	**217,733.8**
Less : CSR Activity Reserve	-	265.2
Reserves and Surplus (H)	189,534.8	217,468.6
NET WORTH (G+H)	**235,832.1**	**263,765.9**

Statement of Profit & Loss - Consolidated *Annexure II*

(₹ in Million)

Particulars	Fiscal Year Ended March 31,	
	2012	2013
Income :		
Transmission Income	98,256.3	125,708.7
Consultancy Income- Services	2,847.0	2,268.0
Consultancy Income- Sale of Products	-	864.4
Telecom Income	2,011.9	2,313.9
Other Operating Revenue	1,289.4	484.0
Other Income	6,331.2	5,632.2
Total Income	**110,735.8**	**137,271.2**
Expenditure :		
Purchases of Stock in trade	-	635.0
Employee benefits expense	9,214.1	9,747.2
Depreciation and amortisation expense	26,373.9	34,278.0
Transmission, Administration and Other Expenses	8,264.6	9,118.3
Finance Costs		
a) Interest and other charges	19,013.2	26,733.6
b) Foreign Exchange Rate Variation	844.3	(739.2)
Total Finance Costs	19,857.5	25,994.4
Total Expenditure	**63,710.1**	**79,772.9**
Profit before prior period adjustments and exceptional items	**47,025.7**	**57,498.3**
Less : Prior Period Adjustments (Expense/(Income))	129.1	(258.0)
Less : Exceptional Items	-	-
Profit before Tax	**46,896.6**	**57,756.3**
Provision for :		
Current Tax		
- Current Year	9,388.1	11,224.7
- Earlier Years	(25.6)	(222.6)
Total Current Tax	9,362.5	11,002.1
Credit for MAT entitlement		(176.6)
Deferred Tax		
- Current Year	4,504.2	3,639.9
- Earlier Years	-	164.8
Total Deferred Tax	4,504.2	3,804.7
Total Tax Expenses	13,866.7	14,630.2
Profit after Tax	33,029.9	43,126.1

Statement of Cash Flows - Consolidated *Annexure III*

(₹ in Million)

Particulars	Fiscal Year Ended March 31,	
	2012	**2013**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	46,896.6	57,756.3
Adjustment for :		
Depreciation (including prior period)	26,719.8	34,573.9
Transfer from Grants in Aid	(322.9)	(230.6)
Deferred revenue - Advance against Depreciation	(327.2)	(488.2)
Amortised Expenditure(DRE written off)	24.1	-
Provisions	23.0	27.5
Transfer from Self Insurance Reserve	(8.1)	(2.5)
Net Loss on Disposal / Write off of Fixed Assets	13.9	63.4
Interest and Finance Charges	19,013.2	25,994.4
Provisions Written Back	(409.3)	(593.4)
FERV loss / (gain)	844.3	-
Interest earned on Term Deposits, Bonds and loans to State Govts.	(817.6)	(3,057.4)
Dividend received	(18.1)	(18.0)
Operating profit before Working Capital Changes	**91,631.7**	**114,025.4**
Adjustment for :		
(Increase)/Decrease in Inventories	(589.0)	(1,115.9)
(Increase)/Decrease in Trade Receivables	(11,460.4)	952.3
(Increase)/Decrease in Loans and Advances	6,059.7	(2,109.4)
(Increase)/Decrease in Other current assets	15,832.6	(5,918.5)
Increase/(Decrease) in Liabilities & Provisions	(6,016.3)	19,960.7
Increase/(Decrease) in Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	(451.1)	(1,204.8)
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	1,276.3	1,353.3
	4,651.8	**11,917.7**
Direct taxes paid	(10,463.6)	(11,355.5)
Net Cash from operating activities	**85,819.9**	**114,587.6**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets (including incidental expenditure during construction)	(6,623.6)	(7,795.2)
Capital work in progress	(141,760.2)	(184,470.5)
Construction Stores	(41,691.6)	(31,570.5)
(Increase)/Decrease in Investments	1,779.6	1,873.3
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	154.2	77.2
Lease receivables	1,832.6	(463.2)
Interest earned on term deposits, Bonds and loans to State Govts.	895.5	3,318.4
Dividend from JV Companies (Adj. through surplus Account)	447.2	481.6
Dividend received	18.1	18.0
Net cash used in investing activities	**(184,948.2)**	**(218,530.9)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans raised during the year	146,804.3	182,000.5
Loans repaid during the year	(37,604.6)	(43,133.0)
Interest and Finance Charges Paid	(15,438.2)	(22,970.2)
Dividend paid	(9,968.9)	(14,000.5)
Dividend Tax paid	(1,609.6)	(2,278.0)
Net Cash from Financing Activities	**82,183.0**	**99,618.8**
D. Net change in Cash and Cash equivalents(A+B+C)	**(16,945.3)**	**(4,324.5)**
E. Cash and Cash equivalents(Opening balance)	**48,058.7**	**31,113.4**
F. Cash and Cash equivalents(Closing balance)	**31,113.4**	**26,788.9**

Annexure IV

Accounting Policies for Consolidated Accounts for the Financial Year ended March 31, 2013

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified there under.

1.2 USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

1.3 RESERVES AND SURPLUS

Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under mega insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self insurance reserve" under 'Reserves & Surplus'.

1.4 GRANTS-IN-AID

1.4.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

1.4.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the Statement of Profit and Loss over the useful life of related asset and in proportion to which depreciation on these assets is provided.

1.5 FIXED ASSETS

1.5.1 Fixed assets are shown at historical cost comprising of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

1.5.2 In the case of commissioned assets, deposit works/cost- plus contracts where final settlement of bills with contractors is yet to be affected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

1.5.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/ assessments

1.5.4 Transmission system assets are considered when they are 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

1.5.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken,

1.5.6 Expenditure on levelling, clearing and grading of land is capitalised as part of cost of the related buildings.

1.5.7 Insurance spares, which can be used only in connection with an item of fixed asset and whose use is expected to be at irregular intervals are capitalized and depreciated over the residual useful life of the related plant & machinery. In case the year of purchase and consumption is same, amount of insurance spares are charged to revenue.

1.5.8 Mandatory spares in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalized and depreciation is charged in accordance with the relevant accounting standard. In case the year of purchase & consumption is same, amount of mandatory spares are charged to revenue.

1.6 CAPITAL WORK –IN- PROGRESS (CWIP)

1.6.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till the date of capitalization.

1.6.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

1.6.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 1.6.2 above (allocated to the projects on prorate basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule .

1.6.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

1.6.5 Unsettled liability for price variation/ exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

1.7 INTANGIBLE ASSETS

1.7.1 The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as an intangible assets in the books of accounts when the same is ready for its use.

1.7.2 Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted for as intangible assets and same are amortized following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulation.

1.8 CONSTRUCTION STORES

Construction stores are valued at cost.

1.9 BORROWING COST

1.9.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, discount on bonds, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.

1.9.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

1.10 TRANSACTION IN FOREIGN CURRENCY

1.10.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

1.10.2 Foreign Exchange Rate Variation (FERV) arising on settlement / translation of foreign currency loans relating to fixed assets/ capital work-in-progress are adjusted to the carrying cost of related assets.

1.10.3 FERV accounted for as per policy no 1.10.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central Electricity Regulatory Commission (CERC) norms w.e.f. 1st April, 2004 or Date of Commercial Operation (DOCO) which ever is later.

The above FERV to the extent recoverable or payable as per the CERC norms is accounted for as follows:

a) FERV recoverable/payable adjusted to carrying cost of fixed assets is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'

b) 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.

c) The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding credit/ debit to the trade receivables.

1.10.4 FERV earlier charged to Statement of Profit and Loss & included in the capital cost for the purpose of tariff is adjusted against 'Deferred foreign currency fluctuation asset/liability a/c' in the following manner:

i) Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c in the transmission charges.

ii) Balance 10% is adjusted against the transmission charges over the tenure of respective loan.

1.10.5 FERV arising out of settlement/translation of long term monetary items (other than foreign currency loans) relating to fixed assets/CWIP are adjusted in the carrying cost of related assets.

1.10.6 FERV arising during the construction period from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable/payable to the beneficiaries as capital cost as per CERC tariff Regulation are accounted as 'Deferred foreign currency fluctuation asset/liability a/c'. Transmission charges recognised on such amount is adjusted against above account.

1.10.7 Other exchange differences are recognized as income or expenses in the period in which they arise.

1.11 INVESTMENTS

1.11.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.

1.11.2 Long term investments are carried at cost. Provision is made for diminution other than temporary, in the value of such investments.

1.12 INVENTORIES

1.12.1 Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

1.12.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

1.12.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.

1.12.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.

1.12.5 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

1.13 REVENUE RECOGNITION

1.13.1 Transmission Income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by the CERC in similar cases. Difference, if any, is adjusted based on issuance of final notification of tariff orders by the CERC. Transmission Income in respect of additional capital expenditure incurred after the date of commercial operation is accounted based on actual expenditure incurred on year to year basis as per tariff norms of the CERC.

1.13.2 Income from short term open access is accounted for on the basis of regulations notified by the CERC.

1.13.3 The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the norms notified / approved by the CERC.

1.13.4 ADVANCE AGAINST DEPRECIATION

1.13.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.

1.13.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after twelve years from the end of the financial year in which the asset was commissioned, to the extent depreciation recovered in the tariff during the year is lower than depreciation charged in the accounts.

1.13.5 Surcharge recoverable from trade receivables and liquidated damages / warranty claims / interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

1.13.6 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.

1.13.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.

1.13.8 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:

a. 10% on the issue of Notice Inviting Tender for execution

b. 5% on the Award of Contracts for execution

c. Balance 85% on the basis of actual progress of work including supplies

1.13.9 Income from Sale of Goods is recognized on the transfer of significant risks and reward of ownership to the buyer.

1.13.10 Application Fees received on account of Long Term Open Access (LTOA) Charges is accounted for as and when received in accordance with CERC Guidelines.

1.13.11 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

1.13.12 Dividend income is recognized when right to receive payment is established.

1.14 LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

1.14.1 State sector unified load dispatch centre (ULDC) assets leased to the beneficiaries are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under long term loans & advances. Wherever grant-in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.

1.14.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by the CERC.

1.14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

1.15 DEPRECIATION / AMORTIZATION

1.15.1 Depreciation / amortization is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation / amortization is provided at the rates mentioned below:

a) Computers & Peripherals	30%
b) Mobile Phones	33.33%
c) Software	33.33%

1.15. 2 ULDC assets are depreciated on Straight Line Method @ 6.67% per annum as determined by the CERC for levellized tariff.

1.15. 3 Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

1.15.4 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis.

1.15.5 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956.

1.15.6 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing ₹5,000/- or less, or where the written down value is ₹5,000/- or less as at the beginning of the year, are charged off to revenue.

1.15.7 Other fixed assets costing upto ₹5,000/- are fully depreciated in the year of acquisition.

1.15.8 Leasehold Land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Lease hold Land acquired on perpetual lease is not amortised.

1.15.9 In the case of assets of National thermal power corporation limited (NTPC) , National hydro-electric power corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

1.16 EXPENDITURE

1.16.1 Pre-paid/prior-period expenses/Income of items up to ₹100,000/- are charged to natural heads of account.

1.16.2 Expenditure of research and development, other than Capital Expenditure , are charged to revenue in the year of incurrence.

1.16.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred

1.17 IMPAIRMENT OF ASSETS

Cash generating units as defined in Accounting Standard -28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in Statement of profit & loss. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

1.18 EMPLOYEE BENEFITS

1.18.1 Company contribution paid/payable during the year to defined pension contribution scheme and provident fund scheme is recognized in the Statement of Profit and Loss. The same is paid to a fund administered through a separate trust.

1.18.2 The liability for retirement benefits of employees in respect of Gratuity, is ascertained annually on actuarial valuation at the year end, is provided and funded separately.

1.18.3 The liabilities for compensated absences, leave encashment, post retirement medical benefits, settlement allowance & farewell gift to employees are ascertained annually on actuarial valuation at the year end and provided for.

1.18.4 Short term employee benefit are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.

1.18.5 Actuarial gains/losses are recognized immediately in the Statement of Profit & Loss.

1.19 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed on the basis of judgment of the management /independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

1.20 INCOME TAX

Income Tax comprises of current and deferred tax. Current income taxes are measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred tax resulting from timing difference between accounting and taxable profit is accounted for using the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Annexure V

Notes on Accounts for the Financial Year ending March 31, 2013 - Consolidated

A. Specific Notes attached to Line Items of Balance Sheet and the Statement of Profit & Loss:

I. Fixed Assets – Tangible Assets

a) The company owns 5957 hectare (previous year 5377 hectare) of land amounting to ₹ 16061.4 million (previous year ₹ 14026.5 million) which has been classified into freehold ₹13542.3 million (previous year ₹ 11910.7 million) and leasehold ₹ 2519.1 million (previous year ₹ 2115.8 million) based on available documentation.

b) i) The land classified as leasehold land held in the State of Jammu and Kashmir amounting to ₹ 597.2 million (previous year ₹ 546.0 million) is acquired by state Government as per procedures under State Land Acquisition Act. As per prevailing law the state government remains the owner of the land so acquired and company is only given possession for the specific use.

ii) The transmission system situated in the state of Jammu and Kashmir have been taken over by the company w.e.f 1st April 1993 from National Hydroelectric Power Corporation of India Ltd. (NHPC) upon mutually agreed terms pending completion of legal formalities.

c) Freehold land includes ₹ 553.2 million (previous year ₹ 337.1 million) and ₹ 523.9 million (previous year ₹ 273.1 million) in respect of land acquired by the Company for which conveyance deed in favour of the Company and mutation in revenue record respectively is pending.

d) Leasehold land includes ₹ 76.4 million (previous year ₹ 76.4 million) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence not amortised.

e) Leasehold land includes ₹ 139.7 million (previous year ₹ 139.7 million) in respect of land acquired by the company for which legal formalities are pending.

f) Freehold land includes 0.16 hectare land valuing ₹ 0.3 million which is not in possession of the Company due to encroachment by farmers. Company is taking appropriate action for repossession of the same.

g) Township buildings includes ₹ 72.7 million (previous year ₹ 72.7 million) for 28 flats at Mumbai, for which registration in favour of the company is pending.

h) Plant and machinery under substation in fixed assets includes company's share of ₹ 38.0 million (previous year ₹ 38.0 million) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.

II. Fixed Assets – Capital Work in Progress

Capital Work in Progress (CWIP) includes ₹15.8 million being the cost of 13 foundations which became redundant because of change in a transmission scheme and ₹ 4.6 million towards cost of survey for realignment of transmission line route. Company proposes to hold discussion with the beneficiaries for recovery of these costs.

III. Construction Stores

i) Pending reconciliation, materials amounting to ₹635.5 million (previous year ₹438.2 million) in commissioned lines is shown as construction stores lying with contractors.

ii) Construction Stores includes ₹ 916.1 million representing the value of conductors supplied by a supplier but found to be defective. The supplier has agreed to replace the defective conductors.

IV. Other Current Assets

Unbilled revenue ₹ 7542.8 million (previous year ₹5373.4 million) represent amount for which the company is yet to raise bills in view of recognition of revenue as per CERC Tariff norms applicable for 2009-2014 and also includes transmission charges for the month of March,2013 amounting to ₹10316.4 million (previous year ₹8178.8 million) billed to beneficiaries in the month of April, 2013 (previous year April,2012).

V. Revenue from Operations

The company has recognized transmission income during the year as per the following:

a) ₹35523.8 million (previous year ₹ 19479.4 million) for which provisional tariff orders have been issued by the Central Electricity Regulatory Commission (CERC) allowing provisional billing at 85-95% of the tariff claimed.

b) ₹82605.9 million (previous year ₹ 66535.6 million) for which final tariff orders have been issued by CERC.

c) ₹ 964.4 million (previous year ₹ 3019.4 million) based on CERC Tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC.

d) Transmission charges for the current year include ₹ 652.6 million (previous year ₹ 4655.5 million) on account of deferred tax materialised during the year which is recoverable from beneficiaries as per CERC Tariff Regulations 2009 notified by the CERC.

e) CERC issued tariff order dated 29.04.11 in respect of Barh-Balia Transmission line considering the date of commercial operation (DOCO) 01.07.10. Against this tariff order, one of the beneficiaries filed appeal before the Appellate Tribunal for Electricity (ATE) challenging the tariff approved by CERC based on above DOCO claimed by the company. The ATE vide its orders dated 02.07.12 observed that the DOCO of 01.07.10 was not correct as the appellant had reported that the transmission line was actually commissioned in August 2011 i.e. when it was successfully test charged at both ends as the work which was in scope of generating Company have been completed in August 2011. Accordingly, the ATE remanded CERC for redetermination of DOCO and tariff of the Transmission line. ATE vide order dated 08.11.12 also rejected the review petition of the company in this regard. Upon this, the company filed an appeal in the Supreme Court explaining that the DOCO of 01.07.10 was as per CERC Regulations. The Supreme Court in its order dated 15.03.13 granted stay in further proceedings before the CERC. Pending decision of the Supreme Court, and considering that 01.07.10 is correct DOCO as per CERC Regulations, no adjustment has been made in respect of Revenue of ₹ 851.8 million recognised during the period 01.07.10 to 31.07.11.

VI. Other Income

Ministry of Power vide order dated 05.02.13 conveyed the approval of Government of India for non-plan assistance to Government of National Capital Territory of Delhi (GNCTD) towards settlement of dues of erstwhile Delhi Electric Supply Undertaking (DESU) to four CPSUs including Power Grid Corporation of India Ltd. According to this order payment of principal amount of ₹ 577.9 million and interest of ₹ 913.8 million is to be made by GNCTD to the Company. In view of above The Company has written back provision of ₹ 577.9 million made in earlier years and accounted interest of ₹ 913.8 million as ‘Other income’.

VII. Employee Benefits Expense

Pending approval of Ministry of Power and Department of Public Enterprises, special allowance up to 10% of Basic pay amounting to ₹167.3 million for the financial year 2012-13 (Cumulative amounting to ₹ 614.3 million upto 31.03.2013) is being paid to employees who are posted in the difficult and far flung areas. The above allowance is above the maximum ceiling of 50% of Basic Pay as per DPE office memorandum no. 2(70)/08-DPE(WC)-GL-XVI/08 dated 26-Nov-2008.

B. Other Notes - Consolidated

1. BASIS OF CONSOLIDATION

1.1 The consolidated financial statements relate to Power Grid Corporation of India Limited (the Company), its Subsidiaries and interest in Joint Venture Companies.

a) Basis of Accounting:

i) The financial statements of the subsidiary companies and Joint Venture Companies in the consolidation are drawn up to the same reporting date as of the Company.

ii) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21- 'Consolidated Financial Statements' and Accounting Standard (AS) 27- 'Financial Reporting of Interests in Joint Ventures of Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles.

b) Principles of Consolidation:

The consolidated financial statements have been prepared as per the following principles:-

i) The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealised profits or losses.

ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using proportionate consolidation method of accounting and reporting whereby the company's share of each asset, liability, income and expense of a joint controlled entity is considered as a separate line item after eliminating proportionate share of unrealised profit in accordance with the Accounting Standard (AS-27) 'Financial Reporting of Interests in Joint Ventures'.

iii) The consolidated financial statements are 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 company's separate financial statements except as otherwise stated in the notes to the accounts.

c) Difference in Accounting Policy and Impact thereon

For certain items the company and its Subsidiaries & joint ventures have followed different accounting policies. How ever the impact of the same is not material.

1.2 The Subsidiaries and Joint Venture Companies considered in the financial statements are as follows:-

Name of the Company	Proportion (%) of Share holding as on	Proportion (%) of Share holding as on
	31st March, 2013	31st March, 2012
Subsidiary Companies		
1. Power System Operation Corporation Limited (POSOCO) *	100%	100%
2. Powergrid NM Transmission Limited	100%	100%
3. Powergrid Vemagiri Transmission Limited	100%	-
Joint Venture Companies		
1.Powerlinks Transmission Limited	49%	49%
2.Torrent Power Grid Limited*	26%	26%
3. Jaypee Powergrid Limited	26%	26%
4. Parbati Koldam Transmission Company Limited	26%	26%
5.Teestavalley Power Transmission Limited *	26%	26%
6.North East Transmission Company Limited*	26%	26%
7.National High Power Test Laboratory Private Limited	20%	25%
8.Energy Efficiency Services Limited	25%	25%
9.Bihar Grid Company Limited	50%	-
10.Kalinga Vidyut Prasaran Nigam Private Limited	50%	-
11.Cross Border Power Transmission Company Limited	26%	-

* **Financial statements used for consolidation are unaudited.**

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The above joint venture companies are incorporated in India. The company's share in assets, liabilities, contingent liabilities and capital commitment as on 31st March 2013 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

(₹ in million)

		As at 31st March, 2013	As at 31st March, 2012
A.	Assets		
	• Non Current Assets		
	• Fixed Assets	15578.8	14157.6
	• Long term loans and	241.5	375.0

	advances		
	• Current Assets	2500.9	1661.4
	Total	**18321.2**	**16194.0**
B.	Liabilities		
	• Non current liabilities	10407.3	9427.6
	• Current Liabilities	1967.3	1525.0
	Total	**12374.6**	**10952.6**
C.	Contingent Liabilities	235.6	95.8
D.	Capital Commitments	1582.3	2312.3
		Current Year	**Previous Year**
E.	Income	2334.8	1640.9
F.	Expenses(Including provision for taxes)	1605.3	1056.7

1.3 The Company has made further investment of ₹20.8 million (Previous Year ₹109.2 million) in Jaypee Powergrid Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares is held by Jaiprakash Power Ventures Limited.

1.4 The Company has made further investment of ₹149.2 million (Previous Year ₹ 618.9 million) in North East Transmission Company Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance shares are held by ONGC Tripura Power Company Limited, Assam Electricity Grid Corporation Limited & Govt. of Tripura, Govt. of Mizoram, Govt of Meghalaya & Govt. of Manipur.

1.5 The Company has made further investment of ₹ 50.8 million (previous year ₹ Nil) in Teestavalley Power Transmission Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares is held by Teesta Urja Limited.

1.6 The Company has made further investment of ₹ 195.0 million (previous year ₹ Nil) in Parbati Koldam Transmission Company Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares is held by Reliance Infrastructure Limited.

1.7 The Company has made further investment of ₹ 84.3 million (previous year ₹ Nil) in National High Power Test Laboratory Limited, a Joint Venture Company in which 20% shares are held by POWERGRID and balance shares held by NTPC Limited, NHPC Limited, Damodar Valley Corporation & Central Power Research Institute equally.

1.8 The Company has made further investment of ₹ 218.7 million (previous year ₹ Nil) in Energy Efficiency Services Limited, a Joint Venture Company in which 25% shares are held by POWERGRID and balance shares are held equally by NTPC Limited, Rural Electrification Corporation Limited & Power Finance Corporation Limited.

1.9 During the year company has made investment of ₹ 0.1 million in Cross Border Power Transmission Company Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares are held by IL&FS Energy Development Company Limited, SJVN Limited & Nepal Electricity Authority.

1.10 During the year company has made investment of ₹ 0.2 million in Bihar Grid Company Limited, a Joint Venture Company in which 50% shares are held by POWERGRID and balance 50% shares are held by Bihar State Power Holding Company Limited.

1.11 During the year company has made investment of ₹ 0.1 million in Kalinga Bidyut Prasaran Nigam Private Limited, a Joint Venture Company in which 50% shares are held by POWERGRID and balance 50% shares are held by Odisha Power Transmission Corporation Limited.

1.12 During the year company has made investment of ₹ 0.5 million in Powergrid Vemagiri Transmission Limited (erstwhile Vemagiri Transmission System Limited). The Company was taken over from REC Transmission Projects Company Limited vide share purchase agreement dated 18th April, 2012 to carry over the business awarded under tariff based bidding. After the transfer Powergrid Vemagiri Transmission Limited becomes the wholly owned subsidiary company of Power Grid Corporation of India Limited.

2. Cash equivalent of deemed export benefits availed of ₹ 2099.9 million in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt. of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP project and the same was capitalised in the books of accounts. Thereafter, World Bank had financed both the ESI project and STP project as originally envisaged and they became eligible for deemed export benefits. Consequently, the company has lodged claims with the Customs and Excise Authorities.

   In the regard the Cumulative amount received and de-capitalized upto 31st March 2013 is ₹ 121.2 million (Previous year ₹ 121.2 million). The company continued to show the balance of ₹ 1978.7 million as at 31st March 2013 (Previous year ₹ 1978.7 million) in the capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.

3. Out of the proceeds of Follow on Public Offer (FPO) made in Financial Year 2010-11, a sum of ₹ 7500.0 million (Previous Year ₹13711.7 million) has been utilised during the year for part financing of capital expenditure on the projects specified for utilization resulting in complete utilisation of funds amounting to ₹ 37211.7 million raised through FPO.

4. a) Certain balances in Loans and Advances & Trade Payables are subject to confirmation and consequential adjustments, if any.

b) In the opinion of the management, the value of any of the assets other than fixed assets and non current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet.

5. Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts " is provided as under :

(₹ in million)

	Particulars	Year ended 31.03.2013	Year ended 31.03.2012
i)	The amount of revenue recognised on cost plus consultancy contract works	1769.0	2008.8
ii)	**The methods used to determine the contract revenue recognised in the period:** 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy	As Per Policy
iii)	Cumulative amount of costs incurred on construction contracts	115192.4	102431.9
iv)	Cumulative amount of advance received from customers	132518.5	120458.0
v)	Amount of retention money with customers	960.1	-
vi)	Gross amount due from customers for contract works as an asset	355.2	135.8
vii)	Gross amount due to customers for contract works as a liability	14132.5	14151.0

6. The company has been entrusted with the responsibility of billing collection and disbursement (BCD) of the transmission charges on behalf of all the ISTS (Interstate transmission System) licensees through the mechanism of the POC (Point of Connection) charges introduced w.e.f. 01-07-2011 which involves billing based on approved drawal/injection of power in place of old mechanism based on Mega Watt allocation of power by Ministry of Power. By this mechanism, revenue of the company will remain unaffected.

Some of the beneficiaries aggrieved by the POC mechanism have preferred appeal before various High Courts of India and continue to make payment as per old system of billing. Due to this, an unrealized amount of ₹2732.7 million (previous year ₹ 1415.6 million) is included in Trade Receivables. All such appeals have been transferred to Delhi High Court as per order of the Supreme Court on the appeal preferred by the company and company has also requested for directing agitating states to pay full transmission charges as per new methodology pending settlement of the matter.

7. i) FERV Loss of ₹ 16600.2 million including ₹ 6718.9 million for Previous Year (previous year FERV loss ₹8821.4 million) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.

   ii) FERV Gain of ₹11.6 million (Previous Year FERV Loss ₹22.3 million) has been recognised in the Statement of Profit and Loss.

8. **Effect due to change in accounting policies during the year -**

   i) Ministry of Corporate Affairs, Government of India through circular no.25/2012 dated 9th August 2012 has clarified that Para 6 of Accounting Standard (AS 11) and para 4(e) of AS 16 shall not apply to company which is applying para 46A of AS 11. Consequently, exchange differences arising on settlement/translation of foreign currency loans to the extent regarded as an adjustment to interest cost as per para 4(e) of AS 16 and charged to the statement of profit and loss have now been adjusted in the cost of related capital assets. This change in accounting policy is made effective from 01 April 2011.This change has resulted in increase in Profit before tax for the year by ₹ 1229.5 million (including ₹ 661.2 million for FY 11-12).

   ii) In view of opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India, unspent expenditure, out of the budget for the year towards Corporate Social Responsibility(CSR), which was hitherto being provided for in the statement of Profit & Loss is now being transferred to CSR reserve by appropriating profit. The change has resulted in increase in profit before tax for the year by ₹ 265.2 million (including ₹152.6 million write back of provision for earlier years).

   iii) During the year one of the subsidiaries have changed its accounting policy on revenue recognition of Human Resource Exp. and Operation and Maintenance Expenses which was accounted for 'actual expenditure or expenditure allowed by CERC RLDC wise' whichever is less upto previous year. It has now been accounted for as Total Actual Expenditure incurred or expenditure allowed as per CERC order whichever is less, company as a whole in the current year. Due to change in Accounting Policy regarding revenue recognition, ₹294.8 million have been recognized as Income during the year. The same has been reduced from Truing-up Liability. This amount includes ₹175.3 million relating to earlier years. Due to change in accounting policy interest amounting to ₹ 50.5 million pertaining to earlier years have also been credited to finance cost.

9. Borrowing cost capitalised during the year is ₹ 18754.6 million (previous Year ₹ 17204.4 million) as per AS 16- "Borrowing Cost".

10. Pending approval of the Performance Related Pay (PRP) scheme for workmen, provision of ₹414.8 million (including ₹ 218.7 million for earlier years) has been made net of payments made as per old Performance Linked Incentive Scheme.

11. Disclosures as per Accounting Standard (AS) 15

    Defined employee benefit/ contribution schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution to the fund for the year amounting to ₹747.9 million(previous year ₹608.8 million) has been recognized as expense and is charged to Statement of Profit and Loss. The obligation of the company is limited to such fixed contribution and to ensure a minimum rate of interest on contributions to the members as specified by GOI. As per the report of actuary over all interest earning and cumulative surplus 'is more' than statutory interest payment requirement. Hence, no further provision is considered necessary.

B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 1.0 million. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

C. Pension

The Company has scheme of employees defined Pension Contribution. Company contribution is paid to separate trust. Amount of contribution paid/payable for the year is ₹552.1 million (previous year ₹ 303.6 million) has been recognised as expense and is charged to statement of profit & loss.

D. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

E. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents to superannuated employees. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

The summarised position of various defined benefits recognized in the Statement of Profit & Loss and Balance Sheet and funded status is as under:-

a) Expenses recognised in Statement of profit and loss

(₹ in million)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	202.3	183.2	64.6	50.8	6.9	6.8
Interest cost on benefit obligation	304.0	288.3	125.5	106.4	10.7	9.7
Expected return on plan assets	(319.9)	(288.3)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	45.8	100.8	164.4	213.7	(4.5)	7.4
Expenses recognized in the Statement of profit and loss	232.2	284.0	354.5	370.9	13.1	23.9

b) Actual return on plan assets is ₹ 302.5 million (previous year ₹ 277.7 million)

c) The amount recognized in the Balance Sheet

(₹ in million)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(i) Present value of obligation as at 31/03/2013	4128.8	3800.1	1903.2	1569.1	142.3	134.4
(ii) Fair value of plan assets as at 31/03/2013	4072.3	3768.7	-	-	-	-
Difference (ii) – (i)	(56.4)	(31.4)	(1903.2)	(1569.1)	(142.3)	(134.4)
Net asset (liability) recognized in the Balance Sheet	(56.4)	(31.4)	(1903.2)	(1569.1)	(142.3)	(134.4)

d) Changes in the present value of the defined benefit obligations:

(₹ in million)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 01/04/2012	3800.1	3391.8	1569.2	1251.5	134.4	114.0
Interest cost	304.0	288.3	125.5	106.4	10.7	9.7
Current Service Cost	202.4	183.2	64.6	50.8	7.0	6.8
Benefits paid	(216.6)	(166.3)	(20.6)	(53.3)	(5.0)	(3.5)
Net actuarial (gain)/loss on obligation	38.9	103.1	164.5	213.7	(4.8)	7.4
Present value of the defined benefit obligation as at 31/03/2013	4128.8	3800.1	1903.2	1569.1	142.3	134.4

e) Changes in the fair value of plan assets:

(₹ in million)

Description	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2012	3768.7	3391.8
Expected return on plan assets	319.9	288.3
Contribution by employer	193.4	252.6
Benefits paid	(216.6)	(166.3)
Actuarial gain/(loss)	6.9	2.3
Fair value of plan assets as at 31/03/2013	4072.3	3768.7

F. Other Employee Benefits

Provision for Leave encashment (including compensated absences) amounting to ₹(58.5) million (previous Year ₹ 603.3 million) for the year has been made on the basis of actuarial valuation at the year end and same is credited to Statement of Profit and Loss.

Provision for Long Service Award amounting to ₹ 11.9 million (previous year ₹ 86.7 million including for earlier years ₹ 74.3 million) have been made on the basis of actuarial valuation at the year end.

G. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2013 are as follows:-

(₹ in million)
(At Purchase Value)

		Current Year	Previous Year
i)	State Government Securities	688.4	419.2
ii)	Central Government Securities	884.3	641.8
iii)	Corporate Bonds/Debentures	2286.3	2425.5
iv)	RBI Special Deposit	51.3	51.3
v)	Other Assets	162.0	230.9
	Total:-	4072.3	3768.7

H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

i) Method used - Projected unit credit (PUC)
ii) Discount rate - 8% (previous Year 8.5 %)
iii) Expected rate of return on assets (Gratuity only) – 8.5 % (previous Year 8.5 %)
iv) Future salary increase- 6% (previous Year 6%)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market. Further the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets, assessed risk of asset management and historical return for plan assets.

I. The Company's best estimate of contribution towards gratuity for the financial year 2013-14 is ₹ 81.3 million (previous year ₹ 224.6 million)

J. The effect of the percentage point increase/decrease in the medical cost of PRMF will be as under:-

(₹ in million)

Particulars	Increase by	Decrease by
Service and Interest Cost	27.7	(32.9)
Present value of obligation	170.5	(202.1)

K. Experience Adjustments

(₹ in million)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Gratuity		
i) Plan assets – Loss/(Gain)	(1.1)	(7.2)
ii) Obligation- Loss/(Gain)	42.2	109.0
PRMF		
Obligation – Loss/(Gain)	147.0	208.6
ODRB		
Obligation – Loss/(Gain)	(4.7)	7.9

12. Segment information (AS 17):

a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 "Segment Reporting".

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses.

c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include long term and short term borrowings, current and non current liabilities and provisions

Segment Reporting

(₹ in million)

	Transmission		Consultancy		Telecom		Elemination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue:										
Revenue from Operations (including allocable other income)	128618.6	101762.6	3180.3	2923.5	2315.7	2014.4			134114.6	106700.5
Inter Segment Revenue				(30.5)	121.9	88.1	(121.9)	(57.6)		
Net Revenue from Operations	128618.6	101762.6	3180.3	2893.0	2437.6	2102.5	(121.9)	(57.6)	134114.6	106700.5
Segment results	78625.7	60430.7	1332.5	1645.0	760.5	652.8			80718.7	62728.5
Unallocated Interest and Other Income									3158.6	4035.3
Unallocated Finance Costs									26121.0	19867.2
Profit before Tax									57756.3	46896.6
Provision for Taxes									14630.2	13866.7
Profit after Tax									43126.1	33029.9
Other information:										
Segment Assets	700360.5	540386.2	8903.9	13096.5	8295.7	7390.2			717560.1	560872.9
Unallocated Assets									416280.7	360449.6
Total Assets									1133840.8	921322.5
Segment Liabilities:	58000.0	46902.0	17461.5	17724.3	5212.5	4904.7			80674.0	69531.0
Unallocated Other Liabilities (including loans)									789135.7	615959.4
Total liabilities									869809.7	685490.4
Depreciation and Amortisation	33917.7	25837.5	4.2	4.3	633.8	562.1			34555.7	26403.9
Non-cash expenditure other than Depreciation	67.7	44.5	19.9	1.0	6.4	9.3			94.0	54.8
Capital Expenditure	207651.1	158865.2	2.9	3.1	1611.5	800.4			209265.5	159668.7

Note :
1. Profit of Telecom segment has been increased by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.
2. In earlier years, ULDCs & RLDCs were treated as separate business segment. In order to have better presentation of segment result, same have been merged with Transmission segment and accordingly previous year figures have also been merged with Transmission segment.

d) The operation of the company mainly carried out within the country and therefore there is no reportable geographical segment.

13. Related Party Disclosures:-

a) List of Related Parties:-

i) Key Management Personnel

Sh. R.N. Nayak	Chairman and Managing Director
Sh. I.S. Jha	Director (Projects)
Sh. R.T. Agarwal	Director (Finance)

Sh. Ravi P Singh Director(Personnel) w.e.f. 01.04.2012

Sh. R.P. Sasmal Director(Operations) w.e.f. 01.08.2012

ii) Joint Ventures:-

i) Powerlinks Transmission Limited

ii) Torrent Power Grid Limited

iii) Jaypee Powergrid Limited

iv) Parbati Koldam Transmission Company Limited

v) Teestavalley Power Transmission Limited

vi) North East Transmission Company Limited

vii) National High Power Test Laboratory Private Limited

viii) Energy Efficiency Services Limited.

ix) Bihar Grid Company Limited w.e.f . 04.01.2013

x) Kalinga Bidyut Prasaran Nigam Private Limited w.e.f. 31.12.2012

xi) Cross Border Power Transmission Company Limited w.e.f. 11.08.2012

b) Transactions with the related parties at 13 (a) above during the year are as follows:

(₹ in million)

Particulars	Current year		Previous Year	
Transactions for services provided by the company*		243.6		509.4
Parbati Koldam Transmission Company Limited	1.7		5.1	
Torrent Power Grid Limited	0.3		-	
Jaypee Powergrid Limited	0.6		20.0	
North East Transmission Company Limited	222.2		457.5	
National High Power Test Laboratory Private Limited	15.4		21.5	
Powerlinks Transmission Limited	3.4		-	
Teestavalley Power Transmission Limited	-		5.3	
Amount recoverable		205.0		69.6
Parbati Koldam Transmission Company Limited	0.1		0.8	
Torrent Power Grid Limited	0.3		0.3	
North East Transmission Company Limited	201.2		68.0	
National High Power Test Laboratory Private Limited	1.9		-	
Energy Efficiency Services Limited	0.2		0.5	
Bihar Grid Company Limited	0.8		-	
Kalinga Vidyut Prasaran Nigam Private Limited	0.5		-	
Amount payable		229.9		300.4
Parbati Koldam Transmission Company Limited	0.9		2.5	
Jaypee Powergrid Limited	5.0		5.2	
North East Transmission Company Limited	20.8		18.7	
National High Power Test Laboratory Private	200.7		246.2	

Limited				
Powerlinks Transmission Limited	2.5		27.8	
Investment made		719.2		728.1
Jaypee Powergrid Limited	20.8		109.2	
Teestavalley Power Transmission Limited	50.8		-	
Parbati Koldam Transmission Company Limited	195.0		-	
North East Transmission Company Limited	149.2		618.9	
Energy Efficiency Services Limited	218.7		-	
Cross Border Power Transmission Company Limited	0.1		-	
Bihar Grid Company Limited	0.2		-	
Kalinga Bidyut Prasaran Nigam Private Limited	0.1		-	
National High Power Test Laboratory Private Limited	84.3		-	
Dividend Received		481.6		447.2
Powerlinks Transmission Limited	481.6		447.2	
Deputation of Employees		8.9		6.6
North East Transmission Company Limited	-		0.6	
Energy Efficiency Services Limited	2.1		6.0	
National High Power Test Laboratory Private Limited	6.8		-	

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

c) Remuneration to whole time directors including chairman and managing director is ₹ 24.7 million (previous year ₹ 21.0 million) and amount of dues outstanding to the company as on 31st March, 2013 are ₹ 0.7 million (previous year ₹ 0.5 million).

14. Disclosures regarding leases

a) Finance Leases :-

Long Term Loans and Advances and Short Term Loans and Advances include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 “Leases” notified under the Companies Act, 1956.

The reconciliation of the lease receivables (as per project cost data submitted to / approved by the CERC for tariff fixation) is as under:

(₹ in million)

	Particulars	**As at 31st March, 2013**	**As at 31st March, 2012**
	Gross value of assets acquired and leased at the beginning of the year	9959.2	9940.6

Add	Adjustment for gross value of assets acquired prior to the beginning of the year	-	18.6
	Revised Gross value of the assets at the beginning of the year	9959.2	9959.2
Less	Capital recovery provided up to the beginning of the year	5824.5	3902.3
Add	Capital recovery for assets acquired prior to the beginning of the year	-	789.8
	Revised Capital recovery provided up to the beginning of the year	5824.5	4692.1
	Capital recovery outstanding as on 31st March of last financial year	4134.7	5267.1
Add	Gross value of assets acquired and leased during current financial year	680.1	-
Less	Capital recovery for the current year	604.4	1132.4
	Lease receivables	4210.4	4134.7

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2013 for each of the periods are as under:

(₹ in million)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Gross investment in Lease	5816.3	5310.2
Un-earned Finance Income	1605.9	1175.5
Present value of Minimum Lease Payment (MLP)	4210.4	4134.7

The unearned finance income as on 31st March, 2013 is ₹ 1605.9 million (previous year ₹1175.5 million).

The value of contractual maturity of such leases as per AS-19 are as under :

(₹ in million)

Particulars	Gross Investment in Lease		Present Value of MLPs	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Not later than one year	952.3	906.7	607.4	595.5
Later than one year and not later than five years	3362.2	3419.0	2535.8	2664.0
Later than five years	1501.8	984.5	1067.2	875.2
Total	5816.3	5310.2	4210.4	4134.7

b) Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹ 374.6 million (previous Year ₹ 371.0 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹ 106.8 million (previous Year ₹ 81.4 million) in respect of premises for offices and guest house/transit camps are shown under the head Rent in Transmission, Administration and Other expenses.

15. The elements considered in calculation of Earning Per Share (Basic and Diluted) are as under:

	Current Year	**Previous Year**
Net Profit after tax used as numerator (₹in million)	43126.1	33029.9
Weighted average number of equity shares used a denominator	4629725353	4629725353
Earning per share (Basic & Diluted) (in ₹)	9.32	7.14
Face Value per share in ₹	10.00	10.00

16. In accordance with Accounting Standard (AS-28) "Impairment of Assets", impairment analysis of assets of transmission activity & telecom activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 & 2006-07 respectively and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. The company has assessed as on the balance sheet date whether there are any indications with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore no formal estimate of recoverable amount has been made. Accordingly, no impairment loss has been provided in the accounts.

17. **Capital and Other Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 436991.8 million (previous year ₹ 420379.4 million).

18. Contingent Liabilities

1. Claims against the Company not acknowledged as debts in respect of :

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company for ₹ 1726.0 million (previous year ₹ 731.5 million) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources, if any, for settlement of such claims pending resolution.

(ii) Land Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of ₹ 25226.4 million (previous year ₹ 17650.9 million) has been estimated.

(iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of ₹ 27.3 million (previous year ₹117.2 million) has been estimated.

(iv) Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to ₹ 2948.6 million (previous year ₹ 2578.6 million) are pending before various Appellate Authorities and contested before various Appellate Authorities. Many of these matters are disposed off in favour of the company but are disputed before higher authorities by the concerned departments.

(v) Others

a) Other contingent liabilities amounts to ₹ 1183.4 million (previous year ₹927.6 million)

b) Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.

2. Special purpose vehicle(SPV) company namely Powergrid NM Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Nagapattinam Madugiri Transmission Company Ltd.) and Powergrid Vemagiri Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Vemagiri Transmission System Limited) has been taken over to carry over the business awarded under Tariff based bidding. Bank guarantee of ₹ 450.0 million (previous year ₹ 450.0 million)and ₹ 360.0 million (previous year Nil)respectively has been given by the company on behalf of SPV towards performance of the work awarded.

19. a) Figures have been rounded off to nearest rupees in million up to one decimal.

b) Previous year figures have been regrouped / rearranged wherever considered necessary.

Statement of Accounting Ratios - Consolidated ***Annexure VI***

Particulars	Fiscal Year Ended March 31,	
	2012	2013
Basic Earning Per Share (₹)	7.14	9.32
Diluted Earning Per Share (₹)	7.14	9.32
Net Assets Value per Share (₹)	50.94	56.97
Return on Net Worth(%)	14.01	16.35
Profit After Tax (₹ in Million)	33,029.9	43,126.1
Weighted Average No. of Shares for Basic EPS	4,629,725,353	4,629,725,353
Weighted Average No. of Shares for Diluted EPS	4,629,725,353	4,629,725,353
No. of Shares at the end of the Year	4,629,725,353	4,629,725,353
Net Worth (₹in Million)	235,832.1	263,765.9

Formula:

$$\text{Earning Per Share (₹)} = \frac{\text{Profit after Tax}}{\text{Weighted Average No. of Equity Shares}}$$

$$\text{Net Assets Value Per Share (₹)} = \frac{\text{Net Worth}}{\text{No. of Equity Share Outstanding at the end of the Year/Period}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Profit after Tax}}{\text{Net Worth}}$$

Notes :

1 Earning per share is calculated in accordance with Accounting Standard (AS)-20 "Earning Per Share" notified under the Companies (Accounting Standards) Rules, 2006.

2 Net worth means paid-up share capital plus free reserves & surplus.

Statement of Dividend Paid/Proposed -Consolidated *Annexure VII*

Particulars	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
No. of Equity Shares of ₹10 each (in numbers)	4,629,725,353	4,629,725,353
Rate of Dividend (%)		
Interim	8.0	16.1
Final	13.1	11.4
Amount of Dividend on Equity Shares (₹ in million)		
Interim	3,703.9	7,453.9
Final	6,065.0	5,277.9
Total Dividend Tax paid (₹ in million)	1,569.7	2,085.5

Statement of Revenue from Operations - Consolidated ***Annexure-VIII (a)***

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	2013
i) Tansmission Business		
Sales of services		
Transmission Charges	93,367.1	119,258.5
Add:Revenue Recognised out of Advance against depreciation	322.9	488.2
Add: Short Term Open Access	3,254.8	4,425.8
Add: System & Market Operation Charges	1,311.5	1,536.2
Sub total	98,256.3	125,708.7
Other Operating Revenue		
Interest on differential between provisional and Final Tariff by CERC	1,289.4	484.0
Total for transmission business	**99,545.7**	**126,192.7**
ii) Telecom income - Sales of services	**2,011.9**	**2,313.9**
iii) Consultancy, Project Management and Supervision		
Sales of services	2,847.0	2,268.0
Sales of products	-	864.4
Total for consultancy business	**2,847.0**	**3,132.4**
Revenue From Operations	**104,404.6**	**131,639.0**

Statement of Other Income - Consolidated

Annexure-VIII (b)
(₹ in Million)

Particulars	Fiscal Year Ended March 31,	
	2012	**2013**
A) Income from non-current Investments		
i) Dividend		
Others	18.1	18.0
ii) Interest on Govt.securities	748.8	592.6
B) Other Interests		
Loan to State Govt. in settlement of dues	68.8	55.7
Indian Banks	3,809.3	2,606.9
Interest from advances to contractors	1,789.0	2,681.3
Interest on outstanding dues from DESU	-	913.8
Others	82.5	92.3
Total (A+B)	**6,516.5**	**6,960.6**
C) Others		
Profit on sale of Fixed Assets	1.0	3.1
Deferred Income (Transferred from Grants-in-aid)	272.9	230.6
Short Term Open Access-Other Charges	254.4	-
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	8.1	3.5
Lease Income-State Sector ULDC	78.9	356.6
Surcharge	671.0	736.4
Hire charges for equipments	0.8	2.8
FERV gain	-	11.6
Rebate	3.0	2.7
Provisions written back	409.3	593.4
Miscellaneous income	673.8	567.3
Total (A+B+C)	8,889.7	9,468.6
Less: Income transferred to Expenditure During Construction	2,558.5	3,836.4
Total	**6,331.2**	**5,632.2**

Statement of Transmission, Administration and Other Expenses - Consolidated *Annexure-VIII (c)*

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	2013
Repair & Maintenance		
Buildings	250.6	288.8
Plant & Machinery		
Sub Station	1,142.6	1,243.2
Transmission lines	481.7	718.5
Construction Equipment	1.4	-
Telecom	231.2	256.1
Others	296.4	312.2
Total	**2,403.9**	**2,818.8**
System and Market Operation Charges	-	5.1
Power charges	836.0	1,087.4
Less: Recovery from contractors	10.5	7.7
Net Power charges	825.5	1,079.7
Expenses of Diesel Generating Sets	43.0	62.3
Stores & spares consumed	1.0	0.9
Water charges	9.7	10.3
Right of Way charges(Telecom)	42.5	54.3
Patrolling Expenses-Telecom	16.9	15.1
Last Mile connectivity-Telecom	1.2	3.0
Training & Recruitment expenses	223.4	184.3
Less: Fees for training and application	10.9	0.5
Net Training & Recruitment expenses	212.5	183.8
Legal expenses	92.8	161.0
Professional Charges (Including TA/DA)	72.0	108.7
Consultancy expenses (Including TA/DA)	172.2	37.9
Communication expenses	108.4	131.6
Travelling & Conveyance Expenses	836.1	886.0
Foreign travel	69.2	76.6
Total travelling and conveyance expenses	905.3	962.6
Tender expenses	161.6	133.0
Less: Sale of tenders	61.4	41.9
Net Tender expenses	100.2	91.1
Remuneration to auditors		
Statutory Auditors		
Audit Fees	5.0	7.0
Tax Audit Fees	1.3	1.3
In Other Capacity	5.3	6.9
Out of pocket Expenses	5.8	6.8
Arrears	-	2.4
	17.4	24.4
Advertisement and publicity	110.1	70.2
Printing and stationery	53.4	48.1
Books Periodicals and Journals	9.3	9.9
EDP hire and other charges	31.1	32.6
Entertainment expenses	16.2	16.7

(₹ in Million)

Particulars	Fiscal Year Ended March 31, 2012	2013
Brokerage & Commission	3.2	2.0
Research & Development expenses	31.6	10.8
Cost Audit and Physical verification Fees	2.8	4.5
Rent	99.3	106.8
Capital Expenses on assets not owned by the company	4.5	128.6
CERC Petition and other charges	54.5	142.4
Miscellaneous expenses	294.0	364.3
Horticulture Expenses	69.3	88.0
Security Expenses	616.4	706.3
Hiring of Vehicle	578.3	740.5
Insurance	311.3	502.3
Rates and taxes	78.1	108.4
License Fees to DOT	141.0	159.3
Bandwidth charges, dark fibre lease charges (Telecom) etc	133.8	166.1
Expenditure on Corporate Social Responsibility (CSR)	269.7	228.0
Expenditure on Sustainable Development	-	3.5
Non operating expenses	11.3	3.2
Transit Accommodation Expenses	55.0	65.0
Less : Recovery for usage	6.6	7.8
Net Transit Accommodation Expenses	48.4	57.2
Rebate to Customers	1,170.0	828.9
Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable)	22.3	-
Provision-Others	23.0	27.5
Sub Total	9,207.4	10,306.7
Less: Transferred to Expenditure during Construction	974.6	1,254.9
	8,232.8	9,051.8
Deferred revenue expenses written off	17.9	-
Loss on Disposal/Write off of Fixed Assets	13.9	66.5
Total	**8,264.6**	**9,118.3**

Statement of Share Capital -Consolidated

Annexure- IX

(₹ in Million)

Particulars	As at March 31,	
	2012	**2013**
A. Authorized Capital		
10,000,000,000 equity shares of ₹ 10/- each	100,000.0	100,000.0
B. Issued, Subscribed and Paid-Up Capital before the Issue		
4,629,725,353 equity shares of ₹ 10/-each fully paid up	46,297.3	46,297.3
Total	**46,297.3**	**46,297.3**

Statement of Reserves & Surplus- Consolidated *Annexure- X*

(₹ in Million)

Particulars	As at March 31,	
	2012	**2013**
Securities Premium Reserve	48,751.5	48,751.5
Bonds Redemption Reserve	32,240.3	40,052.9
Self Insurance Reserve		
Through Appropriation of Profit	2,513.8	3,045.0
Through Charge to Statement of Profit & Loss	693.1	689.6
Corporate Social Responsibility(CSR) Activity Reserve	-	265.2
General Reserve	104,507.5	123,623.6
Load Dispach & Communication (LDC) Development Fund	702.4	1,083.8
Capital Reserve	18.5	17.3
Surplus (Balance in Statement of Profit & Loss)	107.7	204.9
Total	**189,534.8**	**217,733.8**

Statement of Deferred Revenue- Consolidated ***Annexure- XI***

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013
a) Advance Against Depreciation	21,921.6	21,433.4
b) Grants in aid	1,405.9	1,175.3
c) Deferred income/(expenditure) from Foreign Currency Fluctuation(Net)	4,931.7	15,056.1
Total	**28,259.2**	**37,664.8**

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013
LONG TERM BORROWINGS		
A) BONDS		
A1) Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)		
A1.1 i) *Bonds of ₹ 1.0 million each*		
XXXIX Issue- 9.40% redeemable at par on 29.03.2027	☆ 18,000.0	18,000.0
XXXVIII Issue- 9.25% redeemable at par on 09.03.2027	☆ 8,550.0	8,550.0
XLII Issue-8.80% redeemable at par on 13.03.2023	-	☆ 19,900.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
ii) *Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*		
XLI Issue-8.85% redeemable w.e.f. 19.10.2016		28,425.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
iii) *Bonds of ₹ 15.0 million each, consisting of 15 STRPPs of ₹ 1.0 million each redeemable at par in 15 (fifteen) equal annual instalments*		
XXXVI Issue- 9.35% redeemable w.e.f. 29.08.2016	30,900.0	30,900.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
iv) *Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*		
XL Issue-9.30% redeemable w.e.f. 28.06.2016	-	39,975.0
XXXVII Issue- 9.25% redeemable w.e.f 26.12.2015	19,950.0	19,950.0
XXXV Issue- 9.64% redeemable w.e.f 31.05.2015	19,575.0	19,575.0
XXXIV Issue- 8.84% redeemable w.e.f 21.10.2014	34,875.0	34,875.0
XXXIII Issue- 8.64%% redeemable w.e.f 08.07.2014	28,800.0	28,800.0
XXXII Issue- 8.84% redeemable w.e.f 29.03.2014	10,350.0	9,487.5
XXXI Issue- 8.90% redeemable w.e.f 25.02.2014	20,475.0	18,768.8
XXX Issue- 8.80% redeemable w.e.f 29.09.2013	23,325.0	21,381.2
XXIX Issue- 9.20% redeemable w.e.f 12.03.2013	11,893.7	10,812.5
XXVIII Issue- 9.33% redeemable w.e.f 15.12.2012	22,000.0	20,000.0
XXVII Issue- 9.47% redeemable w.e.f 31.03.2012	5,875.0	5,287.5
XXVI Issue- 9.30% redeemable w.e.f 07.03.2012	8,325.0	7,492.5
XXV Issue- 10.10% redeemable w.e.f 12.06.2011	8,875.0	7,987.5
XXIV Issue- 9.95% redeemable w.e.f 26.03.2011	5,996.3	5,330.0
XXIII Issue- 9.25% redeemable w.e.f 09.02.2011	2,306.3	2,050.0
XXII Issue- 8.68% redeemable w.e.f 07.12.2010	5,175.0	4,600.0
XXI Issue- 8.73% redeemable w.e.f 11.10.2010	3,825.0	3,400.0
XX Issue- 8.93% redeemable w.e.f 07.09.2010	11,250.0	10,000.0
XIX Issue- 9.25% redeemable w.e.f 24.07.2010	3,712.5	3,300.0
XVIII Issue- 8.15% redeemable w.e.f 09.03.2010	6,660.0	5,827.5
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
v) *Bonds of ₹ 10.0 million each, consisting of 10 STRPPs of ₹ 1.0 million each redeemable at par in 10 (ten) equal annual instalments.*		
XVII Issue- 7.39% redeemable w.e.f 22.09.2009	6,000.0	5,000.0
XVI Issue- 7.10% redeemable w.e.f 18.02.2009	3,750.0	3,000.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
vi) *Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*		
XV Issue-6.68% redeemable w.e.f. 23.02.2008	4,500.0	3,750.0
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		

(₹ in Million)

Particulars		As at March 31, 2012	As at March 31, 2013
A1.2	*Bonds of* ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments		
	XIII issue-8.63% redeemable w.e.f 31.07.2006	3,375.0	2,700.0
	Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System		
A1.3	*Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*		
	XII issue-9.70% redeemable w.e.f 28.03.2006	615.0	461.2
	Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System		
A1.4	*Bonds of ₹ 30.0 million each consisting of 12 STRPPs of ₹ 2.5 million each redeemable at par in 12 (twelve) equal annual instalments*		
	XI issue-9.80% redeemable w.e.f 07.12.2005	1,810.0	1,357.5
	Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta,Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahabad Sub-station.		
A1.5	*Bonds of* ₹1000/-each redeemable at par in 10(Ten) equal annual instalments		
	VIII issue-10.35% redeemable w.e.f. 27.04.2005	40.0	20.0
	Secured by floating charge over the Fixed Assets of the Company		-
A1.6	*Bonds of ₹ 15.0 million each consisting of 12 STRPPs of ₹ 1.3 million each redeemable at par in 12 (twelve) equal annual instalments.*		
	XIV issue-6.10% redeemable w.e.f 17.07.2004	1,747.5	1,165.0
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
A1.7	*Bonds of ₹ 1.2 million each redeemable at par in 12 (twelve) equal annual instalments*		
	X issue-10.90% redeemable w.e.f 21.06.2004	1,903.8	1,269.2
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-Farakka & Chamera Transmission system		
		334,435.1	403,397.9
A2) Unsecured			
A2.1	*Redeemable Foreign Currency Bonds*		
	3.875% Foreign Currency Bonds to be redeemed at par on 17.01.2023	-	27,455.0
	Total (A)	334,435.1	430,852.9

Statement of Long Term and Short Term borrowings- Consolidated *Annexure- XII*

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013
B) Term loans from Banks		
B1) Rupee Loan (Secured)		
B1.1 i) **Corporation Bank**	50.0	-
ii) **Punjab National Bank-Loan-II**	750.0	500.0
iii) **Oriental Bank of Commerce**	625.0	416.7
Secured by a floating charge on the fixed assets of the Company		
B1.2 i) **Line of Credit (LOC) from State Bank of India**	☆ 10,000.0	15,000.0
Secured by way of pari passu charge on assest of the company except investments, Land and Buildings and Current Assets.		
ii) **State Bank of India**	1,138.1	1,021.3
iii) **Central Bank of India**	353.3	322.2
iv) **Jammu and Kashmir Bank**	235.6	214.8
v) **Punjab National Bank**	471.1	429.5
Secured by a Hypothecation of JV Company (JayPee Power Grid Ltd and Powerlinks Transmission Ltd.) Movable assets, Intangible Assets and Current assets		
vi) **Bank of Baroda**	477.0	424.1
Secured by first pari passu charge over the Movable assets of JV Company (Torrent Powergrid Ltd.)		
vii) **Other Banks**	609.4	830.0
Secured by First mortgage and charge on all the immovable and movable assets of JV Company (Teestavalley Power Transmission Ltd. .)		
Total (B1)	14,709.5	19,158.6
B2) Foreign Currency Loans(Secured)		
B2.1 **Bank of India Cayman Islands**	2,717.3	2,601.0
Secured by a Floating charge on the immovable properties of the company		
B2.2 i) **Nordic Investment Bank (PIL5120)**	☆ 4,701.9	5,567.1
ii) **ADB-VIII (2788-IND)**	-	1,248.6
Secured by pari passu interest in the liens created on the assets as security for the debts.		
iii) **Asian develpoment Bank**	718.8	599.0
Secured by first paripasu charge on tangible/ intangible , all movable assets & current assets of JV Company (Powerlinks Transmission Ltd.)		
Guaranteed by Government of India		
B2.3 From Asian Development Bank (ADB)		
ADB-I (1405-IND)	2,620.5	1,461.5
ADB-II (1764-IND)	9,190.2	8,927.1
ADB-III (2152-IND)	17,686.3	18,475.7
ADB-IV (2415-IND)	☆ 13,487.4	17,649.4
ADB-V (2510-IND)	☆ 3,401.4	5,186.4
From International Bank for Reconstruction and Development (IBRD)		
PSDP-II (4603-IN)	15,423.3	14,894.4
PSDP-III (4813-IN)	18,598.1	18,615.9
PSDP-IV (4890-IN)	26,850.6	29,702.3
PSDP-IV (Addl.) (7593-IN)	14,868.1	16,687.2
PSDP-V (7787-IN)	8,789.1	17,068.9
Secured by pari passu interest in the lien created on the assets as security for the debts.		
B2.4 **PSDP-I (3577-IN)**	700.6	-
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyachal and Rihand Transmission system.		
Total B2	139,753.6	158,684.5
B3) Foreign Currency Loans(To Be Secured)		
B3.1 From Asian Development Bank (ADB) (**Guaranteed by Government of India**)		
ADB-VI (2823-IND)	-	960.5
ADB-VII (2787-IND)	-	2,126.1
B3.2 From Other Banks		
International Finance Corporation	-	12,080.2
ICF Debt Pool LLP	-	2,745.5
To be Secured by pari passu interest in the lien created on the assets as security for the debts.		
Total B3	-	17,912.3

(₹ in Million)

Particulars	As at March 31, 2012	2013
B4) Foreign currency loans (Unsecured)		
B4.1 Skandinaviska Enskilda Banken AB(publ) Sweden	825.2	670.3
AB Svensk Exportkredit,Sweden	-	3,824.2
B4.2 Guaranteed by Government of India		
Natixis Banque (Formerely Credit National) France	1,046.8	980.1
Japan International Cooperation Agency(Formerly Japan Bank for International Cooperation) Japan	1,610.9	1,384.3
European Investment Bank Luxembourg	212.9	-
Total (B4)	3,695.8	6,858.9
Total B	158,158.9	202,614.3
C) Term Loan From Others		
Rupee Loans (Secured)		
C1 Life Insurance Corporation of India-II	1,711.0	1,103.2
Life Insurance Corporation of India-III	99.1	33.2
Secured by a floating charge on the fixed assets of the Company.		
International Finance Corporation	808.4	673.7
IDFC	607.4	506.1
Secured by way of first charge ranking paripasu on tangible/intangible on all movable assets & current assets of JV company (Powerlinks Transmission Ltd)		
Power Finance Corporation Limited	3,237.5	4,119.7
Rural Electrification Corporation	208.8	398.3
Secured by First Mortgage of immovable properties and Hypothecation of all movable assets and current assets of JV company (Parbati Koldam Transmission Company Ltd & North East Transmission Company Limited)		
	6,672.2	6,834.2
Foreign Currency Loan (Unsecured)		
C2 Kreditanstalt fur Wiederaufbau Germany	791.1	-
Total C	7,463.3	6,834.2
TOTAL LONG TERM BORROWINGS (A TO C)	500,057.3	640,301.4
SHORT TERM BORROWINGS		
Short Term Loans		
From Banks		
Secured	☆☆ 82.8	☆☆ 69.7
Unsecured	16,500.0	20,000.0
From Others		
Unsecured	-	200.9
TOTAL SHORT TERM BORROWINGS (A TO C)	16,582.8	20,270.6
TOTAL LONG TERM AND SHORT TERM BORROWINGS	516,640.1	660,572.0

The Term loans are repayable in installments as per the terms of respective agreement generally over the period of 10 to 20 years after the moratorium period of 3 to 5 years.

☆ Shown as "to be secured" in financial statatments. Securities for these are created subsequently.

☆☆ Secured by hypothication of fixed deposits and movable assets of the joint venture companies

Statement of Other Current Liabilities and Short Term Provisions - Consolidated ***Annexure- XIII***

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013
Other Current Liabilities (A)		
A) Current maturities of Long Term borrowings	26,914.3	31,762.0
B) Interest Accrued But Not Due On borrowings From		
Indian Banks Financial Institutions & Corporations	290.2	297.6
Foreign Banks & Financial Institutions	414.7	401.0
Secured/Unsecured redeemable Bonds	12,119.7	15,889.4
C) Others		
i) Dues for Capital Expenditure	12,244.9	28,222.4
ii) Employee related liabilities	43.4	684.4
iii) Unpaid matured bonds	0.8	0.9
iv) Unclaimed Dividends	59.3	84.6
v) Deposits/Retention money from contractors and others	15,866.7	21,832.9
Less: Investments held as security	7.5	59.8
	15,859.2	21,773.1
vi) Advance from customers (Consultancy contracts)	18,195.3	22,304.8
vii) Statutory dues	760.9	1,182.5
viii) Related parties	300.4	229.9
ix) Liabilities in respect of designated a/c operated and maintained in terms of CERC Regulations	4,266.4	2,037.5
x) Others	254.9	1,337.3
Sub Total (A)	**91,724.4**	**126,207.4**
Short Term Provisions (B)		
a) Employee Benefits		
Transmission incentive/special incentive	2,255.8	1,306.9
Retirement benefit/Wage revision	1,007.5	-
Other Employee Benefits	265.1	273.7
b) Others		
Taxation (Including interest on Tax)	512.6	-
Proposed Dividend	6,214.1	5,427.4
Dividend Tax	1,008.0	922.4
Downtime Service Credit-Telecom	32.1	37.4
Provision for Corporate Social Responsibility (CSR) Activity	152.6	-
Provision Others	15.3	0.1
Sub Total (B)	**11,463.1**	**7,967.9**
Total (A+B)	**103,187.5**	**134,175.3**

Statement of Tangible and Intangible Fixed Assets - Consolidated *Annexure XIV*

(₹ in million)

Particulars	As at March 31, 2012			As at March 31, 2013		
	Gross Block	Accumulated Depreciation/ Amortisation	Net Block	Gross Block	Accumulated Depreciation/ Amortisation	Net Block
Tangible assets						
Land						
a) Freehold	11910.7	-	11910.7	13542.3	-	13542.3
b) Leasehold	2115.8	179.5	1936.3	2519.1	268.1	2251.0
Buildings						
a) Sub-Stations & Office	5095.0	1535.5	3559.5	5726.6	1732.5	3994.1
b) Township	4137.4	977.8	3159.6	4552.3	1157.3	3395.0
c) RLDC	98.7	19.0	79.7	105.8	21.3	84.5
Temporary Erection	92.8	92.7	0.1	76.6	76.5	0.1
Roads & Bridges	1278.6	339.7	938.9	1396.1	400.5	995.6
Water Supply Drainage & Sewerage	811.7	227.3	584.4	939.5	263.2	676.3
Plant & Equipment						
a) Transmission	404163.4	89810.1	314353.3	490296.0	111454.3	378841.7
b) Substation	188641.8	56968.4	131673.4	271799.8	68598.1	203201.7
c) Unified Load Despatch & Communication	5820.0	4655.2	1164.8	4352.8	3082.3	1270.5
d) Telecom	12248.1	4435.5	7812.6	13666.9	5172.2	8494.7
Furniture Fixtures	778.1	348.3	429.8	862.8	394.1	468.7
Office equipment	774.1	345.7	428.4	895.5	391.9	503.6
Electronic Data Processing & Word Processing Machines	842.7	587.2	255.5	1049.2	694.6	354.6
Vehicles	52.3	22.8	29.5	50.1	23.3	26.8
Construction and Workshop equipment	1034.4	253.4	781.0	1328.6	313.6	1015.0
Electrical Installation	865.6	323.9	541.7	1174.2	376.1	798.1
Laboratory Equipments	564.9	283.5	281.4	643.3	309.2	334.1
Workshop & Testing Equipments	213.7	143.6	70.1	225.4	148.2	77.2
Miscellaneous Assets/Equipments	6.2	2.3	3.9	8.2	2.5	5.7
Total	**641546.0**	**161551.4**	**479994.6**	**815211.1**	**194879.8**	**620331.3**
Less: Provision for assets discarded	104.7	87.1	17.6	104.7	87.1	17.6
Total Tangible Assets	**641441.3**	**161464.3**	**479977.0**	**815106.4**	**194792.7**	**620313.7**
Intangible Assets						
Electronic Data Processing Software	76.9	39.0	37.9	122.4	67.9	54.5
Right of Way-Afforestation Expenses	3673.7	470.5	3203.2	6002.4	698.1	5304.3
SCADA Software	-	-	-	1928.5	1916.1	12.4
Total Intangible Assets	**3750.6**	**509.5**	**3241.1**	**8053.3**	**2682.1**	**5371.2**
Total Tangible and Intangible Fixed Assets	**645191.9**	**161973.8**	**483218.1**	**823159.7**	**197474.8**	**625684.9**

Statement of Investments - Consolidated *Annexure- XV*

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013
(1) NON CURRENT INVESTMENTS		
LONG TERM		
A.TRADE INVESTMENTS (AT COST)		
I. Equity Instruments-Fully Paid up :-		
Quoted		
PTC India Limited		
12000006 Shares of ₹10/- each	120.0	120.0
(Market Value ₹ 736.8 million and ₹ 719.4 million as at March 31, 2012 and March 31, 2013 respectively)		
II. Govt.Securities (Unquoted):-		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :		
Andhra Pradesh	541.6	361.0
Arunachal Pradesh	15.7	10.4
Assam	503.4	335.6
Bihar	486.4	324.3
Gujarat	210.1	140.1
Haryana	241.5	161.0
Himachal Pradesh	8.5	5.7
Jammu & Kashmir	485.9	324.0
Kerala	72.3	48.2
Madhya Pradesh	312.2	208.1
Maharashtra	40.4	26.9
Manipur	95.1	63.4
Meghalaya	1.3	0.9
Mizoram	0.1	0.1
Nagaland	41.8	27.9
Punjab	140.8	93.9
Rajasthan	32.7	32.7
Sikkim	33.8	22.5
Tripura	2.7	1.8
Uttar Pradesh	1,384.4	922.9
Uttaranchal	153.8	102.5
West Bengal	241.5	161.0
Jharkhand	334.5	223.0
	5,380.5	3,597.9
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 30.11.2007	103.8	80.9
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 31.03.2008	134.3	107.5
	238.1	188.4
TOTAL (A)	**5,738.6**	**3,906.3**
B. Non-trade investments (Unquoted)		
500 Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Itarsi (₹ 5000/-)	-	-
500 Fully paid up shares of ₹ 10/- each in EmployeesCo-op Society Limited Nagpur (₹ 5000/-)	-	-
500 Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Jabalpur (₹ 5000/-)	-	-
Total (B)		
Total (1)	**5,738.6**	**3,906.3**

Statement of Investments - Consolidated *Annexure- XV*

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013
(2) CURRENT INVESTMENTS		
CURRENT MATURITIES OF LONG TERM INVESTMENTS (AT COST)		
TRADE INVESTMENTS		
Govt.Securities (Unquoted):-		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :		
Andhra Pradesh	180.4	180.4
Arunachal Pradesh	5.2	5.2
Assam	167.8	167.8
Bihar	162.2	162.2
Gujarat	70.0	70.0
Haryana	80.4	80.4
Himachal Pradesh	2.8	2.8
Jammu & Kashmir	162.0	162.0
Kerala	24.2	24.2
Madhya Pradesh	104.0	104.0
Maharashtra	13.4	13.4
Manipur	31.8	31.8
Meghalaya	0.4	0.4
Nagaland	14.0	14.0
Punjab	47.0	47.0
Sikkim	11.2	11.2
Tripura	1.0	1.0
Uttar Pradesh	461.4	461.4
Uttaranchal	51.2	51.2
West Bengal	80.6	80.6
Jharkhand	111.6	111.6
	1,782.6	1,782.6
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable w.e.f 30.11.2007	23.1	23.1
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable w.e.f 31.03.2008	26.9	26.9
	50.0	50.0
c) Mutual Funds (Unquoted)		
ICICI Prudential FMP series 54-1 year Plan A (*)	31.9	-
L&T Liquid Super Plan	24.5	-
Tata Fixed Maturity Plan series 40 Scheme A Growth (*)	100.9	124.8
Birla Sunlife Cash plus	8.5	-
	165.8	124.8
Total (2)	**1,998.4**	**1,957.4**
Grand Total (1+2)	**7,737.0**	**5,863.7**

Note :

(*) Under lien for debt service accrual account.

Statement of Trade Receivables -Consolidated *Annexure- XVI*

(Unsecured considered good unless otherwise stated) ***(₹ in Million)***

Description	As at March 31, 2012	As at March 31, 2013
(i) Outstanding for a period exceeding Six Months		
Considered Good	1,880.1	2,850.3
Considered Doubtful	780.6	206.5
(ii) Others	13,411.8	12,063.5
	16,072.5	15,120.3
Less: Provision for bad & doubtful trade receivables	780.6	206.5
Total	**15,291.9**	**14,913.8**

Statement of Long Term and Short Term Loans and Advances- Consolidated *Annexure- XVII*

(Unsecured considered good unless otherwise stated) ***(₹ in Million)***

Particulars	As at March 31, 2012	As at March 31, 2013
Long Term Loans and Advances		
A) Advances for Capital Expenditure		
i) Secured	96.3	77.3
ii) Unsecured		
a. Against Bank guarantees	46,715.2	47,834.8
b. Others	4,471.7	5,680.3
iii) Unsecured Considered Doubtful	11.4	11.9
	51,198.3	53,527.0
Less: Provision for Bad & Doubtful Advances	11.4	11.9
	51,186.9	53,515.1
Sub Total (A)	**51,283.2**	**53,592.4**
B) Loans		
i) Employees (including interest accrued)		
Secured	1,242.1	1,113.0
Unsecured	56.4	55.0
	1,298.5	1,168.0
ii) Long Term Loan (Under securitisation Scheme)	539.9	385.6
iii) Lease Receivables	2,950.2	4,473.6
Sub Total (B)	**4,788.6**	**6,027.2**
C) Security Deposits	**80.3**	**43.4**
D) Advances recoverable in cash or in kind or for value to be received		
Contractors & Suppliers(Including material issued on Loan)	12.6	169.4
Employees	157.3	56.1
Others	49.8	107.6
Balance with Customs Port Trust and other authorities	73.5	24.2
	293.2	357.3
Considered doubtful	72.3	90.0
	365.5	447.3
Less: Provision for bad and doubtful Advances	72.3	90.0
Sub Total (D)	**293.2**	**357.3**
Total Long Term Loans (A+B+C+D)	**56,445.3**	**60,020.3**
Short Term Loans and advances		
A) Loans		
a) Employees including interest accrued		
i) Secured	307.3	513.4
ii) Unsecured	40.8	51.0
b) Others		
Current maturities of Long Term Advances (Under securitisation Scheme)	154.3	231.4
Current Maturities of Lease Receivables	1,314.4	634.4
Sub total(A)	**1,816.8**	**1,430.2**
B) Advances to related parties	**69.6**	**205.0**
C) Advances recoverable in cash or in kind or for value to be received		
a) Employees	245.0	213.8
b) Others		
Contractors & Suppliers (Including Material issued on loan)	122.8	610.5
Balance with Customs Port Trust and other authorities	112.5	158.7
Advance Tax & TDS	22,033.4	29,140.9
Less: Provision for taxation	20,077.3	27,167.4
	1,956.1	1,973.5
Others	929.5	1,734.9
Sub Total (C)	**3,365.9**	**4,691.4**
Total Short Term Loans and Advances (A+B+C)	**5,252.3**	**6,326.6**
Total Loans and Advances	**61,697.6**	**66,346.9**

Statement of Contingent Liabilities -Consolidated ***Annexure- XVIII***

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2013
(1) Claims against the company not acknowledged as debts in respect of		
Capital Works	731.5	1,726.0
Land Compensation Cases	17,650.9	25,226.4
Other Claims	117.2	27.3
Disputed Tax/Sales Tax/Excise Matters/Municipal Tax Matters	2,578.6	2,948.6
Others	927.6	1,183.4
(2) Bank Guarantees given on behalf of Subsidiaries towards performance of work awarded	450.0	810.0
Total	**22,455.8**	**31,921.7**

Statement of Related Party Transactions -Consolidated *Annexure- XIX*

(₹ in Million)

A) List of Related Parties :

I) Key Management Personnel

Sh. R. N. Nayak	Chairman and Managing Director w.e.f. 01.09.2011
	Director (Operations) upto 31.08.2011
Sh. S. K. Chaturvedi	Chairman and Managing Director upto 31.08.2011
Sh. I. S. Jha	Director (Projects)
Sh. R. T. Agarwal	Director (Finance) w.e.f. 29.07.2011
Sh. J. Sridharan	Director (Finance) upto 30.04.2011
Sh. Ravi P. Singh	Director (Personnel) w.e.f. 01.04.2012
Sh. R. P. Sasmal	Director (Operations) w.e.f 01.08.2012
Sh. V. M. Kaul	Director (Personnel) upto 31.03.2012

II) Joint Ventures :

i) Powerlinks Transmission Limited
ii) Torrent Power Grid Limited
iii) Jaypee Powergrid Limited
iv) Parbati Koldam Transmission Company Limited
v) Teestavalley Power Transmission Limited
vi) North East Transmission Company Limited
vii) National High Power Test Laboratory Private Limited
viii) Energy Efficiency Services Limited
ix) Bihar Grid Company Limited w.e.f. 04.01.2013
x) Kalinga Bidyut Prasaran Nigam Private Limited w.e.f. 31.12.2012
xi) Cross Border Power Transmission Company Limited w.e.f. 11.08.2012

B) Transactions with the Related Parties :

Particulars	Fiscal Year Ended March 31,	
	2012	2013
Transactions for services provided by the company*		
Parbati Koldam Transmission Company Limited	5.1	1.7
Torrent Power Grid Limited	-	0.3
Jaypee Powergrid Limited	20.0	0.6
North East Transmission Company Limited	457.5	222.2
National High Power Test Laboratory Private Limited	21.5	15.4
Powerlinks Transmission Limited	-	3.4
Teestavalley Power Transmission Limited	5.3	-
	509.4	**243.6**
Amount recoverable		
Parbati Koldam Transmission Company Limited	0.8	0.1
Torrent Power Grid Limited	0.3	0.3
North East Transmission Company Limited	68.0	201.2
National High Power Test Laboratory Private Limited	-	1.9
Energy Efficiency Services Limited	0.5	0.2
Bihar Grid Company Limited	-	0.8
Kalinga Vidyut Prasaran Nigam Private Limited	-	0.5
	69.6	**205.0**
Amount payable		
Parbati Koldam Transmission Company Limited	2.5	0.9
Jaypee Powergrid Limited	5.2	5.0
North East Transmission Company Limited	18.7	20.8
National High Power Test Laboratory Private Limited	246.2	200.7
Powerlinks Transmission Limited	27.8	2.5
	300.4	**229.9**

Particulars	Fiscal Year Ended March 31,	
	2012	2013
Investment made		
Jaypee Powergrid Limited	109.2	20.8
Teestavalley Power Transmission Limited	-	50.8
Parbati Koldam Transmission Company Limited	-	195.0
North East Transmission Company Limited	618.9	149.2
Energy Efficiency Services Limited	-	218.7
Cross Border Power Transmission Company Limited	-	0.1
Bihar Grid Company Limited	-	0.2
Kalinga Bidyut Prasaran Nigam Private Limited	-	0.1
National High Power Test Laboratory Private Limited	-	84.3
	728.1	**719.2**
Dividend Received		
Powerlinks Transmission Limited	447.2	481.6
	447.2	**481.6**
Deputation of Employees		
North East Transmission Company Limited	0.6	-
Energy Efficiency Services Limited	6.0	2.1
National High Power Test Laboratory Private Limited	-	6.8
	6.6	**8.9**

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

C) Remuneration to whole time directors including chairman and managing director for year ending March 31, 2012 and March 31, 2013 is ₹21.0 million and ₹24.7 million respectively. The amount of dues outstanding to the company as on March 31, 2012 and March 31 2013 is ₹0.5 million and ₹0.7 million respectively.

Statement of Segment Reporting - Consolidated ***Annexure- XX***

(₹ in Million)

	Particulars	**Fiscal Year Ended March 31, 2012**	**2013**
A.	Segment Revenue (including allocable Other Income)		
	- Transmission	101,762.6	128,618.6
	- Consultancy	2,893.0	3,180.3
	- Telecom	2,102.5	2,437.6
	Total	106,758.1	134,236.5
	Less: Inter Segment Revenue	57.6	121.9
	Total Revenue including Other Income	**106,700.5**	**134,114.6**
B.	Segment Results		
	Profit Before Interest and Tax		
	- Transmission	60,430.7	78,625.7
	- Consultancy	1,645.0	1,332.5
	- Telecom	652.8	760.5
	Total Profit Before Interest and Tax	62,728.5	80,718.7
	Less :		
	Unallocated finance costs	19,867.2	26,121.0
	Other unallocated expenditure net of unallocated income	(4,035.3)	(3,158.6)
	Profit before Tax	**46,896.6**	**57,756.3**
C.	Capital Employed (Segment Assets - Segment Liabilitiies)		
	- Transmission	493,484.2	642,360.5
	- Consultancy	(4,627.8)	(8,557.6)
	- Telecom	2,485.5	3,083.2
	Capital Employed in Segments	491,341.9	636,886.1
	- Unallocated Assets Less Liabilities	288,044.6	319,479.0
	Total	**779,386.5**	**956,365.1**

Notes

1 The operations of the Company are mainly carried out within the country and therefore, geographical segments are not applicable.

2 Previous year figures have been regrouped / rearranged wherever necessary.

Statement of Employee Benefits Expense - Consolidated ***Annexure- XXI***

(₹ in Million)

Particulars	Fiscal Year Ended March 31,	
	2012	**2013**
Salaries, wages, allowances & benefits	11,000.7	11,619.3
Contribution to provident and other funds	931.4	1,486.0
Welfare expenses	927.4	1,087.8
	12,859.5	**14,193.1**
Less: Transferred to Incidental Expenditure during Construction	3,645.4	4,445.9
Total	**9,214.1**	**9,747.2**

Statement of Finance Costs - Consolidated

Annexure- XXII

(₹ in Million)

Particulars	Fiscal Year Ended March 31,	
	2012	**2013**
A) Interest on Loan from		
Indian Banks,Financial Institutions & Corporations	3,140.6	4,714.8
Foreign Banks and Financial Institutions	1,458.3	2,304.0
Secured/Unsecured redeemable Bonds	26,975.2	35,300.4
Others	317.2	66.6
Sub Total (A)	**31,891.3**	**42,385.8**
B) Other borrowing costs		
Commitment charges	32.3	183.4
Guarantee Fee	1,429.7	2,120.3
Other finance charges	404.2	798.7
Sub Total (B)	**1,866.2**	**3,102.4**
C) ERV as adjustment to Borrowing Cost		
ERV as adjustment to Borrowing Cost	9,408.7	(6,604.2)
Less: Transferred to Expenditure during Construction	2,460.1	-
	6,948.6	(6,604.2)
Less: FERV recoverable	6,104.3	(5,865.0)
Sub Total (c)	**844.3**	**(739.2)**
Sub Total (A+B+C)	**34,601.8**	**44,749.0**
Less: Transferred to Expenditure during Construction	14,744.3	18,754.6
Total	**19,857.5**	**25,994.4**

Statement of Prior Period Expenditure/ (Income) -Consolidated

Annexure- XXIII

(₹ in Million)

Particulars	Fiscal Year Ended March 31,	
	2012	**2013**
Income		
Transmission charges	(172.0)	512.0
Depreciation written back	33.0	1.5
Depreciation amortised due to FERV	-	18.2
Deferred Income (Transferred from Grants-in-aid)	56.6	-
Lease income-State Sector ULDC	99.7	-
Consultancy Project Management and Supervision Fees	29.7	-
Others	42.4	216.1
Total - A	**89.4**	**747.8**
Expenditure		
Rates and taxes	-	12.0
Depreciation	63.0	297.4
Unspent CSR Expenditure for earlier years	132.2	-
Interest	9.7	126.6
Employee Remuneration	74.3	-
Others	(56.6)	55.2
Total - B	**222.6**	**491.2**
Net Prior period expenditure/(income)(Net) (B-A)	**133.2**	**(256.6)**
Less: Transferred to Incidental Expenditure during Construction	4.1	1.4
Total	**129.1**	**(258.0)**

Annexure XXIV

Statement of changes in the accounting policies adopted for the year ended on March 31, 2012 as compared to that for the year ended on March 31, 2013 for Consolidated Accounts

1. During the year ended March 31, 2013, the following changes were made in the accounting policies:

   a. Ministry of Corporate Affairs, Government of India through circular no. 25/2012 dated 9th August 2012 has clarified that para 6 of Accounting Standard (AS)-11 and para 4(e) of AS-16 shall not apply to company which is applying para 46A of AS 11. Earlier exchange differences arising on settlement/translation of foreign currency loans to the extent regarded as an adjustment to interest cost as per para 4(e) of AS 16 and charged to the statement of profit and loss have now been adjusted in the cost of related capital assets. This change in accounting policy is made effective from 01 April 2011.This change has resulted in increase in Profit before tax for the year by ₹ 1229.5 million (including ₹ 661.2 million for FY 11-12).

      The revised accounting policy adopted is given as under:

      "Foreign Exchange Rate Variation (FERV) arising on settlement / translation of foreign currency loans relating to fixed assets/ capital work-in-progress are adjusted to the carrying cost of related assets".

   b. Based on opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India, unspent expenditure, out of the budget for the year towards Corporate Social Responsibility(CSR), which was hitherto being provided for in the statement of Profit & Loss is now being transferred to CSR reserve by appropriating profit. The change in accounting treatment has resulted in increase in profit before tax for the year by ₹ 265.2 million (including ₹152.6 million write back of provision for earlier years).

   c. During the year one of the subsidiaries have changed its accounting policy on revenue recognition of Human Resource Exp. and Operation and Maintenance Expenses which was accounted for 'actual expenditure or expenditure allowed by CERC RLDC wise' whichever is less up to previous year. It has now been accounted for as Total Actual Expenditure incurred or expenditure allowed as per CERC order whichever is less, company as a whole in the current year. Due to change in Accounting Policy regarding revenue recognition, ₹294.8 million have been recognized as Income during the year. The same has been reduced from Truing-up Liability. This amount includes ₹175.3 million relating to earlier years. Due to change in accounting policy interest amounting to ₹ 50.5 million pertaining to earlier years have also been credited to finance cost.

   d. In addition to above, wordings in certain accounting policies were modified to bring more clarity.

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

You should read the following discussion of our financial condition and results of operations together with our consolidated audited financial statements for and as of the Fiscal ended March 31, 2012 and 2013, and our standalone audited financial statements for and as of the Fiscal ended March 31, 2012 and 2013, and our standalone, unaudited limited reviewed financial statements for the six months ended September 30, 2012 and 2013, which appear under "Financial Statements" on page 168. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act. Indian GAAP differs in certain significant respects from U.S. GAAP and IFRS.

Our Fiscal ends on March 31 of each year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year.

Our consolidated audited financial statements, as of and for Fiscal 2012 and 2013, form the basis of the discussion and analysis herein, except where specifically stated that the financial information is presented on a "standalone" basis. We do not prepare interim consolidated financial statements, and therefore have not prepared, or discussed and analyzed herein, consolidated financial statements as of and for the six months ended September 30, 2013. All the financial information presented herein after March 31, 2013 is presented on a standalone basis alone. In Fiscal 2013 and 2012, standalone total revenues of the Company were 97.10% and 97.39% of consolidated total revenues, respectively; and as of March 31, 2013 and 2012, standalone total assets of the Company were 98.02% and 97.91% of our consolidated total assets, respectively. Although the results of operations and financial position of our Company on a standalone basis comprises a significant portion of all of our consolidated financial performance, prospective investors should be aware that the standalone financial information provided in this Red Herring Prospectus are not strictly comparable with the information in our consolidated financial statements.

*This discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under "**Risk Factors**" on page xvii. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

OVERVIEW

We are India's principal electric power transmission company. We are in the 25th year of our existence. As on September 30, 2013 we owned and operated more than 90% of India's ISTS which, inter-alia, includes inter-regional transmission links. At the end of Fiscal 1993, we owned and operated 22,228 circuit kilometers of electric transmission lines and 39 substations with a total transformation capacity of 12,201 MVA and as at September 30, 2013, we owned and operated 102,109 circuit kilometers of electrical transmission lines and 172 substations with a total transformation capacity of 172,378 MVA. On a consolidated basis, our gross fixed assets, revenues and net profits have grown from ₹35,205.6 million, ₹6,340.6 million and ₹2,366.1 million respectively in Fiscal 1993 to ₹823,264.4 million, ₹137,271.2 million and ₹43,126.1 million respectively in Fiscal 2013. During this period our employees have grown from 5,820 to 9,347.

We have featured in the Platts list of Top 250 Energy Companies of the World since 2009, a study conducted by Platts, a division of the McGraw-Hill Companies. In the list of fastest growing energy companies by Platts, in 2012, we were ranked as the fifth fastest growing electric utility in the world, on the basis of last three years compounded growth rate for revenues.

We were entrusted by the GoI with the statutory role of CTU in 1998 and continued as CTU under Section 38 of the Electricity Act. As the CTU, we are responsible for the planning and development of the country's ISTS network. We are also required to facilitate non-discriminatory open access to available capacity in the ISTS and carry out real time grid management functions through our wholly-owned subsidiary, POSOCO.

We were conferred the status of "Navratna" by the GoI in May 2008, which provides us greater autonomy to incur capital expenditure for our projects without the GoI approval and allows us to make investments in subsidiaries and joint ventures in India and abroad subject to an investment ceiling set by the GoI. We have received the highest annual performance rating of "Excellent" from the GoI in each year since Fiscal 1994.

We commenced our operations in Fiscal 1991 as National Power Transmission Corporation Limited and changed our name to Power Grid Corporation of India Limited in Fiscal 1993 as part of an initiative of the GoI to consolidate all the ISTS assets of the country in a single entity. Accordingly, from Fiscal 1992 to Fiscal 1994 the transmission assets, including transmission lines and substations, of all central electricity generation utilities that operated on an inter-state or inter-regional basis were transferred to us. Our Equity Shares are currently listed on the BSE and the NSE. For details, see "***History and Certain Corporate Matters***" on page 131.

As at September 30, 2013, we had 86 ongoing transmission projects in various stages of implementation. Our Board of Directors had budgeted an investment of ₹1,000 billion in transmission projects during the Twelfth Five Year Plan, which began on April 1, 2012 and ends on March 31, 2017, which was further revised to ₹1,096.8 billion to include new initiatives such as green corridors for renewable energy integration and projects under TBCB route. In Fiscal 2013, we have spent ₹200,370 million towards investment during the Twelfth Five Year Plan. For the six months ended September 30, 2013, we have spent ₹108,945.9 million (on a standalone basis) towards investment during the Twelfth Five Year Plan. The Twelfth Five Year Plan aims to achieve a national power grid with inter-regional power transfer capacity of approximately 65,550 MW, which would primarily include our transmission system.

Our domestic bonds have been given the highest credit rating since Fiscal 2001, 'AAA/Stable' by CRISIL, and 'LAAA'/'AAA' by ICRA, and, since Fiscal 2008, 'AAA' by CARE. During Fiscal 2013, we obtained our international credit ratings for the first time and were initially rated by S&P rating services and Fitch Ratings at 'BBB- (outlook negative)' consistent with India's sovereign rating. Fitch Ratings has further revised the sovereign rating to 'stable' from 'negative' and accordingly our Fitch rating is raised which now stands at 'BBB- (outlook stable)'.

The tariff for all our transmission projects assigned to us prior to January 6, 2011 and any new specifically identified projects which may be assigned by the GoI to us shall be based on cost-plus-tariff structure. The tariff based on a cost-plus-tariff structure, which is determined by the CERC, in accordance with the Electricity Act, 2003 as amended and the Fiscal 2010-2014 CERC Regulations, provides us a return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year. Under our tariffs on a cost-plus basis, we receive reimbursements for our operating and maintenance expenses at normative rates rather than actual expenses incurred. In case of projects commissioned on or after April 1, 2009 an additional return on equity of 0.5% may also be allowed if the project is completed within the stipulated time. These rates may be subject to change in the periods after March 31, 2014. Pursuant to the Tariff Policy, 2006 which was notified on January 6, 2006, the MoP stipulated that investment by a transmission developer other than a CTU/STU was to be invited through competitive bids and that the tariffs of the transmission line projects to be developed by the CTU/STU after a period of five years or when the CERC is satisfied that the situation was suitable to introduce competition through competitive bidding. With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under TBCB route. Under TBCB, tariff for projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on a BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013, we have secured three transmission projects through TBCB each of which are executed by our wholly owned subsidiaries, each of which were acquired by us as part of the TBCB process.

A crucial aspect of the operation of an electric power system is management of the power flow in real time with reliability and security on a sound commercial and economic basis. Since 1994 the GoI has progressively entrusted us with the operation of the RLDCs in each of the five regions namely, North, West, South, East and North East regions into which India is divided for purposes of power transmission and operation. As the RLDC operator, we have modernized the RLDCs and SLDCs and their communication networks. The NLDC was constituted pursuant to a MoP notification dated March 2, 2005 and commenced commercial operation beginning April 1, 2009. The NLDC is responsible for monitoring the operations and grid security of the national grid and supervises the scheduling and despatch of electricity over inter-regional lines in coordination with the RLDCs. All bilateral transactions are undertaken through the RLDCs, while transactions facilitated by the power exchanges are undertaken by NLDC. NLDC has also been designated as the central agency for implementing the renewable energy certificate mechanism, a framework provided by CERC for trading in renewable energy certificates. Our wholly-owned subsidiary, POSOCO, was established in March 2009 to oversee the grid management and load despatch function of the RLDCs and NLDC. Accordingly, RLDC and NLDC have been transferred to POSOCO and are in operation under POSOCO since October 1, 2010. The fees generated from our RLDC and NLDC operations are determined by CERC, in accordance with the Electricity

Act and the CERC (Fees and Charges of Regional Load Despatch Centres and Related Matters) Regulations, 2009.

Leveraging on our strength as India's principal power transmission company, we have entered into the consultancy business. Since Fiscal 1995, our consultancy division has provided transmission and distribution consultancy services to over 160 clients (including 22 international clients and about 145 domestic clients (excluding telecom clients)) in over 460 domestic and 55 international projects. As at September 30, 2013, we were engaged in providing consultancy services to our clients in over 116 domestic and 20 international projects. In our consultancy role, we have been facilitating the implementation of the GoI-funded projects for the distribution of electricity to end-users through the RGGVY in rural areas.

We have also recently signed agreements with six North Eastern region states (Assam, Meghalaya, Mizoram, Manipur, Nagaland and Tripura) to provide consultancy services as "Design cum implementation supervision consultant" for implementation of "North Eastern Region Power System Improvement Project" to be funded by The World Bank.

We have also entered into the telecommunications bandwidth business since 2001. We have been utilizing our nationwide transmission system to create an overhead fibre-optic telecommunication cable network using OPGW on power transmission lines. As at September 30, 2013, the network consisted of approximately 29,279 kilometers and connected 290 Indian cities and towns, including all major metropolitan areas. We believe we are one of the few providers of telecommunications infrastructure with a significant presence in remote and rural areas. The availability of our telecom backbone network has been consistently maintained at 99.92% during Fiscal 2013. As of September 30, 2013 we have been leasing bandwidth on this network to more than 106 customers. We have also facilitated telecom connectivity to our neighbouring country Bhutan through our OPGW links and by providing domestic bandwidth to ILD operators. We are also one of the implementing agencies for the NKN and NOFN, each a project of GoI.

In Fiscal 2012 we generated a total income on a consolidated basis of ₹110,735.8 million and profit after tax of ₹33,029.9 million. In Fiscal 2012, our revenues on a consolidated basis from transmission and transmission-related activities constituted 95.35% of our revenue from operations, with the balance coming from our consulting and telecommunication businesses. In Fiscal 2013 we generated a total income on a consolidated basis of ₹137,271.2 million and profit after tax of ₹43,126.1 million. In Fiscal 2013, our revenues from transmission and transmission-related activities constituted 95.86% of our revenue from operations, with the balance coming from our consulting and telecommunication businesses. On a standalone basis, in the six months ended September 30, 2013, we generated a total income from operations of ₹75,594.5 million and profit after tax of ₹22,795.4 million. Our revenues from our transmission and transmission related activities constituted 93.99% of our total revenue from operations for the six months ended September 30, 2013 (on a standalone basis). Our total income for six month period ending September 30, 2013 (on a standalone basis) was ₹77,384.6 million.

We are certified for PAS 99:2006, which integrates the requirements of ISO 9001:2008 for quality management, ISO 14001:2004 for environment management and OHSAS 18001:2007 for occupational health and safety management systems. We have been certified for compliance to these standards and specifications by BSI Management Systems until June 2016. We are also accredited with SA 8000:2008 certificate for social accountability system which is implemented for all our facilities.

We seek to operate our transmission system at high levels of efficiency. In Fiscal 2013, we maintained system availability rate of our transmission system at 99.90%. In the six months ended September 30, 2013, our system availability rate was 99.90% and our trippings per line was contained at 0.32.

The following table presents certain company-wide operating parameters for the periods indicated:

	As of March 31					**As at September 30, 2013**
	2009	**2010**	**2011**	**2012**	**2013**	
Transmission Network (circuit kilometers)	71,500	75,290	82,355	92,981	100,200	102,109

	As of March 31					As at September 30, 2013
	2009	2010	2011	2012	2013	
Substations (number) (including GIS)	120	124	135	150	167	172
Transformation Capacity (MVA)	79,500	83,100	93,050	124,525	164,763	172,378
	For Fiscal					For six months ended September 30, 2013
	2009	2010	2011	2012	2013	
System Availability (%)	99.55	99.77	99.8	99.94	99.90	99.90
Trippings per line (T/L^2)	2.56	2.07	1.27	0.59	0.58	0.32

We have been gradually increasing our network of transmission lines. As at March 31, 2011, we operated a total network of 82,355 circuit kilometers at 765 kV, 400 kV, 220 kV and 132 kV EHVAC and +/- 500 kV HVDC. Of this, 62,970 circuit kilometers are 400kV, 2,933 circuit kilometers are 765 kV (including lines that were constructed for 765kV but were charged at 400 kV level), 5,947 circuit kilometers are +/-500 kV HVDC and the balance are at lower voltage levels. As at September 30, 2013, we operated a total network of 102,109 circuit kilometers at 765 kV, 400 kV, 220 kV and 132 kV EHVAC and +/- 500 kV HVDC. Of this 77,699 circuit kilometers are 400 kV, 7,174 circuit kilometers are 765kV (including lines that are constructed for 765kV but currently charged at 400 kV level), 5,947 circuit kilometers are +/-500 kV HVDC and the balance are at lower voltage levels.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Tariff norms

Our results of operations are materially affected by tariff norms issued from time to time by the GoI. Under the Electricity Act, 2003, the GoI has the power to issue tariff policy. The CERC formulates and notifies transmission tariff regulations, guided by the tariff policy and other provisions of the Act. The CERC has issued regulations setting forth certain parameters for tariffs for existing and ongoing projects. Presently, the tariff norms notified by the CERC are applicable for a period of five years with effect from April 1, 2009. Tariffs determined in relation to a particular project are based on capital expenditures incurred or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred or projected to be incurred during the tariff period and will be subject to a truing up or reconciliation with actual capital expenditure incurred at the end of the current tariff block on March 31, 2014.

We are permitted to charge our customers within the parameters set forth in specific tariffs applicable to our network. Pursuant to the Fiscal 2010-2014 CERC Regulations, CERC permits us to charge our customers transmission charges for the recovery of AFC. The AFC is set at a level which generally compensates us for the cost of each project and allows us to recover a pre-determined return on equity, interest on outstanding debt, compensation for operations and maintenance expenditure, depreciation and interest on working capital. In addition, tariffs allow us to recover the cost of hedging interest on and repayment of foreign currency loans or FERV for unhedged interest on and repayment of foreign currency loans on a normative basis wherever hedging has not been undertaken. We are also incentivised if the availability of our transmission network is above 98% in respect of alternating current systems, above 95% in respect of HVDC back-to-back stations and above 92% in respect of HVDC bi-pole links and we are penalised if the availability of our network is below the benchmark availability of 98%, 95% or 92%, respectively. For more details of on the tariff norms applicable to us, see "***Our Business***" on page 83.

The transmission charges collected by POSOCO, our wholly owned subsidiary, for short term open access are transferred to us, in our capacity as CTU, for further disbursement as per CERC regulations. Under the earlier CERC regulation we were able to retain 25% of the amounts so collected before disbursing the remainder to long-term customers of the synchronously connected grid where the point of injection or point of access is situated. Our transmission income on account of short term open access was ₹4,425.8 million, ₹3254.8 million and ₹2033.4 million in Fiscal 2013 and Fiscal 2012 (on a consolidated basis) and the six months ended

September 30, 2013 (on a standalone basis), respectively, or 3.36%, 3.12% and 2.69% of our total revenue from operations for the respective periods. The CERC has now notified a change to this regulation whereby we would have to disburse the entire amounts collected from September 11, 2013 onwards. As a result of this regulation we do not earn revenue from the transmission charges collected under short term open access by POSOCO anymore. However, we have filed a review petition with CERC against the above amendment to the regulation and a hearing is awaited. In relation to POSOCO, for Fiscal 2013, due to a change in its accounting policy regarding revenue recognition there was an increase in its profit for the year by ₹529.2 million, provision for income tax by ₹171.7 million and shareholder's funds by ₹357.5 million, all of which is subject to the outcome of the relevant CERC order. It is expected that the uncertainty involved on account of the additional revenue recognised as a result of this change in accounting policy would not be material. Only the legitimate expenditure eligible under the CERC Regulations has been considered for additional revenue.

The tariff for all our transmission projects assigned to us prior to January 6, 2011 and any new projects which may be assigned by the GoI to us shall be based on cost-plus-tariff structure. The tariff based on a cost-plus-tariff structure, is determined by the CERC, in accordance with the Electricity Act, 2003 as amended and the Fiscal 2010-2014 CERC Regulations, provide us a return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year. In case of projects commissioned on or after April 1, 2009 an additional return on equity of 0.5% may be allowed if the project is completed within the stipulated time. Pursuant to the Tariff Policy, 2006 which was notified on January 6, 2006, the MoP stipulated that investment by a transmission developer other than a CTU/STU was to be invited though competitive bids and that the tariffs of the transmission projects to be developed by the CTU/STU after a period of five years or when the CERC is satisfied that the situation was suitable to introduce such competition shall be determined through competitive bidding. With effect from January 6, 2011 all new transmission projects except some specifically identified projects determined by the MoP are to be implemented under TBCB route. Under TBCB, tariff for projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines on a BOOM basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to September 30, 2013, we have secured three transmission projects through TBCB each of which are executed by our wholly owned subsidiaries, each of which were acquired by us as part of the TBCB process.

The income from operations in our standalone unaudited financial statements for the six months ended September 30, 2012 and the six months ended September 30, 2013 and the income from operations in our consolidated and standalone audited financial statements for Fiscal 2012 and Fiscal 2013 have been determined based on the Fiscal 2010-2014 CERC Regulations.

- The Fiscal 2010-2014 CERC Regulations specify depreciation at 5.28% for the majority of our assets and all significant assets upto a maximum of 90% of the capital cost of such asset. Further the remaining depreciable value after the first 12 years of the life of the asset will be spread over the residual life of the asset.

- The Fiscal 2010-2014 CERC Regulations state that availability incentives are linked with monthly transmission system availability factor.

- Advance against depreciation ("**AAD**") is no longer part of the tariff regulations for Fiscal 2010-2014 and depreciation rates applicable to us have been revised in the Fiscal 2010-2014 CERC Regulations.

- Under the Fiscal 2010-14 CERC Regulations, hedging of foreign currency exposure in part or full is allowed and the cost of hedging corresponding to normative foreign debt is recoverable. In respect of the unhedged portion of foreign currency exposure, FERV is pass through corresponding to normative foreign currency debt.

- Under the Fiscal 2010-14 CERC Regulations, for AC transmission systems, normative operational and maintenance expense is based on a rate per km corresponding to conductor configuration and number of circuits for transmission lines and per bay for substations (corresponding to different voltage levels). For HVDC systems, normative operational and maintenance expenses are calculated by reference to the numbers of HVDC back-to-back and bi-pole schemes.

Regulatory provisions enabled for the development of transmission systems

Subsequent to the implementation of the Fiscal 2012-2014 CERC Regulations by CERC, the CERC has undertaken a number of regulatory initiatives in relation to power transmission in India. Changes in government policies, laws and regulations in India have a direct impact on our business and operations. See "***Regulations and Policies in India***" for a description of recent laws and regulations applicable to our industry in India.

Growth of the power sector

Our financial results and prospects are significantly affected by general economic conditions prevailing in India, and in particular by the increase in demand for power or any developments in the power sector. Demand for electric power transmission services is largely dependent on levels of demand for electric power, and on the ability of the electric power generation and distribution sectors to service that demand. The GoI has developed a national electricity policy, which aims at accelerating the development of the power sector to increase the amount of power generated. We are responsible for the physical expansion and technological modernization of the national grid of India. We enter into projects to extend our transmission infrastructure for which there are new electricity generators that are constructed connect to our transmission system and we are paid a return on our equity after the commencement of service of a transmission project.

The GoI has adopted a system of successive Five Year Plans that set out targets for economic development in a number of sectors, including the power sector. Each successive Five Year Plan has had increased targets for the addition of power generation capacity. The Twelfth Plan period (2012-17) aims to achieve a national grid with inter-regional power transfer capacity of approximately 65,550 MW.

Inter-regional power deficit

The inter-regional transmission capacity was developed over the Five Year Plan periods to promote the inter-regional power exchange business among players in different regions. The surplus and deficit regions are the main drivers of growth in inter-regional energy transfer. The Eastern and Northern region systems have a major share in the inter-regional transmission capacity. While the Eastern region is abundant in coal, the Northern region has hydro resources and as a result these regions generate the most power and also meet maximum demand. The strengthening of inter-regional connections will facilitate transfer of power from surplus regions to deficit regions and drive demand for our transmission services.

Grid Management and Load Despatch Function

A crucial aspect of the operation of an electric power system is the management of load despatch in real time with reliability and security on an economical basis. In Fiscal 2009, we established the National Load Despatch Center. The NLDC is responsible for monitoring the operations and grid security of the National Grid and supervises the scheduling and dispatch of electricity over inter-regional lines in coordination with the RLDCs. Our wholly-owned subsidiary, Power System Operation Corporation Limited, was established in March 2009 to oversee the grid management function of our operations. POSOCO received a certificate of commencement of business in March 2010. Further, we modernised the five RLDCs and state load despatch centers and their communication networks, down to the level of individual substations. Grid management and load dispatch functions are undertaken by our subsidiary, POSOCO

Based on the declared capacity of interstate generating stations and the entitlements of states/ beneficiaries, daily generation schedules are prepared. Deviations from these schedules by either generators or customers attract UI charges. Under regulations notified by CERC, the RLCs maintain and operate a "Regional UI Pool Account" for settlement of UI payments. Generators or customers drawing above the generation schedules make payments into the pool account and the payments are distributed to generators or customers drawing below the generation schedules. The payments are made on a pro rata basis from the available balance in the pool account.

In certain circumstances, including in the case of unscheduled demand or unscheduled supply, there can be mismatches of demand and supply of electric power across our system. In such circumstances, the ISTS may be put under strain, and we may acting (through our subsidiary, POSOCO) as the load despatch manager, may instruct generators to curtail their generation or load centers to refrain from drawing the power they are seeking to draw, notwithstanding their regular contract arrangements.

The fees and charges determined by CERC regulations are also paid by all inter-state generating stations and sellers, distribution licensees, buyers and transmission licensees.

NLDC and RLDCs have been established by the Central Government in accordance with the Electricity Act for optimum scheduling and dispatch. Pursuant to a notification of the GoI, the operations of RLDCs and NLDC were transferred from us to our wholly owned subsidiary, POSOCO. As operator of the RLDCs and NLDC, POSOCO charges short term open access customers a fee for the scheduling of their access through the relevant load despatch centers. This fee is over and above the CERC determined fees and charges of the RLDCs and NLDC. At the time the operation of the RLDCs and the NLDC were transferred to POSOCO, the MoP directive of July 2008 had stated that POSOCO may be made an independent company within a period of five years to avoid any conflict of interest with our Company. Should POSOCO be sold or be disposed of and in the event no equity participation of our Company is there in POSOCO, we may not be able to receive the dividends or other benefits which we currently receive from POSOCO. There can be no assurance that any such proposed sale of POSOCO in the future will be made at market value or otherwise at terms favorable to the Company, which may adversely affect the financial condition and results of operations of the Company.

Availability of funding

We believe our financial position will help us finance our infrastructure expansion plans in future financial periods. Our domestic bonds have been given the highest credit rating since Fiscal 2001, 'AAA/Stable' by CRISIL, and ‘LAAA’/‘AAA’ by ICRA, and, since Fiscal 2008, ‘AAA’ by CARE. During Fiscal 2013, we obtained our international credit ratings for the first time and were initially rated by S&P rating services and Fitch Ratings at ‘BBB- (outlook negative)’ consistent with India’s sovereign rating. Fitch Ratings has further revised the sovereign rating to ‘stable’ from ‘negative’ and accordingly our Fitch rating is raised which now stands at ‘BBB- (outlook stable)’.

In the event our credit ratings decline, we may not be able to access funding from the debt markets at favorable terms or at all, which could adversely affect our results of operations. However, our high credit rating has historically allowed us to regularly access the debt markets to raise funds for capital expenditure at competitive rates.

Additionally on October 23, 2013 our Board of Directors has approved a resolution for an increase in our borrowing limit to ₹1,300,000 million from ₹1,000,000 million subject to receipt of our shareholders’ approval. As our current borrowing nears our permissible borrowing limits, we may be limited in our ability to seek further financing should the shareholder approval not be available in a timely manner or at all.

Our consolidated net cash flow from operating activities was ₹114,587.6 million and ₹85,819.9 million in Fiscal 2013 and Fiscal 2012, respectively. Our standalone net cash from operating activities in the six months ended September 30, 2013 was ₹61314.7 million. Our projects have also been funded in part by loans from the World Bank, International Finance Corporation and the Asian Development Bank, as well as borrowings from the international capital markets through our recent issue of foreign currency convertible bonds, which allow us to take loans at favorable rates. Any decline in cash generated from operations or in loans from international agencies because of regulatory or other factors, or our inability to access the international debt capital markets could adversely affect our results of operations and financial condition.

Under India's ECB Policy, external commercial borrowing by an eligible borrower is permitted under the automatic route (i.e., without prior approval of the RBI) up to US$750 million in a financial year, with a minimum average maturity of five years, for permissible end-uses specified under the ECB Policy (including investments in new projects in the power or electricity transmission sectors). Further, the ECB Policy limits the all-in-cost (including the rate of interest, other fees and expenses in foreign currency except commitment fee, pre-payment fee, and fees payable in Indian Rupees) for external commercial borrowing with minimum average maturity of over five years to 500 basis points above the London Interbank Offered Rate or applicable benchmark. External commercial borrowing not complying with the requirements specified under the ECB Policy require the prior approval of the RBI, in accordance with the ECB Policy. Further, in raising funding in the international capital markets, our Company is also required to comply with the capital markets laws of countries other than India. These limitations on external commercial borrowing could constrain our ability to raise cost effective funding for implementing asset purchases, refinancing existing indebtedness, or financing acquisitions and other strategic transactions in the future, which may adversely affect our financial condition and prospects.

Timely commencement of commercial operations of our projects

Our projects typically require substantial capital outlays and time before the commencement of commercial operation. As per CERC regulations, we are paid a return on our equity in a project only after the commencement of commercial operation of the project. In the event of a time overrun for a project in which we are investing, returns on our investment in that project will be postponed during the delay. In particular, if a new transmission project is linked to a new generation project, and the generation project is delayed, our return on our investment in the transmission project may be postponed, subject only to the receipt of limited indemnification amounts from the generator. Conversely, our failure to complete a transmission project that is linked with a generation project, according to the transmission project's agreed schedule, might require us to indemnify the generators up to certain limited amounts. As a result of any such delays or costs, our return on investment on the affected transmission project may be lower than originally expected.

Our results of operations are therefore materially affected by timely commencement of commercial operations of our projects, particularly when the reasons for delay are attributed to us or to our contractors or suppliers. Under the Tariff Regulations for projects under the cost plus tariff system, if we demonstrate to CERC that the transmission system is ready for regular service but is so prevented for reasons not attributable to our Company, our contractors or our suppliers, CERC may approve a date of commencement of commercial operation prior to the transmission project coming into regular service. For example, (i) by its order dated September 30, 2013, the CERC approved a date of commercial operation for a part of the Tuticorin JV transmission line and extension of Madurai sub-station, prior to its entering regular service; (ii) by its order dated May 9, 2013, the CERC approved a date of commercial operation for a part of the Koldam-Nalagarh transmission system in the northern region, prior to its entering regular service, due to the delay caused by the postponed commissioning of the associated Koldam hydro-electric power project; and (iii) by its order dated September 24, 2010, CERC approved a date of commercial operation for a part of our Kudankulam transmission system in the southern Region, prior to its entering regular service, due to the delay caused by the postponed commissioning of the associated Kudankulam atomic power project.

CRITICAL ACCOUNTING POLICIES

Basis of preparation of financial statements

Our financial statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, including Accounting Standards notified thereunder.

Basis of consolidation

Our consolidated financial statements relate to the Company, its Subsidiaries and interest in Joint Venture Companies.

a) Basis of Accounting:

  i) The financial statements of the Subsidiary Companies and Joint Venture Companies in the consolidation are drawn up to the same reporting date as of the Company.

  ii) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21) 'Consolidated Financial Statements' and Accounting Standard (AS-27) 'Financial Reporting of Interests in Joint Ventures of Companies (Accounting Standards) Rules, 2006 and Indian GAAP.

b) Principles of Consolidation:

  The consolidated financial statements have been prepared as per the following principles:

  i) The financial statements of the Company and its Subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealised profits or losses.

ii) The consolidated financial statements include the interest of the company in Joint Ventures Companies, which has been accounted for using proportionate consolidation method of accounting and reporting whereby the company's share of each asset, liability, income and expense of a joint controlled entity is considered as a separate line item after eliminating proportionate share of unrealised profit in accordance with the Accounting Standard (AS-27) ' Financial Reporting of Interests in Joint Ventures'.

iii) The consolidated financial statements are 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 company's separate financial statements except as otherwise stated in the notes to the accounts.

c) Difference in Accounting Policy and Impact thereon

For certain items, the Company and its Subsidiaries and Joint Ventures have followed different accounting policies. However the impact of this is not material.

Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

Reserves and surplus

We have created a self-insurance reserve at 0.1% p.a. on gross block of fixed assets (except assets covered under the mega insurance policy of the Company) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks.

Grants-in-aid

Grants-in-aid received from the central government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the Statement of Profit and Loss over the useful life of related asset and in proportion to which depreciation on these assets is provided.

Fixed assets

Fixed assets are shown at historical cost comprising of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

In the case of commissioned assets, deposit works/cost-plus contracts where final settlement of bills with contractors is yet to be affected; capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/assessments.

Transmission system assets are considered when they are 'ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on levelling, clearing and grading of land is capitalised as part of cost of the related buildings.

Insurance spares, which can be used only in connection with an item of fixed asset and whose use is expected to be at irregular intervals are capitalized and depreciated over the residual useful life of the related plant and machinery. In case the year of purchase and consumption is same, amount of insurance spares are charged to revenue.

Mandatory spares in the nature of sub-station equipments/capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalized and depreciation is charged in accordance with the relevant accounting standard. In case the year of purchase and consumption is same, amount of mandatory spares are charged to revenue.

Capital work in - progress (CWIP)

Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till the date of capitalization.

Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction, are apportioned to CWIP on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule.

Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

Intangible assets

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as an intangible assets in the books of accounts when the same is ready for its use.

Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted for as intangible assets and same are amortized following the rates and methodology notified by CERC Tariff Regulation.

Construction stores

Construction stores are valued at cost.

Borrowing cost

All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, discount on bonds, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.

The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

Transaction in foreign currency

Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the balance sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

FERV arising on settlement/translation of foreign currency loans relating to fixed assets/capital work-in-progress are adjusted to the carrying cost of related assets.

FERV is recoverable/payable from the beneficiaries on actual payment basis as per CERC norms with effect from. April 1, 2004 or date of commercial operation ("**DOCO**") whichever is later.

The above FERV to the extent recoverable or payable as per the CERC norms is accounted for as follows:

(a) FERV recoverable/payable adjusted to carrying cost of fixed assets is accounted for as deferred foreign currency fluctuation asset/liability account with a corresponding credit/debit to deferred income/expenditure from foreign currency fluctuation account.

(b) Deferred income/expenditure from foreign currency fluctuation account is amortized in the proportion in which depreciation is charged on such FERV.

(c) The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the deferred foreign currency fluctuation asset/liability account with corresponding credit/ debit to the trade receivables.

(d) FERV earlier charged to Statement of Profit and Loss and included in the capital cost for the purpose of tariff is adjusted against deferred foreign currency fluctuation asset/liability account in the following manner:

   (i) Depreciation component of transmission charges (being 90% of such FERV) is adjusted against deferred foreign currency fluctuation asset/liability a/c in the transmission charges.

   (ii) Balance 10% is adjusted against the transmission charges over the tenure of respective loan.

(e) FERV arising out of settlement/translation of long term monetary items (other than foreign currency loans) relating to fixed assets/CWIP are adjusted in the carrying cost of related assets.

(f) FERV arising during the construction period from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable/payable to the beneficiaries as capital cost as per CERC tariff Regulation are accounted as 'deferred foreign currency fluctuation asset/liability account'. Transmission charges recognised on such amount is adjusted against above account.

Other exchange differences are recognized as income or expenses in the period in which they arise.

Investments

Current investments are valued at lower of cost and fair value determined on an individual investment basis.

Long term investments are carried at cost. Provision is made for diminution other than temporary, in the value of such investments.

Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system. Surplus materials as determined by the management are held for intended use and are included in the inventory. The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

Revenue recognition

Transmission income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by the CERC in similar cases. Difference, if any, is adjusted based on issuance of final notification of tariff orders by the CERC. Transmission Income in respect of additional capital expenditure incurred after the date of commercial operation is accounted based on actual expenditure incurred on year to year basis as per tariff norms of the CERC.

Income from short term open access is accounted for on the basis of regulations notified by the CERC.

The transmission system incentive/disincentive is accounted for based on certification of availability by the respective regional power committees and in accordance with the norms notified/approved by the CERC.

Advance against depreciation

AAD, forming part of tariff pertaining upto the block period 2004 - 09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.

The outstanding deferred income in respect of AAD is recognized as transmission income, after twelve years from the end of the financial year in which the asset was commissioned, to the extent depreciation recovered in the tariff during the year is lower than depreciation charged in the accounts.

Surcharge recoverable from trade receivables and liquidated damages/warranty claims/interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Telecom income is accounted for on the basis of terms of agreements/purchase orders from the customers.

Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.

In respect of 'cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:

(a) 10% on the issue of notice inviting tender for execution
(b) 5% on the award of contracts for execution
(c) Balance 85% on the basis of actual progress of work including supplies

Income from sale of goods is recognized on the transfer of significant risks and reward of ownership to the buyer.

Application fees received on account of long term open access charges are accounted for as and when received in accordance with CERC Guidelines.

Scrap other than steel scrap and conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Leased assets – Unified Load Despatch Centre ("ULDC")

State sector ULDC assets leased to the beneficiaries are considered as finance lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as lease receivables under long term loans & advances. Wherever grant-in-aid is received for construction of state sector ULDC, lease receivable is accounted for net of such grant.

Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by the CERC.

FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery as per CERC norms from the constituents is recognised net of such amortised amount.

Depreciation/amortization

Depreciation/amortization is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation/ amortization is provided at the rates mentioned below:

(a)	Computers and Peripherals	30.00%
(b)	Mobile Phones	33.33%
(c)	Software	33.33%

ULDC assets are depreciated on straight line method at 6.67% per annum as determined by the CERC for levellized tariff.

Depreciation on assets of telecom and consultancy business is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis.

Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the Fiscal 2010-2014 CERC Regulations, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956.

Leasehold land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the CERC (Terms and Conditions of Tariff) Regulations, 2009. Lease hold land acquired on perpetual lease is not amortised.

In the case of assets of NTPC Limited , National Hydro-Electric Power Corporation Limited ("**NHPC**"), NEEPCO, Neyveli Lignite Corporation Limited ("**NLC**") transferred with effect from April 1, 1992, Jammu and Kashmir Lines with effect from April 1, 1993, and Tehri Hydro Development Corporation Limited ("**THDC**") with effect fromAugust 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

Expenditure

Pre-paid/prior-period expenses/income of items up to ₹100,000/- are charged to natural heads of account.

Expenditure of research and development, other than capital expenditure, are charged to revenue in the year of incurrence.

Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred.

Impairment of assets

Cash generating units as defined in Accounting Standard - 28 on Impairment of Assets are identified at the balance sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in statement of profit and loss. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

Employee benefits

Company contribution paid/payable during the year to defined pension contribution scheme and provident fund scheme is recognized in the statement of profit and loss. The same is paid to a fund administered through a separate trust.

The liability for retirement benefits of employees in respect of gratuity, is ascertained annually on actuarial valuation at the year end, is provided and funded separately.

The liabilities for compensated absences, leave encashment, post-retirement medical benefits, settlement allowance and farewell gift to employees are ascertained annually on actuarial valuation at the year end and provided for.

Short term employee benefits are recognized at the undiscounted amount in the statement of profit and loss in the year in which the related services are rendered.

Actuarial gains/losses are recognized immediately in the statement of profit and loss.

Provisions and contingent liabilities

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed on the basis of judgment of the management /independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

Income tax

Income tax comprises of current and deferred tax. Current income taxes are measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred tax resulting from timing difference between accounting and taxable profit is accounted for using the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

SUMMARY DESCRIPTION OF PROFIT AND LOSS ITEMS

Income

We divide our income into revenue from operations and other income.

Revenue from Operations

We divide our revenue from operations into revenue from transmission business, consultancy, project management and supervision and revenue from our telecommunication business.

Transmission Business

Tariffs. We derive most of our revenue from transmission charges for the recovery of our AFC. Under the current tariff norms, which are expected to apply through Fiscal 2014, we are permitted to charge for our transmission services which are based on a cost-plus-tariff structure and provides us a return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year. In case of projects commissioned on or after April 1, 2009 an additional 0.5% will be allowed if the project is completed within the stipulated time. These tariffs pertain to income from long term access. For more details of on the tariff norms applicable to us, see "***Our Business*** " on page 83.

Short Term Open Access

As operator of the RLDC and NLDC, POSOCO charges short term open access customers a fee for the scheduling of their access through the relevant load despatch centers. All bilateral transactions are undertaken through the RLDCs, while transactions facilitated by the power exchanges are undertaken by NLDC. These charges include application money and scheduling charges for each transaction and the total charges are dependent on the volume of transactions undertaken. The charges earned by RLDC and NLDC for providing short term open access amounted to ₹324.2 million, ₹254.4 million in Fiscal 2013 and Fiscal 2012 , respectively, or 0.24%, 0.23% of our consolidated income. This income is over and above the CERC determined fees and charges of the RLDCs and NLDC.

The transmission charges collected by POSOCO, our wholly owned subsidiary, for short term open access are transferred to us, in our capacity as CTU, for further disbursement as per CERC regulations. Under the earlier CERC regulation we were able to retain 25% of the amounts so collected before disbursing the remainder to long-term customers of the synchronously connected grid where the point of injection or point of access is situated. Our transmission income on account of short term open access was ₹4,425.8 million, ₹3,254.8 million and ₹2,033.4 million in Fiscal 2013 and Fiscal 2012 (on a consolidated basis) and the six months ended September 30, 2013 (on a standalone basis), respectively, or 3.36%, 3.12% and 2.69% of our total revenue from operations for the respective periods. The CERC has now notified a change to this regulation whereby we would have to disburse the entire amounts collected from September 11, 2013 onwards. As a result of this regulation we do not earn revenue from the transmission charges collected under short term open access by POSOCO anymore. However, we have filed a review petition with CERC against the above amendment to the regulation and a hearing is awaited.

Revenue from Consultancy, Project Management and Supervision

We also earn revenue from providing consultancy services (including for project management and supervision services) as well as sales of products. Our consultancy income mainly consists of fees from work under the RGGVY scheme, the execution of transmission- and communication system - related projects on a turnkey basis, engineering consulting assignments for Indian state and private utilities and utilities in other countries.

Revenue from Telecommunications

Our revenue from our telecommunication business is mainly on account of leasing bandwidth of our fibre-optic lines.

Other Income

Other income includes dividends from investment, interest on government securities, interest from banks and other financial institutions, profit on the sale of fixed assets, dividends on trade investments, deferred income derived from the amortization of certain grants, lease income from the upgrade of unified load despatch and communication facilities (representing reimbursements to us for certain capital expenditures we made in respect of the state sector utilities, which are being made to us by the constituents of those regions on a finance lease basis), surcharges on late payment from customers, FERV gain and other miscellaneous income.

Provisions written back is the reversal of provision of doubtful loans, advances, and claims, unserviceable works, shortages in stores and spares, obsolescence/diminution in value of inventory items.

Pursuant to the "One Time Settlement" in Fiscal 2003, the GoI, on behalf of the CSPUs, including our Company, executed Tripartite Agreements with the RBI and the respective state governments, in order to effectuate a settlement of overdue payments owed to the CSPUs by the SEBs, with provisions for incentives being payable by us for future timely payment payable up to Fiscal 2006. In addition, a similar settlement was entered into between the GoI and the government of national capital territory of Delhi towards settlement of dues of erstwhile Delhi Electric Supply Undertaking ("**DESU**"). Under such settlement, the amounts overdue from the SEBs and outstanding to us as at September 30, 2001 were "securitized" through the issue of bonds by the SEBs with a face amount of ₹18,618.6 million, and through the conversion into a long-term advance of

₹1,542.5 million in respect of the Delhi utility, DVB. We are paid a tax-free interest on these bonds (and long term advance) at a rate of 8.5% per annum. The bonds are repayable in 20 equal six-monthly installments starting from October 1, 2006 to April 1, 2016, except Jammu and Kashmir government bonds which are taxable and repayable in 20 six-monthly installments starting from November 30, 2007 and March 31, 2008. The interest earned from these bonds is recorded under Other Income. As at September 30, 2013, the total amount due from such bonds and loans was ₹6,133.8 million.

Expenditures

Employees' Benefits Expenses

Employees' remuneration and benefits expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and staff welfare expenses. Employee pay scales are determined by our Board based on guidelines provided by the Department of Public Enterprises. For our unionized employees, pay scales are decided by our Board as part of a negotiated settlement based on the DPE guidelines.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses consist primarily of costs of the repair and maintenance of buildings, plant and machinery and power charges. These items constitute approximately 50% of this overall expense category. Other items in this category include expenditures for travel, security, legal expenses, insurance, recruitment, rent and rates and taxes on our properties.

Depreciation and amortization expense

We expense depreciation/amortization of tangible assets and amortization of intangible assets as per our accounting policy. See " - ***Critical Accounting Policies – Depreciation/Amortization***" above.

Finance Cost

Finance cost includes our interest charges consisting principally of interest expense and other finance charges on bonds and term loans. Our borrowings are denominated in Rupees and foreign currencies, including the Japanese Yen, the U.S. Dollar, the Swedish Kronor and the Euro. Borrowing costs incurred during the construction period of a project are capitalised.

RESULTS OF OPERATIONS — CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR FISCAL 2013 AND FISCAL 2012

The following table sets forth certain information with respect to our consolidated revenues, expenditures and profits, including as a percentage of total revenues, for the periods indicated. Percentages may not tally due to rounding.

(₹ in million, except percentages)

	Fiscal 2013	% of Total Income	Fiscal 2012	% of Total Income
Income				
Revenue from operations	131,639.0	95.90	104,404.6	94.28
Other income	5,632.2	4.10	6,331.2	5.72
Total Income	137,271.2	100.00	110,735.8	100.00
Expenditures				
Purchase of stock in trade	635.0	0.46	0.0	0.00
Employees' benefit expense	9,747.2	7.10	9,214.1	8.32
Finance costs	25,994.4	18.94	19,857.5	17.93
Transmission, administration and other expenses	9,118.3	6.64	8,264.6	7.46

	Fiscal 2013	% of Total Income	Fiscal 2012	% of Total Income
Depreciation and amortization expense	34,278.0	24.97	26,373.9	23.82
Total Expenditures	79,772.9	58.11	63,710.1	57.53
Profit for the year before tax, prior period adjustments	57,498.3	41.89	47,025.7	42.47
Less: prior period items (net)	(258.0)	-0.19	129.1	0.12
Profit Before Tax	57,756.3	42.08	46,896.6	42.35
Less: current tax				
- current year	11,224.7	8.18	9,388.1	8.47
- for earlier year	(222.6)	-0.16	(25.6)	-0.02
Credit for MAT entitlement	(176.6)	-0.13	0	0
Deferred tax				
- current year	3,639.9	2.65	4,504.2	4.07
- earlier year	164.8	0.12	0.0	0.00
Profit for the year	43,126.1	31.42	33,029.9	29.83

Comparison of Fiscal 2013 to Fiscal 2012

Our consolidated total income in Fiscal 2013 was ₹137,271.2 million, which represented an increase of 23.96% over our total income of ₹110,735.8 million in Fiscal 2012.

Income

Revenue from Operations

Our consolidated revenue from operations increased to ₹131,639.0 million in Fiscal 2013 from ₹104,404.6 million in Fiscal 2012. Revenue increased due to commissioning of new transmission lines in Fiscal 2013, the full year impact in Fiscal 2013 of transmission assets which were commissioned in Fiscal 2012, the CERC orders for revision of scale of pay for executives and fees for insulator replacement which resulted in a corresponding increase in the tariffs applicable for the transmission business and increase in telecom and consultancy revenue.

In Fiscal 2013, transmission and transmission-related activities constituted 91.93% of our consolidated total income, with the balance coming from our consultancy, telecommunication businesses and other income. We recognized transmission income of ₹126,192.7 million in Fiscal 2013, including (i) ₹35,523.8 million for which provisional tariff orders have been issued by CERC (compared to ₹19,479.4 million in Fiscal 2012), (ii) ₹82,605.9 million for which final tariff orders were issued by CERC (compared to ₹66,535.6 million in Fiscal 2012) and (iii) ₹964.4 million in income based on Fiscal 2010-2014 CERC Regulations for which tariff orders were yet to be issued by CERC (compared to ₹3019.4 million in Fiscal 2012).

Our consolidated telecom income increased by 15.01% to ₹2,313.9 million in Fiscal 2013 as compared to ₹2,011.9 million in Fiscal 2012 due to an increase in NLD and other services.

Income from our consultancy project management and supervision services increased by 10.02% from ₹2,847.0 million in Fiscal 2012 to ₹3,132.4 million in Fiscal 2013. Our consultancy income mainly consists of the execution of transmission and communication system- related projects on a turnkey basis and technical consulting assignments for Indian state utilities and utilities in other countries. The increase in income from consultancy project management and supervision services was mainly due to revenue from a new consultancy project in Jharkhand a project and a project in Myanmar Project for which we also undertook the supply of materials relating to the project. However, our income from RGGVY and tower design work reduced during the year.

Other Income

Our other income was ₹5,632.2 million in Fiscal 2013, a decrease of 11.04% on our other income of ₹6,331.2 million in Fiscal 2012.

Our other income decreased mainly because of a decrease in interest on government securities, interest on loans to State Governments and Indian banks and interest from advances made to the contractors. There was an increase in provision written back to ₹593.4 million in Fiscal 2013 as compared to ₹409.3 million provisions written back in Fiscal 2012. This was mainly due to an order from the MoP dated February 5, 2013 which conveyed the approval of GoI for non-plan assistance to Government of National Capital Territory of Delhi ("**GNCTD**") towards settlement of dues of erstwhile Delhi Electric Supply Undertaking to four CPSU including our Company. According to this order, payment of principal amount of ₹577.9 million and interest of ₹913.8 million is to be made by GNCTD to the Company. Therefore, Company has written back provision of ₹577.9 million made in earlier years and accounted interest of ₹913.8 million as 'other income'.

Expenses

Our consolidated total expenses (excluding prior period expenses) were ₹79,772.9 million in Fiscal 2013, an increase of 25.21% over our total expenses of ₹63,710.1 million in Fiscal 2012. Our total expenses as a percentage of total income were 58.11% in Fiscal 2013 compared to 57.53% in Fiscal 2012. The increase in expenditure was due to increase in employees' benefits expenses, finance cost, depreciation and transmission, administration and other expenses.

Employees' Benefits Expense

Employee's remuneration and benefit expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and staff welfare expense. We had 9,347 employees on our payroll in Fiscal 2013 compared to 9,670 employees in Fiscal 2012. Employees' remuneration and other benefits increased by 5.79% to ₹9,747.2 million in Fiscal 2013 from ₹9,214.1 million in Fiscal 2012. The increase is due to an increase in the dearness allowance, superannuation benefits and normal increments.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses increased by 10.33% to ₹9,118.3 million in Fiscal 2013 from ₹8,264.6 million in Fiscal 2012. The increase was primarily due to increase in repair and maintenance charges, power charges, professional charges and insurance expenses.

Depreciation and amortization expenses

Our consolidated depreciation and amortization expenses increased by 29.97% to ₹34,278.0 million in Fiscal 2013 from ₹26,373.9 million in Fiscal 2012. The increase was mainly because of the depreciation on commissioning of new transmission assets and full year impact in Fiscal 2013 of transmission assets which were commissioned during Fiscal 2012.

Purchase of stock in trade

Our expense increased due to purchase of stock in trade in Fiscal 2013 amounting to ₹635.0 million as compared to nil expense in Fiscal 2012 for purchase of stock in trade. The purchase was made for a project in Myanmar which was awarded to us in Fiscal 2013.

Finance Cost

Our consolidated finance cost increased by 30.90% from ₹19,857.5 million in Fiscal 2012 to ₹25,994.4 million in Fiscal 2013. The increase is primarily due to the commissioning of new transmission assets in Fiscal 2013 interest on which were earlier capitalised but now treated as operating expenditure. These charges included a guarantee fee of ₹1,351.5 million (net of IEDC) in Fiscal 2013 and ₹1,106.5 million (net of IEDC) in Fiscal 2012 payable to the GoI for giving guarantees to the lenders of our foreign currency loans.

Profit before Tax and Prior Period Adjustments

Our profit before tax and prior period adjustments in Fiscal 2013 was ₹57,498.3 million, an increase of 22.27% over our profit before tax of ₹47,025.7 million in Fiscal 2012. The increase is mainly due to the commissioning of new transmission assets and full year impact in Fiscal 2013 of transmission assets which were commissioned during Fiscal 2012. The increase is also due to a notification from the Ministry of Corporate Affairs on FERV and the CERC orders for revision of scale of pay for executives and fees for insulator replacement. The Ministry of Corporate Affairs on August, 9 2012 has clarified that para 6 of Accounting Standard (AS - 11) and para 4(e) of AS 16 shall not apply to us. Consequently, exchange differences arising on settlement/translation of foreign currency loans to the extent regarded as an adjustment to interest cost as per para 4(e) of AS 16 and charged to the statement of profit and loss have now been adjusted in the cost of related capital assets.

Tax Expenses

Our consolidated tax expenses increased 5.51% to ₹14,630.2 million in Fiscal 2013 from ₹13,866.7 million in Fiscal 2012, attributable primarily to an increase in current tax to ₹11,224.7 million in Fiscal 2013 from ₹9,388.1 million in Fiscal 2012.

Profit after Tax

Our consolidated net profit after tax increased by 30.57% to ₹43,126.1 million in Fiscal 2013 from ₹33,029.9 million in Fiscal 2012. As a percentage of total income, net profit after tax increased marginally to 31.42% in Fiscal 2013 from 29.83% in Fiscal 2012.

SELECTED BALANCE SHEET ITEMS — CONSOLIDATED INFORMATION AS OF MARCH 31, 2013 AND 2012

Fixed Assets

Our consolidated fixed assets were ₹820,400.9 million and ₹646,636.4 million as of March 31, 2013 and 2012, respectively. Our fixed assets consists of tangible assets, intangible assets, capital work in progress and intangible assets under development.

Tangible assets

Our tangible assets consists of plant and machinery such as transmission lines, substations, HVDC and ULDC equipment and other transmission equipment, buildings, land, office equipment, fixtures and motor vehicles. Our consolidated tangible assets increased by 29.24% from ₹479,977.0 million as of March 31, 2012 to ₹620,313.7 million as of March 31, 2013. This increase is mainly due to commissioning of new transmission assets.

Intangible assets

Our intangible assets consists of electronic data processing software and right of way-afforestation expenses. The value of our consolidated unamortized intangible assets increased by 65.72% from ₹3,241.1 million as of March 31, 2012 to ₹5,371.2 million as of March 31, 2013. This increase is mainly due to commissioning of new transmission assets.

Capital work in progress

The cost of transmission line material consumed, development of land, erection charges and other expenses incurred for the implementation of projects are shown in the balance sheet as capital work - in - progress. Our capital work in progress increased by 18.51%. from ₹162,487.5 million as of March 31, 2012 to ₹192,562.7 million as of March 31, 2013. This increase is mainly due to undertaking of new transmission projects as well as ongoing projects.

Intangible assets under development

Right of way afforestation expenses incurred in relation to the implementation of projects (pending capitalization) and electronic data processing software are shown in the balance sheet as intangible assets under development. The value of intangible assets under development was ₹2,153.3 million as of March 31, 2013 and ₹930.8 million as of March 31, 2012. This increase is mainly due to undertaking of new transmission projects.

Construction Stores

Construction material consists of tower parts, conductor, substation equipment and other material meant for construction of new transmission lines and sub-stations. Construction stores were ₹157,938.2 million and ₹126,367.7 million as of March 31, 2013 and 2012, respectively. These amounts represent capital expenditure on new as well as ongoing transmission projects. The increase in these amounts is mainly due to the undertaking of new transmission projects.

Non-Current Investments

Our investments mainly consist of ₹120 million in equity shares of PTC India Limited, the power trading company and ₹3786.3 million in Government securities. Our consolidated total investments were ₹3,906.3 million and ₹5,738.6 million as of March 31, 2013 and 2012, respectively.

Loans and Advances

As of March 31, 2013, long-term loans and advances and short-term loans and advances were ₹60,020.3 million and ₹6,326.6 million, respectively, compared to ₹56,445.3 million and ₹5,252.3 million, respectively as of March 31, 2012. Loans and advances include advances for capital expenditure, loans to employees, lease receivables (representing certain capital expenditures made by the company in respect of the state sector ULDCs of all five regions, for which the constituents of those regions are reimbursing the company on a finance lease basis), loans and advances to contractors, advance income tax and TDS and other deposits with tax authorities, advances to related parties and all other loans and include advances which are not expected to be realized within next 12 months from the reporting date or within normal operating cycle whichever is longer. The increase in loans and advances as of March 31, 2013 compared to loans and advances as of March 31, 2012 was mainly due to increase in advances for capital expenditure necessitated on account of undertaking of new transmission projects.

Other Current Assets

Our other current assets were ₹18,897.0 million and ₹14,899.3 million as of March 31, 2013 and 2012, respectively. Other current assets primarily include unbilled revenue and interest accrued but not due on investments and deposits.

Other current assets increased by 26.83% as of March 31, 2013 as compared to our current assets as of March 31, 2012 due to increase in our unbilled revenue in other current assets.

Inventories

Inventories are valued at lower of the cost, determined on a weighted average basis and net realizable value. The costs of inventories was ₹5,528.5 million, and ₹4,412.5 million as of March 31, 2013 and 2012, respectively. Our inventories consist of transmission line items such as tower parts, conductors, and substation equipment/spares, high voltage direct current equipment/spares, telecom spares and other stores. The cost of our inventories increased as of March 31, 2013 as compared with the cost of our inventories as of March 31, 2012, on account of our continued expansion of the transmission network and capitalization of new projects.

Trade receivables

Trade receivable consist principally of receivables relating to transmission services, and also receivables from consultancy services and telecom services. Trade receivables decreased by 2.47% to ₹14,913.8 million as of March 31, 2013 from ₹15,291.9 million as of March 31, 2012. The decrease was mainly due to improved collection.

Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. A significant part of our external funding has been through long-term foreign currency loans from multilateral agencies such as The World Bank and The ADB, with our performance under such loans guaranteed by the GoI.

Long Term Borrowings

Our consolidated long-term borrowings as of March 31, 2013 and 2012, were ₹640,301.4 million and ₹500,057.3 million, respectively. Long- term borrowings include amounts raised from the private placement of bonds, term loans from banks, loans from The International Bank for Reconstruction and Development, The Asian Development Bank and Bank of India and others foreign financial institutions. We also issued unsecured foreign currency bonds of US$ 500 million and a non-sovereign loan of US$ 270 million from IFC for the first time in Fiscal 2013.

Due to our increased investment in new projects during the last year, our borrowings have increased substantially.

Secured loans

Our secured loans (excluding current maturities) as of March 31, 2013 and 2012, were ₹605,987.5 million and ₹495,570.4 million, respectively. Due to our increased investment in new projects during the last year, our borrowings have increased substantially.

Most of our secured loans have been secured by floating charges on our moveable and immoveable properties.

Unsecured loans

Our unsecured loans (excluding current maturities) as of March 31, 2012 and 2013 were ₹4,486.9 million and ₹34,313.9 million, respectively. Our unsecured loans consist of (ten years) foreign currency bonds, loans from foreign financial institutions.

Current Liabilities

Our current liabilities as of March 31, 2013 and as of March 31, 2012, respectively, were ₹157,026.3 million and ₹122,116.3 million. Our current liabilities include proposed dividend and tax thereon, short term borrowings, current maturities on long term borrowing, interest accrued but not yet due on borrowings from Indian and foreign banks and financial institutions, retention money from contractor among others. The increase was partly due to increase in short term loans and increase in retention money from contractors and amounts due to capital expenditure.

CONSOLIDATED CASH FLOWS FOR FISCALS 2013 AND 2012

(₹ in million)

	Year ended March 31,	
	2013	**2012**
Net cash from operating activities	114,587.6	85,819.9
Net cash used in investing activities	(218,530.9)	(184,948.2)
Net cash from financing activities	99,618.8	82,183.0
Cash and cash equivalents at the end of the year	26,788.9	31,113.4

Net Cash From Operating Activities

Our net cash flows from operating activities are principally used to service long-term debt, for capital expenditures, for investments, for dividends and payment of taxes.

Our net cash from operating activities in Fiscal 2013 was ₹114,587.6 million. The main working capital adjustments to our cash from operating activities included an increase in liabilities and provisions of ₹19,960.7 million, offset by an increase in other current assets of ₹5,918.5 million.

Our net cash from operating activities in Fiscal 2012 was ₹85,819.9 million. The main working capital changes to our cash from operating activities included an increase in trade receivables of ₹11,460.4 million and a decrease in liabilities and provisions of ₹6,016.3 million, offset by a decrease in other current assets of ₹15,832.6 million and a decrease in loans and advances of ₹6,059.7 million.

Net Cash From used in Investing Activities

Our net cash used in investing activities in Fiscal 2013 was ₹218,530.9 million. This primarily reflected expenditure on fixed assets and capital work-in-progress as well as construction stores, and receipt of interest on bonds/loans to state governments and dividend income.

Our net cash used in investing activities in Fiscal 2012 was ₹184,948.2 million. This primarily reflected expenditure on fixed assets and capital work-in-progress as well as construction stores, loans and advances to subsidiaries and receipt of interest on bonds/loans to state governments and dividend income and long term loans under the securitization scheme.

Net Cash From Financing Activities

Our net cash from financing activities was ₹99,618.8 million in Fiscal 2013. We raised ₹182,000.5 million of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings and dividend paid. We repaid ₹43,133.0 million of borrowings and paid interest of ₹22,970.2 million.

Our net cash from financing activities was ₹82,183.0 million in Fiscal 2012. We raised ₹146,804.3 million in new borrowings. We repaid ₹37,604.6 million of borrowings and paid interest of ₹15,438.2 million.

RESULTS OF OPERATIONS — STANDALONE AUDITED FINANCIAL STATEMENTS FOR FISCAL 2013 AND 2012 AND STANDALONE UNAUDITED FINANCIALS STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

The following table sets forth certain information with respect to our standalone revenues, expenditures and profits, including as a percentage of total revenues, for the periods indicated. Percentages may not tally due to rounding.

(₹ in million, except percentages)

	Fiscal 2013	**% of Total Income**	**Fiscal 2012**	**% of Total Income**	**Six months ended September 30, 2013**	**% of Total Income**	**Six months ended September 30, 2012**	**% of Total Income**
Income								
Revenue from operations	127,578.5	95.72	101,642.7	94.24	75,594.5	97.69	60,082.6	96.55
Other income	5,708.9	4.28	6,207.4	5.76	1790.1	2.31	2,147.6	3.45
Total Income	133,287.4	100.0	107,850.1	100.0	77,384.6	100	62,230.2	100
Expenditures								
Purchase of stock in trade	635.0	0.47	0.0	0.0	1,379.2	1.78	0	0
Employees' benefit expense	8,864.0	6.65	8,429.7	7.82	4,616.6	5.97	4,404.1	7.08
Finance costs	25,352.2	19.02	1,9432.6	18.02	15,612.6	20.18	11,756.8	18.89
Transmission, administration and other expenses	8,715.4	6.54	8,099.8	7.51	5,120.5	6.62	3,997.1	6.42
Depreciation and amortization expense	33,519.2	25.15	25,725.4	23.85	19,303.8	24.95	15,816.6	25.42
Total Expenditures	77,085.8	57.83	61,687.5	57.2	46,032.7	59.49	35,974.6	57.81
Profit for the year before tax, prior period adjustments	56,201.6	42.17	46,162.6	42.80	31,351.9	40.51	26,255.6	42.19

	Fiscal 2013	% of Total Income	Fiscal 2012	% of Total Income	Six months ended September 30, 2013	% of Total Income	Six months ended September 30, 2012	% of Total Income
Less: prior period items (net)	(247.0)	(0.18)	186.6	0.17	(5.5)	(.01)	(136.5)	(0.22)
Profit Before Tax	56,448.6	42.35	45,976.0	42.63	31,357.4	40.52	26,392.1	42.41
Less: current tax								
- current year	10,715.0	8.04	8,911.0	8.26	6,390.4	8.26	4,948.8	7.95
- for earlier year	(194.2)	(0.14)	(25.9)	(0.02)	0	0	0	0
Deferred tax								
- current year	3,418.0	2.56	4,541.4	4.21	2,171.6	2.81	1,483.3	2.38
- earlier year	164.8	0.12	0.0	0.0	0	0	0	0
Profit for the year	42,345.0	31.77	32,549.5	30.18	22,795.4	29.46	19,960.0	32.07

Comparison of the six months ended September 30, 2013 with the six months ended September 30, 2012

Our total income for the six months ended September 30, 2013 was ₹77,384.6 million, which represented an increase of 24.35% over our total income of ₹62,230.2 million compared to the six months ended September 30, 2012. In relation to the six months ended September 30, 2013, transmission and transmission-related activities constituted 91.81% of our total income, with the balance coming from our consultancy, telecommunication businesses and other income.

Income

Revenue from operations

Our revenues were higher in the six months ended September 30, 2013 as compared to the six months ended September 30 2012. Revenue from operations increased from ₹60,082.6 million in the six months ended September 30, 2012 to ₹75,594.5 million in the six months ended September 30, 2013. In general, revenue increased due to commissioning of new transmission lines in the six months ended September 30, 2013 and accounting of differential income relating to one of the transmission systems amounting to ₹2,097.1 million for the period from July 1, 2010 to September 30, 2013 pursuant to the interim order of the Supreme Court dated October 8, 2013, directing the CERC to proceed with determination of tariff for one of transmission system pending disposal of the appeal, the company has recognized differential tariff.

Further, we recognized transmission income of ₹71,050.6 million in the six months ended September 30, 2013 compared to ₹57,679.1 million in the six months ended September 30, 2012. Transmission charges of ₹23,010.1 million were recognized for which provisional tariff orders have been issued by CERC and ₹43,916.7 million for which final tariff orders have been issued by CERC. The Company also recognized ₹3,499.2 million income based on CERC tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC. Income from short term open access increased marginally from ₹2,032.0 million in the six months ended September 30, 2012 to ₹2,033.4 million in the six months ended September 30, 2013 due to increases in the volume of short term open access transactions.

The income from telecom services increased by 30.27% to ₹1,465.0 million in the six months ended September 30, 2013 as compared to ₹1,124.6 million in the six months ended September 30, 2012 due to new projects undertaken by us.

Income from our consultancy project management and supervision services increased by 140.75% from ₹1,278.9 million in the six months ended September 30, 2012 to ₹3,078.9 million in the six months ended September 30, 2013. Our consultancy income mainly consists of the execution of transmission and communication system - related projects on a turnkey basis and technical consulting assignments for Indian state utilities and utilities in other countries. The increase in income from consultancy project management and supervision services was mainly due to revenue from a new consultancy project in Jharkhand and a project in Myanmar for which we also undertook the supply of materials relating to the project.

Other income

Our other income was ₹1,790.1 million in the six months ended September 30, 2013, a decrease of 16.65% on our other income of ₹2,147.6 million in the six months ended September 30, 2012.

Our other income decreased mainly because due to decrease in interest from government securities, decrease in interest from banks and decrease in surcharge from our beneficiaries.

Expenditures

Our total expenditures (excluding prior period expenses) were ₹46,032.7 million in the six months ended September 30, 2013, an increase of 27.96% over our total expenditures of ₹35,974.6 million in the six months ended September 30, 2012. Our total expenditures as a percentage of total income were 59.49% in the six months ended September 30, 2013 compared to 57.81% in the six months ended September 30, 2012. The increase in expenditure was due to increase in employees' benefits expenses, finance cost, depreciation and transmission, administration and other expenses.

Employees' benefits expense

Employee's remuneration and benefit expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and staff welfare expense. We had 9,415 employees on our payroll as of September 30, 2013, compared to 9,543 employees as of September 30, 2012. Employees' remuneration and other benefits increased by 4.83% to ₹4,616.6 million in the six months ended September 30, 2013 from ₹4,404.1 million in the six months ended September 30, 2012. The increase is due to an increase in dearness allowance, superannuation benefits and in normal increments.

Transmission, administration and other expenses

Transmission, administration and other expenses increased by 28.11% to ₹5,120.5 million in the six months ended September 30, 2013 from ₹3,997.1 million in the six months ended September 30,2012. The increase was mainly due to increase in repair and maintenance expenses, power charges, legal expenses and insurance and security expenses.

Depreciation and amortization expenses

Our depreciation increased by 22.05% to ₹19,303.8 million in the six months ended September 30, 2013 from ₹15,816.6 million in the six months ended September 30, 2012. The increase was mainly because of commissioning of new assets and full year impact of assets commissioned in the previous year.

Purchase of stock in trade

Our expense increased due to purchase of stock in trade in the six months ended September 30, 2013 amounting to ₹1,379.2 million as compared to nil expense in the six months ended September 30, 2012 for purchase of stock in trade due to commencement of supply of materials for our Myanmar project.

Finance cost

Finance cost increased by 32.80% from ₹11,756.8 million in the six months ended September 30, 2012 to ₹15,612.6 million in the six months ended September 30, 2013. The increase is mainly due to commissioning of new assets and full year impact of assets commissioned in the previous year.

Profit before Tax and Prior Period Adjustments

Our profit before tax and prior period adjustments in the six months ended September 30, 2013 was ₹31,351.9 million, an increase of 19.41% over our profit before tax of ₹26,255.6 million in the six months ended September 30, 2012. The increase is mainly due to commissioning of new assets and full year impact of the assets commissioned in the previous year.

Tax Expenses

We provided for ₹6,390.4 million of Minimum Alternate Tax in the six months ended September 30, 2013, compared to ₹4,948.8 million in the six months ended September 30, 2012. The increase was primarily due to increase in profit before tax in the six months ended September 30, 2013.

Provision for deferred tax is made in respect of time differences mainly on account of higher depreciation charges available under income tax provisions. Our total deferred tax liability charged to statement of profit and loss in the six months ended September 30, 2013, increase to ₹2,171.6 million compared to ₹1,483.3 million in the six months ended September 30, 2012.

Profit after Tax

The net profit after tax increased by 14.21% to ₹22,795.4 million in the six months ended September 30, 2013 from ₹19,960.0 million in the six months ended September 30, 2012. As a percentage of total income, net profit after tax decreased marginally to 29.46% in the six months ended September 30, 2013 from 32.07% in the six months ended September 30, 2012.

Comparison of Fiscal 2013 with Fiscal 2012

Our total income in Fiscal 2013 was ₹133,287.4 million, which represented an increase of 23.58% over our total income of ₹107,850.1 million in Fiscal 2012. In Fiscal 2013, transmission and transmission-related activities constituted 91.61% of our total income, with the balance coming from our consultancy, telecommunication businesses and other income.

Income

Revenue from Operations

Our revenues were higher in Fiscal 2013 as compared to Fiscal 2012. Revenue from operations increased from ₹101,642.7 million in Fiscal 2012 to ₹127,578.5 million in Fiscal 2013. In general, revenue increased in Fiscal 2013 due to commissioning of new transmission lines in Fiscal 2013, the full year impact of transmission assets which were commissioned in Fiscal 2012, the CERC orders for revision of scale of pay for executives and fees for insulator replacement which resulted in a corresponding increase in the tariffs applicable for the transmission business and increase in telecom and consultancy revenue. This increase was partly offset by the transmission charges of ₹652.6 million on account of deferred tax which materialized in Fiscal 2013 as compared to ₹4,655.5 million in Fiscal 2012 and as per CERC Tariff Regulations 2009 are recoverable from beneficiaries.

Further, the Company recognized transmission income of ₹121,626.6 million in Fiscal 2013 compared to ₹95,441.9 million in Fiscal 2012. Transmission charges of ₹34,503.9 million were recognized for which provisional tariff orders have been issued by CERC and ₹81,415.1 million for which final tariff orders have been issued by CERC. The Company also recognized ₹964.4 million income based on CERC tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC. Income from short term open access increased significantly from ₹3,254.8 million in Fiscal 2012 to ₹4,090.6 million in Fiscal 2013 due to increases in the volume of short term open access transactions. Other operating revenue relating to interest on differential between provisional and final tariff by CERC has decreased from ₹1,289.4 million in Fiscal 2012 to ₹484.0 million in Fiscal 2013.

The income from telecom services increased by 15.01% to ₹2,313.9 million in Fiscal 2013 as compared to ₹2,011.9 million in Fiscal 2012 due to increase in NLD and other services.

Income from our consultancy project management and supervision services increased by 8.78% from ₹2,899.5 million in Fiscal 2012 to ₹3,154.0 million in Fiscal 2013. Our consultancy income mainly consists of the execution of transmission and communication system- related projects on a turnkey basis and technical consulting assignments for Indian state utilities and utilities in other countries. The increase in income from consultancy project management and supervision services was mainly due to revenue from a new consultancy project in Jharkhand and a project in Myanmar for which we also undertook the supply of materials relating to the project. However, our income from RGGVY and tower design work reduced during the year.

Other Income

Our other income was ₹5,708.9 million in Fiscal 2013, a decrease of 8.03% on our other income of ₹6,207.4 million in Fiscal 2012.

Our other income decreased mainly because of a decrease in interest on government securities, interest on loans to state governments and Indian banks and interest from advances made to the contractors. There was an increase in provision written back to ₹592.4 million in Fiscal 2013 as compared to ₹407.9 million provisions written off in Fiscal 2012. This was mainly due to an order from the MoP order dated February 5, 2013 which conveyed the approval of GoI for non-plan assistance to GNCTD towards settlement of dues of erstwhile Delhi Electric Supply Undertaking to four CPSU including our Company. According to this order, payment of principal amount of ₹577.9 million and interest of ₹913.8 million is to be made by GNCTD to the Company. Therefore, Company has written back provision of ₹577.9 million made in earlier years and accounted interest of ₹913.8 million as 'other income'.

Expenditures

Our total expenditures (excluding prior period expenses) were ₹77,085.8 million in Fiscal 2013, an increase of 24.96% over our total expenditures of ₹61,687.5 million in Fiscal 2012. Our total expenditures as a percentage of total income were 57.83% in Fiscal 2013 compared to 57.20% in Fiscal 2012. The increase in expenditure was due to increase in employees' benefits expenses, finance cost, depreciation and transmission, administration and Other expenses.

Employees' Benefits Expense

Employee's remuneration and benefit expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and staff welfare expense. We had 9,347 employees on our payroll in Fiscal 2013, compared to 9,670 employees in Fiscal 2012. Employees' remuneration and other benefits increased by 5.15% to ₹8,864.0 million in Fiscal 2013 from ₹8,429.7 million in Fiscal 2012. The increase is due to an increase in the dearness allowance, superannuation benefits and normal increments as well as a higher number of assets being commissioned in Fiscal 2013 compared to Fiscal 2012.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses increased by 7.60% to ₹8,715.4 million in Fiscal 2013 from ₹8,099.8 million in Fiscal 2012. The increase was mainly due to increase in repair and maintenance charges, power charges, professional charges and insurance expenses.

Depreciation and amortization expenses

Our depreciation increased by 30.30% to ₹33,519.2 million in Fiscal 2013 from ₹25,725.4 million in Fiscal 2012. The increase was mainly because of the depreciation on commissioning of new transmission assets and full year impact in Fiscal 2013 of transmission assets which were commissioned during Fiscal 2012.

Purchase of stock in trade

Our expense increased due to purchase of stock in trade in Fiscal 2013 amounting to ₹635.0 million as compared to nil expense in Fiscal 2012 for purchase of stock in trade. The purchase was made for a project in Myanmar which was awarded to us in Fiscal 2013.

Finance Cost

Finance cost increased by 30.46% from ₹19,432.6 million in Fiscal 2012 to ₹25,352.2 million in Fiscal 2013. The increase is mainly due to the commissioning of new transmission assets in Fiscal 2013 interest on which were earlier capitalised but now treated as operating expenditure. These charges included a guarantee fee of ₹1,351.5 million (net of IEDC) in Fiscal 2013 and ₹1,104.5 million (net of IEDC) in Fiscal 2012 payable to the GoI for giving guarantees to the lenders of our foreign currency loans.

Profit before Tax and Prior Period Adjustments

Our profit before tax and prior period adjustments in Fiscal 2013 was ₹56,201.6 million, an increase of 21.75% over our profit before tax of ₹46,162.6 million in Fiscal 2012. The increase is mainly due to the commissioning of new transmission assets and full year impact in Fiscal 2013 of transmission assets which were commissioned during Fiscal 2012. The increase is also due to a notification from the Ministry of Corporate Affairs on FERV and the CERC orders for revision of scale of pay for executives and fees for insulator replacement. The Ministry of Corporate Affairs on August, 9 2012 has clarified that para 6 of Accounting Standard (AS 11) and para 4(e) of AS 16 shall not apply to us. Consequently, exchange differences arising on settlement/translation of foreign currency loans to the extent regarded as an adjustment to interest cost as per para 4(e) of AS 16 and charged to the statement of profit and loss have now been adjusted in the cost of related capital assets.

Tax Expenses

We provided for ₹10,520.8 million of Minimum Alternate Tax in Fiscal 2013, compared to ₹8,885.1 million in Fiscal 2012. The increase was primarily due to increase in profit before tax in Fiscal 2013.

Provision for deferred tax is made in respect of time differences mainly on account of higher depreciation charges available under income tax provisions. Our total deferred tax liability charged to statement of profit and loss in Fiscal 2013, decreased to ₹3,582.8 million compared to ₹4,541.4 million in Fiscal 2012.

Profit after Tax

The net profit after tax increased by 30.09% to ₹42,345.0 million in Fiscal 2013 from ₹32,549.5 million in Fiscal 2012. As a percentage of total income, net profit after tax increased marginally to 31.77% in Fiscal 2013 from 30.18% in Fiscal 2012.

LIQUIDITY AND CAPITAL RESOURCES

We depend on both internal and external sources of liquidity to provide working capital and to fund capital requirements. We have historically funded our capital expenditures with internally generated funds, grants and equity contributions by the Government, public shareholders and, debt financing. We generally enter into long term borrowings in the form of privately placed domestic bonds in Rupees and loans in foreign currencies from multilateral agencies such as The World Bank and ADB. As at September 30, 2013, we had cash and cash equivalents of ₹19,992.5 million. As at September 30, 2013, we also had committed and undrawn credit facilities for capital requirements of ₹155,181.6 million and committed and undrawn working capital facilities of approximately ₹2,700 million.

In the past, we have also received the support of the GoI in part through equity infusions.

Standalone Cash Flows for Fiscals 2013 and 2012 and for the six months ended September 30, 2013

(₹ in million)

	Year ended March 31,		Six months ended September 30, 2013
	2013	2012	
Net cash from operating activities	110,460.4	64,025.3	61,314.7
Net cash used in investing activities	217,107.0	158,343.3	(126,607.4)
Net cash from financing activities	99,897.5	80,886.2	68,602.5
Cash and cash equivalents at the end of the year	16,619.7	23,368.8	19,929.5

Net Cash From Operating Activities

Our net cash flows from operating activities are principally used to service long-term debt, for capital expenditures, for investments, for dividends and for payment of taxes.

Our net cash from operating activities in the six months ended September 30, 2013 was ₹61,314.7 million. The main working capital adjustments to our cash from operating activities included an increase in loans and advances, an increase in debtors and increases in provisions for current liabilities.

Our net cash from operating activities in Fiscal 2013 was ₹110,460.4 million. The main working capital adjustments to our cash from operating activities included an increase in loans and advances, a decrease in debtors and increases in current liabilities and provisions.

Our net cash from operating activities in Fiscal 2012 was ₹64,025.3 million. The main working capital adjustments to our cash from operating activities included an increase in loans and advances, an increase in debtors and increases in current liabilities and provisions.

Net Cash used in Investing Activities

Our net cash used in investing activities was ₹126,607.4 million for the six months ended September 30, 2013. This reflected expenditure on fixed assets and capital work-in-progress as well as construction stores of ₹127,110.5 million and receipt of interest and dividend income of ₹765.2 million.

Our net cash used in investing activities in Fiscal 2013 was ₹217,107.0 million. This primarily reflected expenditure on fixed assets and capital work - in - progress as well as construction stores of ₹221,508 million and receipt of interest on bonds/loans to state governments and dividend income of ₹3,417.5 million.

Our net cash used in investing activities in Fiscal 2012 was ₹158,343.3 million. This primarily reflected expenditure on fixed assets and capital work-in-progress as well as construction stores, loans and advances to subsidiaries and receipt of interest on bonds/loans to state governments and dividend income and long term loans under the securitization scheme.

Net Cash From Financing Activities

Our net cash from financing activities was ₹68,602.5 million in the six months ended September 30, 2013. We raised ₹94,663.8 million of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. We repaid ₹13,882.6 million of borrowings and paid interest of ₹11,292.1 million.

Our net cash from financing activities was ₹99,897.5 million in Fiscal 2013. We raised ₹180,428.3 million of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. We repaid ₹42,480.8 million of borrowings and paid interest of ₹22,355.9 million. In Fiscal 2013, we paid dividends of ₹13,518.9 million comprising final dividend for Fiscal 2012 and an interim dividend for Fiscal 2013, as well dividend tax of ₹2,175.2 million.

Our net cash from financing activities was ₹80,886.2 million in Fiscal 2012. We raised ₹143,630.5 million of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. We repaid ₹36,669.3 million of borrowings and paid interest of ₹15,049.4 million.

Capital Expenditures — Standalone information as of September 30, 2013 and March 31, 2013 and 2012

Our capital expenditures are primarily for the installation of new transmission capacity and the expansion of existing capacity. Our capital expenditures in Fiscal 2013 and Fiscal 2012 were ₹200,370 million and ₹178,140 million, respectively. Our capital expenditure in the six months ended September 30, 2013 was ₹108,945.9 million.

Our capital expenditure budgets are subject to modification as a result of a variety of factors, including the availability of internal and external resources, changes to expansion plans and similar other factors.

Planned Capital Expenditure

Based on generation capacity targeted under the Twelfth Five Year Plan, our Board of Directors have budgeted capital expenditure of an amount up to approximately ₹221,500 million for expansion in Fiscal 2014.

Return on Net Worth

The return on net worth that we are generally permitted to recover transmission charges on a pre-tax basis under our tariffs is currently at a base rate of 15.5% to be grossed up by the normal tax rate as applicable for the respective year.

Our actual return on net worth for Fiscal 2013 for our entire business was 16.15% as against 13.86% in Fiscal 2012. This increase is due to an increase in income from short term open access and the CERC orders for revision of scale of pay for executives and fees for insulator replacement and the notification form the Ministry on Company Affairs on AS16.

Selected Balance Sheet Items — Standalone information as of September 30, 2013 and March 31, 2013 and 2012

Fixed Assets

Our total fixed assets were ₹805,155.6 million and ₹632,358.0 million as of March 31, 2013 and 2012, respectively. Our fixed assets as of September 30, 2013 were ₹908,346.8 million. Our fixed assets consists of tangible assets, intangible assets, capital work in progress and intangible assets under development.

Tangible Assets

Our tangible assets consists of plant and machinery such as transmission lines, substations, HVDC and ULDC equipment and other transmission equipment, buildings, land, office equipment, fixtures and motor vehicles. Our tangible assets increased by 28.60% from ₹473,397.8 million as of March 31, 2012 to ₹608,776.9 million as of March 31, 2013. This increase is mainly due to commissioning of new transmission assets. Tangible assets as at September 30, 2013, was ₹652,834.8 million.

Intangible assets

Our intangible assets consists of electronic data processing software and right of way-afforestation expenses. The value of unamortized intangible assets increased by 62.14% from ₹3,225.2 million as of March 31, 2012 to ₹5,229.5 million as of March 31, 2013. This increase is mainly due to commissioning of new transmission assets. Our intangible assets as at September 30, 2013, was ₹5,993.4 million.

Capital Work in Progress

The cost of material consumed, erection charges and other expenses incurred for the implementation of projects are shown in the balance sheet as capital work-in-progress. Our capital work in progress increased by 22.07%. from ₹154,998.9 million as of March 31, 2012 to ₹189,213.0 million as of March 31, 2013. This increase is mainly due to undertaking of new transmission projects as well as ongoing projects. Our capital work-in-progress as of September 30, 2013, was ₹247,598.4 million.

Intangible assets under development

Afforestation expenses incurred in relation to the implementation of projects (pending capitalization) are shown in the balance sheet as intangible assets under development. The value of intangible assets under development was ₹1,936.2 million as of March 31, 2013 and ₹736.1 million as of March 31, 2012. This increase is mainly due to undertaking of new transmission projects. Our intangible assets under development as at September 30, 2013, was ₹1,920.2 million.

Construction stores

Construction material consists of tower parts, conductor, substation equipment and other material meant for construction of new transmission lines and sub-stations. Construction stores were ₹157,086.2 million and ₹126,100.4 million as of March 31, 2013 and 2012, respectively. These amounts represent capital expenditure on new as well as ongoing transmission projects. The increase in these amounts is mainly due to the undertaking of new transmission projects.

Non-current investments

Our investments (at cost) as at March 31, 2013 mainly consist (i) ₹120 million in equity shares of PTC India Limited, the power trading company, (ii) ₹2,293.2 million in Powerlinks Transmission Limited, the joint venture between us and The Tata Power Company Limited through which the Tala Transmission Project was constructed, (iii) ₹234.0 million in Torrent Power Grid Limited, (iv) ₹780.0 million in Jaypee Powergrid Limited, (v) ₹409.8 million in Parbati Koldam Transmission Company Limited, (vi) ₹306.1 million in Teestavalley Power Transmission Limited, (vii) ₹1,069.6 million in North East Transmission Limited, (vii) ₹225.0 million in Energy Efficiency Services Limited, (ix) ₹110.6 million in National High Power Test Laboratory Limited, (x) ₹306.4 million in POSOCO, a subsidiary of our Company, (xi) ₹0.5 million to Powergrid NM Transmission Company Limited, a subsidiary of our Company and (xii) ₹0.5 million to Powergrid Vemagiri Transmission Limited, a subsidiary of our Company. Our total investments were ₹9,642.4 million and ₹11,011.9 million as of March 31, 2013 and 2012, respectively. Our total investments were ₹9,891.2 million as at September 30, 2013.

Loans and Advances

As of March 31, 2013, long-term loans and advances and short-term loans and advances were ₹59,634.0 million and ₹5,950.3 million, respectively, compared to ₹56,147.6 million and ₹4,259.6 million, respectively as of March 31, 2012. Out total long-term loans and advances and short-term loans and advances as at September 30, 2013 was ₹55,897.9 million and ₹5432.8 million respectively. Loans and advances include advances for capital expenditure, loans to employees, lease receivables (representing certain capital expenditures made by the company in respect of the state sector ULDCs of all five regions, for which the constituents of those regions are reimbursing the company on a finance lease basis), loans and advances to contractors, advance income tax and TDS (net of tax provisions) and other deposits with tax authorities, advances to related parties and all other loans and include advances which are not expected to be realized within next 12 months from the reporting date or within normal operating cycle whichever is longer. The increase in loans and advances as of March 31, 2013 compared to loans and advances as of March 31, 2012 was mainly due to increase in advances for capital expenditure necessitated on account of undertaking of new transmission projects.

Other Current Assets

Our other current assets were ₹18,395.7 million and ₹14,459.9 million as of March 31, 2013 and 2012, respectively. Our other current assets as of September 30, 2013 were ₹22,957.0 million. Other current assets mainly include unbilled revenue, interest accrued on investments in bonds and term/fixed deposits.

Other current assets increased by 27.22% as of March 31, 2013 as compared to our current assets as of March 31, 2012 due to increase in our unbilled revenue in other current assets.

Inventories

Inventories are valued at lower of the cost, determined on a weighted average basis and net realizable value. The costs of inventories ₹5,515.3 million, and ₹4,403.1 million as of March 31, 2013 and 2012, respectively. Cost of inventories as at September 30, 2013 were ₹6,259.3 million. Our inventories consist of transmission line items such as tower parts, conductors, and substation equipment/spares, high voltage direct current equipment/spares, telecom spares and other stores. The cost of our inventories increased as of March 31, 2013 as compared with the cost of our inventories as of March 31, 2012, on account of our continued expansion of the transmission network and capitalization of new projects.

Trade Receivables

Trade receivable consist principally of receivables relating to transmission services, and also receivables from consultancy services and telecom services. Trade receivables decreased by 4.23% from ₹14,974.9 million as of March 31, 2012 to ₹14,340.9 million as of March 31, 2013. The decrease was mainly due to improved collection. Amounts relating to trade receivables as at September 30, 2013 were ₹15,864.6 million.

Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. A significant part of our external funding has been through long-term foreign currency loans from multilateral agencies such as the World Bank and The ADB, with our performance under such loans guaranteed by the GoI.

The following table sets forth, by currency, our outstanding debt and the periods during which debt amounts mature or payment is otherwise due. Currency conversions are as at September 30, 2013:

(in million)

Currency	October 1, 2013- March 31, 2014	2014-15	2015-16	2016-17	Beyond 2016-17	Total
Rupees Loans						
Bonds	11,931.3	24,643.4	27,917.1	34,460.0	387,297.4	486,249.2
Other Domestic Loans	1,131.8	1,033.7	1,017.3	2,272.2	23,280.0	28,735.0
Foreign Currency Loans						
US$	4,746.9	10,884.4	13,996.6	14,871.0	166,916.7	211,415.6
EUR	176.0	103.9	117.6	279.9	1,866.9	2,544.3
SEK	130.8	261.7	530.9	2,066.1	11,888.0	14,877.5
JPY	59.0	118.0	118.0	118.0	1,180.3	1,593.3
Foreign Currency Bonds						
US$	0	0	0	0	31,685.0	31,685.0
TOTAL	**18,175.8**	**37,045.1**	**43,697.5**	**54,067.2**	**624,114.3**	**777,099.9**

Long term borrowings

Our long-term borrowings (excluding current maturities) as of March 31, 2013 and 2012, were ₹630,762.7 million and ₹491,191.9 million, respectively. Our long-term borrowings as of September 30, 2013 were ₹743,506.9 million. Long- term borrowings include amounts raised from the private placement of bonds, term loans from banks, loans from the International Bank for Reconstruction and Development, Asian Development Bank and Bank of India and others foreign financial institutions. We also issued unsecured foreign currency bonds of US$ 500 million and a non-sovereign loan of US$ 270 million from IFC for the first time in Fiscal 2013.

Due to our increased investment in new projects during the last year, our borrowings have increased substantially.

Secured Loans

Our secured loans (excluding current maturities) as of March 31, 2013 and 2012, were ₹596,448.8 million and ₹486,705.0 million, respectively. Our secured loans (excluding current maturities) as of September 30, 2013 were ₹700,154.9 million. Due to our increased investment in new projects during the last year, our borrowings have increased substantially.

Most of our secured loans have been secured by floating charges on the moveable and immoveable properties of the Company.

The following table presents our secured debt (excluding current maturities) as of September 30, 2013:

(₹ in million)

	Amount	**% of total secured debt**
Bonds denominated in Rupees	464,512.1	66.34
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency [(1)]	208,039.7	29.72
Denominated in Rupees	27,603.1	3.94
Total	**700,154.9**	**100.0**

[(1)] Loans guaranteed by the GoI were ₹178,970 million (excluding current maturities).

Unsecured Loans

Our unsecured loans (excluding current maturities) as of March 31, 2012 and 2013 were ₹4,486.9 million and ₹34,313.9 million, respectively. Our unsecured loans as of September 30, 2013 were ₹43,352.0 million. Our unsecured loans consist of (ten years) foreign currency bonds, loans from foreign financial institutions.

The following table presents our unsecured debt as of September 30, 2013:

(₹ in million)

	Amount	**% of total unsecured debt**
Bonds denominated in Foreign Currency	31,685.0	73.09
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency [(1)]	11,667.0	26.91
Denominated in Rupees		
Total	**43,352.0**	**100.0**

[(1)] Loans guaranteed by the Government were ₹2618.4 million (excluding current maturities).

Advance Against Depreciation

Advance against depreciation was a component of the tariff that we were permitted to charge under the Fiscal 2005-2009 Regulations to cover shortfalls in respect of depreciation in a year on assets in order to cover our repayment of debts in respect of such assets. AAD was calculated assuming a 10 year loan repayment schedule. AAD was accounted for as an advance until the tenure of the loan. Subsequent to repayment of the loan, AAD was transferred to income on a pro-rata basis for the remaining useful life of the asset. The definition of useful life of the asset was governed by the Fiscal 2005-2009 Regulations.

AAD is no longer part of the Fiscal 2010-2014 CERC Regulations and depreciation rates applicable to the Company have been revised in the Fiscal 2010-2014 CERC Regulations. Due to this change of tariff norms, with effect from April 1, 2009, AAD has been taken to transmission income after 12 years from the year of commercial operation. The above income is recognized, being the lower of AAD outstanding and the difference between the depreciation charge in accounts and depreciation recovery through tariffs.

As of March 31, 2013 our AAD decreased by 2.28% from ₹21,437.8 million as of March 31, 2012 to ₹20,949.6 million as of March 31, 2013.

Current Liabilities

Our current liabilities as of March 31, 2013 and as of March 31, 2012, respectively, were ₹147,085.0 million and ₹113,710.1 million. Our current liabilities as at September 30, 2013 were ₹152,613.7 million. Our current liabilities include proposed dividend and tax thereon, short term loans, current maturities on long term borrowing, interest accrued but not yet due on borrowings from Indian and foreign banks and financial institutions, retention money from contractor among others.

Current liabilities were 29.35% higher as of March 31, 2013 compared to current liabilities as of March 31, 2012. The increase was partly due to increase in short term loans and increase in retention money from contractors and amounts due to capital expenditure.

Contingent Liabilities — Standalone information as of September 30, 2013

We had contingent liabilities in the following amounts, as disclosed in our unconsolidated, unaudited financial statements:

(₹ in million)

Contingent Liabilities	**As at September 30, 2013**
Claims against the Company not acknowledged as debt in respect of[1]:	
Capital Works	1,853.1
Land Compensation Cases	32,465.2

Other Claims	99.1
Disputed income tax/sales tax/excise/municipal tax	3,019.6
Other	307.2
Bank Guarantees given on behalf of subsidiaries towards performance of work awarded	1,260
Total	**39,004.2**

(1) Refers to liabilities of the Company which is a possible obligation or a present obligation that probably will not require an outflow of resources.

Contingent liabilities increased by 41.68% from ₹22,329.8 million as of March 31, 2012 to ₹31,636.1 million as of March 31, 2013. This increase was mainly on account of higher land compensation claims and these are being contested by us before the authorities/courts. We are also contesting the claims in respect of Capital Works as being not admissible in terms of the provisions of the respective contracts. We are pursuing various options under dispute resolution mechanism available in the contract for settlement of these claims.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Exchange Rates

While our principal revenues are in Rupees, we have borrowed funds from outside India in foreign currencies, principally U.S. Dollars, Euros, Swiss Francs, Swedish Kroner and Japanese Yen. Principal and interest payments on these borrowings are denominated in the respective foreign currencies. As at September 30, 2013, we had ₹262,115.7 million (including current maturities) equivalent of foreign currency borrowings outstanding.

Under the Fiscal 2010-2014 CERC Regulations we have an option to hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the transmission system, in part or full and recover the cost of hedging of foreign exchange rate variations corresponding to the normative foreign debt, in the relevant year. If hedging of foreign exchange exposure is not undertaken, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year is "pass through/recoverable' provided it is not attributable to its suppliers or contractors. In respect of our telecom business, losses from foreign exchange fluctuations are not "pass through/recoverable".

During Fiscal 2013, no hedging for foreign exchange exposure has been undertaken by us.

Interest Rates

Under the current tariff, interest costs are recoverable through our tariffs. To the extent we incur debt with variable interest rates, we may be exposed to increased/decreased interest costs which are also reimbursed/passed by/to our customers.

As of September 30, 2013, 67.24% of our standalone long term borrowings (excluding current maturities) are fixed interest rate borrowings. We currently do not undertake any hedging against interest rate fluctuation. We are subject to risks arising from changes in interest with respect to interest on working capital. Recovery of interest on working capital is based on norms fixed by CERC. If interest rates on working capital loans were to rise, we might be unable to recover a portion of the increase in interest costs through our tariffs.

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2013 THAT MAY AFFECT THE FUTURE OF OUR OPERATIONS

Except as disclosed in this Red Herring Prospectus, there are no developments after September 30, 2013 that we believe are expected to have a material adverse effect or are likely to affect our Company or the value of our assets or our ability to pay our liabilities within the next twelve months.

ANALYSIS OF CERTAIN CHANGES

Unusual or infrequent events or transaction

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years.

Significant economic changes

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "***Factors Affecting our Results of Operations***" and the uncertainties described in "***Risk Factors***" on page xvii. To our knowledge, except as we have described in this Prospectus, there are no known factors which we expect to bring about significant economic changes.

Known trends or uncertainties

Our business has been affected, and we expect to continue to be affected, by the trends identified above in "***Factors Affecting our Results of Operations***" and the uncertainties described in "***Risk Factors***" on page xvii. To the best of our knowledge and belief, except as we have described in this Prospectus, there are no known factors which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future relationship between expenditure and revenues

Except as described in "***Risk Factors***", "***Our Business***" and this section, to the best of our knowledge and belief there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Increase in our revenue

We anticipate commissioning additional transmission lines and substation facilities which will add to our capacity and to our ability to generate revenue. See "***Our Business***" on page 83.

Significant regulatory changes

Except as described in "***Regulations and Policies in India***" on page 119 there have been no significant regulatory changes that we expect could affect our income from continuing operations.

New products or business segments

We shall seek to explore other business opportunities, which allow us to leverage on our transmission business.

Seasonality of business

Our income is not subject to significant seasonality.

Dependence on few customers

As described above, we derive our revenues primarily from the transmission of power from generators to state electricity boards and other entities. These customers are few in number. See "***Risk Factors***" on page xvii.

Competitive conditions

We expect to face the competitive conditions described in "***Our Business***" and in "***Risk Factors***" on pages 83 and xvii, respectively.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's outstanding secured borrowings of ₹ 733,130.1 million and unsecured borrowings of ₹ 63,969.8 million, as on September 30, 2013, together with a brief description of certain significant terms of such financing arrangements.

A. Domestic Secured Borrowings

The total outstanding amount with respect to our domestic secured borrowings (other than bonds issuances) is ₹ 28,735.0 million, as on September 30, 2013. The details of these facilities are set forth below.

(In ₹ million)

S. No.	Name of lender	Facility	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Repayment Schedule	Security
1.	Punjab National Bank	Term loan of ₹ 3,000.0 million through agreement dated March 8, 2002	750.0	Prime lending rate less 2.15%, presently 11.60% *per annum* (as payable on quarterly basis)	Repayable in 12 equal annual installments of ₹ 250.0 million, commencing after a moratorium of three years	Created floating charge by way of hypothecation on fixed assets of our Company to the extent of 1.1 times of the outstanding loan
2.	Oriental Bank of Commerce	Term loan of ₹ 2,500.0 million through agreement dated March 22, 2002	625.0	2.40% below the prime term lending rate, presently 12.35% *per annum* (as payable on quarterly basis)	Repayable in 12 equal annual installments commencing after a moratorium period of three years	Created floating charge by way of hypothecation on the fixed assets of our Company to the extent of 1.1 times of the outstanding loan
3.	Life Insurance Corporation of India	Term loan of ₹ 8,849.7 million through agreement dated October 14, 2003	99.1	Fixed rate of 6.30% *per annum*	Repayable in 13 annual installments commencing from March 31, 2004 as per amortization schedule	Created floating charge on all the fixed assets of our Company, both present and future, subject to a minimum asset cover of 1.10 times of the outstanding loan
4.	Life Insurance Corporation of India	Term loan of ₹ 493.2 million through agreement dated August 31, 2007	1,710.9	Fixed rate of 10.00% *per annum*	Repayable in 10 annual installments commencing from March 31, 2008 as per amortization schedule	Created floating charge on the entire fixed assets of our Company, whether present or future, subject to a minimum asset cover of 1.1 times of the amount of the outstanding loan
5.	State Bank of India	Term loan of ₹ 50,000.0 million through agreement dated March 21, 2012	25,550.0	0.25% above the floating lender base rate, presently 10.05% *per annum*	Repayable in 22 equal half-yearly installments of ₹ 2,270 million (except the last installment being of ₹ 2,330 million) commencing from August 31, 2016	Created *pari passu* charge in favour of the lender by way of hypothecation and charge on the whole of the Company's assets except investment, land and buildings, roads and bridges, water supply, drainage and sewerage; and current assets and includes all assets, present and future, lying or stored in or about the Company's premises

S. No.	Name of lender	Facility	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Repayment Schedule	Security
						including its godowns of transmission lines and sub-stations or wherever else the same may be or be held by any party to the order of the Company's or in the course of transit or delivery in the possession of the Company and either by way of substitution or addition

Our financing arrangements contain various restrictive covenants, including an option entitling the lenders to recall the entire loan outstanding together with interest and other charges if (a) we default in payment of an installment or interest, (b) we fail to create security for the loan within the period prescribed, (c) we contravene the terms of the loan agreement, and (d) in such other circumstances as the lender may deem fit and proper, in terms of the provisions of the loan agreements. The loan agreements require our Company to furnish additional security in the event of inadequacy of the security cover provided. Certain lenders have the liberty to stop making advances at any time on providing notice and reasons for the same even though the term loan limit has not been fully availed of. Additionally, under certain of our loan agreements, we are required not to declare any dividends if there is a default under the respective loan agreement or unless our Company has paid all the dues to the lender up to the date of which the dividend is declared or paid or has made satisfactory provisions thereof. Further, under certain loan agreements, we would be in default of the agreement, if any of our lenders have recalled any of their loans. In such an event, the lender will have the right, amongst other things, to immediately demand repayment of the entire outstanding loan amount from our Company. Further, under the terms of certain loan agreements, our Company is required to ensure that (i) the debt service coverage ratio should not be less than 1.20 times in any of the year on all long term debt with additional comfort that the average of three years should not fall below 1.30 times on all long term debt (average of three years, *i.e.*, previous financial year, current financial year and the next financial year based on financial projections), (ii) the fixed asset coverage ratio shall not fall below 1.00 times, (iii) GoI shareholding in our Company shall not fall below 51%, (iv) our Company maintains a 'AAA' rating during the currency of the financing arrangements, and (v) the Company shall maintain an overall debt-equity ratio of 75:25. Under the terms of certain financing arrangements, typically, our Company has undertaken not to do any of the following without the prior consent of the lenders/facility agent or guarantor, as may be applicable, including, *inter alia*:

(i) any prepayment of the principal amount of the loan, which may be granted conditionally;

(ii) create any mortgage or charge on any of the secured property or assets;

(iii) assign or transfer all or any of its rights, benefits or obligations under the loan agreement; or

(iv) utilize the funds raised under a loan agreement towards any end-use other than the purpose mentioned in the loan agreement.

Additionally, the State Bank of India has issued a sanction letter to our Company dated October 18, 2013, for a Rupee term loan facility of ₹ 100.0 billion to be utilized towards capital expenditure to be incurred for expansion / renovation and setting up of various on-going and new projects in the next five years. The sanctioned facility has a tenor of 15 years (five years for disbursement and 10 years for repayment). Repayment shall be made in 20 half-yearly equal installments of ₹ 5,000.0 million commencing immediately after the expiry of the fifth year from the date of first disbursement. The interest rate shall be 0.25% above the lender's floating base rate. As part of the conditions to the loan facility, our Company is required to maintain the debt/equity ratio of 70:30. Additionally, our Company is required to ensure that its financial position, as evidenced by our Company's most recent audited annual financial accounts, shall be such that (i) the ratio of total liabilities to tangible net worth will at no time exceed 3:1, (ii) debt service coverage ratio should not be less than 1.25 in any of the year during the currency of the loan, (iii) fixed average coverage ratio not to fall below 1.00, during the currency of the loan, (iv) the GoI shareholding in our Company not to fall below 51%, and (v) our Company to maintain 'AAA' rating during the currency of the loan. Further, the sanction letter dated October 18, 2013 states that the following amendments will be taken up with the sanctioning authority (i) amendment of the debt/equity ratio from 70:30 to 75:25, and (ii) amendment of the minimum debt service coverage ratio from 1.25 to 1.20 in any of the year, in line with the terms and conditions of the term loan of ₹ 50,000.0 million by way of agreement with the State Bank of India dated March 21, 2012. The loan shall be secured by a hypothecation charge on *pari passu* basis on our Company's entire assets excluding investment, land and buildings, roads and bridges, water supply drainage and sewerage and current assets, both present and future. Further, the unencumbered assets (as excluded above) of our Company shall not be offered to any other lenders as security without prior approval of the lender. In any such event, these assets may also be offered to the lender on *pari passu* basis. The lender reserves the right to cancel the term loan limits (either fully or partially) unconditionally without prior notice in case (a) limits/part of the limits are not utilized by our Company, (b) in case of deterioration in the loan accounts in any manner whatsoever, and/or (c) in case of non-compliance with the terms and conditions of the sanction.

B. Domestic Unsecured Borrowings

The total outstanding amount with respect to our domestic unsecured facilities is ₹ 20,000.0 million as on September 30, 2013. The details of these facilities are set forth below.

(In ₹ million)

S. No.	Name of lender	Facility	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Repayment Schedule
1.	State Bank of India	Working capital loan of ₹ 20,000.0 million as per letter agreement dated February 25, 2013	20,000.0	Floating interest rate (linked to SBI Base Rate), presently 9.80% *per annum*	The date of repayment of the entire loan will be after completion of 11 months from the date of first drawl of loan

Pursuant to the working capital loan agreement with the State Bank of India, the Company has provided a demand promissory note of ₹ 20,000.0 million in favour of State Bank of India dated February 25, 2013.

C. Secured Foreign Currency Borrowings

The total outstanding amount with respect to our foreign currency secured borrowings is ₹ 218,145.9 million as of September 30, 2013. The details of these facilities are set forth below.

(In ₹ million)

S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Security
1.	International Bank for Reconstruction and Development (The World Bank)	Facility of US$ 350.0 million through agreement dated March 23, 1993	Repayment in 30 semi-annual installments starting from December 1, 1998	42.0	Cost of qualified borrowings in preceding semester plus 0.50%, presently 7.29%	Secured by equitable mortgage of the immoveable properties and hypothecation of moveable properties of the Vindhyachal and Rihand transmission system
2.	International Bank for Reconstruction and Development (The World Bank)	Facility of US$ 450.0 million through agreement dated June 13, 2001	Repayment in 30 semi-annual installments starting from December 15, 2006	18,073.4	LIBOR base rate plus LIBOR total spread, presently 0.66%	Created *pari passu* floating charge by way of (i) hypothecation of movable properties pertaining to certain transmission lines and sub-stations, (ii) hypothecation and

S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Security
						floating charge over the fixed assets pertaining to certain transmission lines and sub-stations, and (iii) hypothecation and charge on goods and assets Further, created *pari passu* charge over the mortgage of immovable property, measuring 219,689 square meters at Ambheti of Mouje Ambheti, Taluka Kaprada in Valsad District in the State of Gujarat (“**Gujarat Property**”)
3.	International Bank for Reconstruction and Development (The World Bank)	Facility of US$ 400.0 million through agreement dated May 2, 2006	Repayment in 30 semi-annual installments starting from September 15, 2011	22,162.7	LIBOR base rate plus LIBOR total spread, presently 0.89%	Created *pari passu* floating charge by way of (i) hypothecation of movable properties pertaining to certain transmission lines and sub-stations, (ii) hypothecation and floating charge over the fixed assets pertaining to certain transmission lines and sub-stations, and (iii) hypothecation and charge on goods and assets Further, created *pari passu* charge over the mortgage of the Gujarat Property
4.	International Bank for Reconstruction and Development (The World Bank)	Facility of US$ 600.0 million through agreement dated March 28, 2008	Repayment in 30 semi-annual installments starting from November 15, 2013	35,905.2	The interest payable by our Company to IBRD for each Interest Period[2] will be at a rate equal to LIBOR for the loan currency plus	Created *pari passu* floating charge by way of hypothecation and floating charge over the assets Further, created *pari passu* charge over the mortgage of the Gujarat Property

[2] ‘Interest Period’ is defined under the *General Conditions for Loans*, International Bank for Reconstruction and Development, dated July 1, 2005, to be the initial period from and including the date of the loan agreement but excluding the first payment date occurring thereafter, and after the initial period, each period from and including a payment date but excluding the next following payment date.

S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Security
					the Variable Spread[3], presently 0.49%	
5.	International Bank for Reconstruction and Development (The World Bank)	Facility of US$ 400.0 million through agreement dated January 27, 2009.	Repayment in 52 semi-annual installments starting from February 1, 2013	20,151.2	The interest payable by our Company to IBRD for each Interest Period[4] will be at a rate equal to LIBOR for the loan currency plus the Variable Spread[5], presently 0.47%	Created *pari passu* charge over the mortgage of the Gujarat Property Hypothecation and *pari passu* floating charge on the assets of our Company
6.	International Bank for Reconstruction and Development (The World Bank)	Facility of US$ 1,000.0 million through agreement dated October 13, 2009.	Repayment in 49 semi annual installments starting from January 15, 2015	23,546.4	The interest payable by our Company to IBRD for each Interest Period[6] will be at a rate equal to LIBOR for the loan currency plus the Variable Spread[7] which is currently 0.47%	Created *pari passu* charge over the mortgage of the Gujarat Property Hypothecation and *pari passu* floating charge on the assets of our Company
7.	Asian Development Bank	Facility of US$ 275.0 million through agreement dated July 18, 1996	Repayment in 32 semi-annual installments starting from June 1, 2000	2,470.2	Rate of interest is as per ordinary operations loan regulations of ADB, presently 4.95%	Created *pari passu* floating charge by way of (i) hypothecation of movable properties pertaining to certain transmission lines and sub-stations, (ii) hypothecation and floating charge over the fixed assets pertaining to certain transmission lines and sub-stations, and (iii)

[3] 'Variable Spread' is defined under the *General Conditions for Loans*, International Bank for Reconstruction and Development, dated July 1, 2005, to be, for each interest period: (1) the bank's standard variable spread for loans in effect at 12:01 a.m. Washington D.C. time, one calendar day prior to the date of the loan agreement; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) LIBOR, or other reference rates, for six month deposits, in respect of the bank's outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread, as reasonably determined by the bank and expressed as a percentage per annum.

[4] See footnote no. 2.

[5] See footnote no. 3.

[6] See footnote no. 2.

[7] See footnote no. 3.

S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Security
						hypothecation and charge on goods and assets Further, created *pari passu* charge over the mortgage of the Gujarat Property
8.	Asian Development Bank	Facility of US$ 250.0 million (comprising a pool-based loan and a LIBOR-based loan) through agreement dated December 4, 2000 and restated agreement dated July 17, 2002	Repayment in 30 semi-annual installments starting from June 15, 2006	10,803.2	Rate of interest is as per ordinary operations loan regulations of ADB, presently 4.95% (pool based) and 0.62476% (LIBOR based)	Created *pari passu* floating charge by way of (i) hypothecation of movable properties pertaining to certain transmission lines and sub-stations, (ii) hypothecation and floating charge over the fixed assets pertaining to certain transmission lines and sub-stations, and (iii) hypothecation and charge on goods and assets Further, created *pari passu* charge over the mortgage of the Gujarat Property
9.	Asian Development Bank	Facility of US$ 400.0 million through agreement dated November 3, 2005	Repayment in 30 semi-annual installments starting from January 15, 2010	21,889.8	LIBOR + 0.6 %, presently 0.634%	Created *pari passu* floating charge by way of (i) hypothecation of movable properties pertaining to certain transmission lines and sub-stations, (ii) hypothecation and floating charge over the fixed assets pertaining to certain transmission lines and sub-stations, and (iii) hypothecation and charge on goods and assets Further, created *pari passu* charge over the mortgage of the Gujarat Property
10.	Asian Development Bank	Facility of US$ 400.0 million through agreement dated March 28, 2008	Repayment in 40 semi-annual installments commencing on May 15, 2013	21,658.4	LIBOR plus 0.60% less credit of 0.40% on the outstanding amount, presently 0.4364%	Created *pari passu* floating charge by way of (i) hypothecation of movable properties pertaining to certain transmission lines and sub-stations, and (ii)

S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Security
						hypothecation and floating charge over the assets Further, created *pari passu* charge over the mortgage of the Gujarat Property
11.	Asian Development Bank	Facility of US$ 124.0 million through agreement dated March 27, 2009, read together with letter from the Asian Development Bank dated April 1, 2011	Repayment in 40 semi-annual installments starting from August 1, 2014	6,061.4	LIBOR plus 0.60% less credit of 0.40% on the outstanding amount, presently 0.427%	Created *pari passu* floating charge by way of (i) hypothecation of movable properties pertaining to certain transmission lines and sub-stations, and (ii) hypothecation and floating charge over the assets Further, created *pari passu* charge over the mortgage of the Gujarat Property
12.	Asian Development Bank	Facility of US$ 250.0 million through agreement dated March 30, 2012	Repayment in 22 equal half yearly installments starting from August 1, 2016	2,384.5	LIBOR + 2.35% *per annum*, presently being 2.747%	Provide and maintain security interest in favour of the lender equivalent to 110% of the commitment by way of a floating charge on all existing and future fixed and movable assets of the Company, in each case ranking *pari passu* with other secured creditors and granted pursuant to documentation satisfactory to the lender
13.	Asian Development Bank	Multi-tranche foreign exchange loan of US$ 76.0 million through a loan agreement dated March 30, 2012	Repayment in 40 unequal semi-annual installments starting from June 1, 2017	1,918.7	Six months LIBOR plus lending spread 0.40% minus rebate 0.19%, presently being 0.62626%	Yet to be secured
14.	Asian Development Bank	Multi-tranche foreign exchange loan of US$ 500.0 million through a loan agreement dated March 30, 2012	Repayment in 40 unequal semi-annual installments starting from February 1, 2017	4,060.1	Six months LIBOR plus lending spread 0.40% minus rebate 0.17%, presently being 0.627%	Yet to be secured
15.	Bank of India, Cayman Islands	Facility of US$ 100.0 million	Repayment in 38 equal	3,168.5	LIBOR + 1.60%,	Created floating charge on immovable

S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Security
		through agreement dated May 28, 1999	consecutive half-yearly installments starting from June 10, 2004		presently 2.00689% (on weighted average basis of six different tranches under which the loan has been drawn)	properties of our Company
16.	ICF Debt Pool LLP	Facility of US$ 50.0 million through agreement dated July 24, 2012 (read with the Common Terms Agreement dated July 24, 2012 entered into between the Company, ICF Debt Pool LLP, International Finance Corporation and International Finance Corporation as administrative agent)	Repayment in 20 equal half yearly installments starting from September 15, 2017	3,168.5	LIBOR + 2.90% *per annum*, presently being 3.285%	Created *pari passu* floating charge over the whole of the assets of the Company except investments, land, buildings, roads and bridges, water supply, drainage and sewerage and current assets; and includes all assets both present and future, which are lying or stored in or about or shall from time to time during the continuance of such presents be brought into or upon or be stored or be in or about the Company's premises including its godowns of the transmission lines and sub-stations or wherever else the same may be or be held by any party to the order of the Company or in the course of transit or delivery in the possession of the Company and either by way of substitution or addition Further, created *pari passu* charge over the mortgage of the Gujarat Property
17.	International Finance Corporation	Facility of (a) US$ 100.0 million (Loan A), and (b) US$ 120.0 million (Loan B), through agreement dated July 24, 2012 (read with the Common Terms Agreement	Repayment of Loan A shall be made in 20 equal half-yearly installments starting from September 15, 2017.	13,941.4	For Loan A, LIBOR + 2.90% *per annum*, presently being 3.285%. For Loan B, LIBOR + 2.05% *per*	Created *pari passu* floating charge over the whole of the assets of the Company except investments, land, buildings, roads and bridges, water supply, drainage and

S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)	Security
		dated July 24, 2012 entered into between the Company, ICF Debt Pool LLP, International Finance Corporation and International Finance Corporation as administrative agent)	Repayment of Loan B shall be made in 4 equal half-yearly installments starting from September 15, 2015		*annum*, presently being 2.435%	sewerage and current assets; and includes all assets both present and future, which are lying or stored in or about or shall from time to time during the continuance of such presents be brought into or upon or be stored or be in or about the Company's premises including its godowns of the transmission lines and sub-stations or wherever else the same may be or be held by any party to the order of the Company or in the course of transit or delivery in the possession of the Company and either by way of substitution or addition Further, created *pari passu* charge over the mortgage of the Gujarat Property
18.	Nordic Investment Bank	Term loan facility of SEK (Swedish Kroner) 607.0 million and Euro 8.6 million, through agreement dated December 19, 2011	Repayment in 10 equal consecutive half-yearly installments starting from August 31, 2016	6,740.3	Six months STIBOR + margin of 2.50%, presently being 3.817% for the SEK facility, and six months EURIBOR + margin of 2.10%, , presently being 2.444%	Created floating charge on the Company's assets ranking *pari passu* with its other secured lenders and at all times providing a security cover of at least 1.10 times of the amount of loan

Some of the salient features of the financing arrangements described above are as follows:

(i) The lender, on the happening of certain events, may suspend the right of our Company to make withdrawals or declare the principal of the loan then outstanding to be due and payable immediately together with interest thereon as well as commitment charges. These include, amongst others, the following circumstances:

(a) A change made in the Memorandum and Articles of Association, without the consent of the lender, which would materially and adversely affect the financial conditions or operations of our Company or its ability to perform any of its obligations under the agreement; and

(b) A subsidiary or any other entity will have been created or acquired or taken over by the borrower, if such creation, acquisition or taking over would materially and adversely affect the conduct of its business or its financial condition or the efficiency of its management and personnel or the carrying out of the project.

(ii) We will be in default of the loan agreement, if the member in whose territory the project is to be executed has been suspended from membership, or has ceased to be a member of the lender.

(iii) We are required to deliver such further instruments as may reasonably be requested for perfecting or maintaining the security in full force and effect, and create additional security, if necessary. Additionally, as per the terms of certain loan agreements, floating charges created in favour of the lender will crystallize into a fixed charge on the occurrence of any event of default.

(iv) We will be in default of the loan agreement, if our Company or the GoI fails to perform their obligations under any of the loan agreements entered into by our Company with the lender.

(v) Our Company is required to promptly inform the lender in advance of any proposed changes in ownership or control of our Company or its assets or any transaction or arrangement likely to have such effect.

(vi) Our Company is required to maintain a corporate debt to equity ratio of not more than 3:1.

(vii) There are certain restrictions with respect to the composition of our Board, including the number of Directors appointed by the GoI and non-government appointments on our Board.

(viii) Our Company is required to maintain a self-financing ratio of 20% or more of the annual average of our Company’s capital expenditure incurred during the previous, current and following fiscal.

(ix) In the event our Company creates a lien on any of its assets as security for any debt, our Company is obligated to include an express covenant to the effect that such lien will *ipso facto* equally and rateably secure the payment of the principal, interest and other charges of the loan. Our Company is further obligated to grant to the lender proportionate lien if any statutory lien is created on any assets of our Company.

(x) Except as the lender may otherwise agree, our Company will not incur any debt unless the net revenues of our Company for the fiscal year immediately preceding the date when it is proposed to incur the debt or for a later 12 month period prior to incurrence of the debt, whichever is greater, is at least 1.2 times the maximum debt service requirement of our Company for any succeeding fiscal year on all debt of our Company, including the debt to be incurred.

(xi) Ensure that its free cash flows, (i) in the case of the current financial year, is no less than 1.2 times the debt service requirements of our Company for the same period on all long term debt, and (ii) in the case of the previous financial year, the current financial year and the next financial year, on average is no less than 1.3 times the debt service requirements of our Company for the current financial year on all long term debt.

(xii) Our Company shall not, and none of the material subsidiaries shall, enter into any single transaction or a series of transactions to sell, lease, transfer or otherwise dispose of any asset, subject to the terms of the loan agreements.

(xiii) Our Company shall not, without the prior approval of the lender, enter into any amalgamation, merger or corporate reconstruction, subject to the terms of the loan agreements.

(xiv) Our Company shall not, and none of the material subsidiaries shall, acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in them), or incorporate a company, subject to the terms of the loan agreements.

(xv) Our Company shall not, and none of the material subsidiaries shall, enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any joint venture, or transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a joint venture or maintain the solvency of or provide working capital to any joint venture (or agree to do any of the foregoing), subject to the terms of the loan agreements.

(xvi) Our Company shall procure that no substantial change is made to the general nature of the business of our Company or any of its material subsidiaries from that carried out currently, subject to the terms of the loan agreements.

(xvii) If our Company is in default under any other financial indebtedness (loan or bond), existing or in the future, or if any such indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of default by our Company, and which default is not remedied within the period specified in relation to such indebtedness, it will amount to an event of default under the loan agreements.

(xviii) The lender may suspend, in whole or in part, the right of our Company to make withdrawals for the loans in certain events, including: (i) payment failure, (ii) performance failure, (iii) fraud and corruption, (iv) cross-suspension, (v) extraordinary situation, (vi) event prior to effectiveness, (vii) misrepresentation, (viii) co-financing with respect to the project, (ix) assignment of obligations or disposition of assets, (x) suspension of membership of India from the International Monetary Fund, (xi) ineligibility, and (xii) additional adverse events.

(xix) The lender may cancel, in whole or in part, the right of our Company to make withdrawals for the remaining loans in certain events, including: (i) suspension, (ii) undrawn amounts not required by our Company, (iii) fraud and corruption, (iv) mis-procurement, (v) un-withdrawn loan balance after the relevant closing date, and (vi) cancellation of guarantee.

(xx) The lender may accelerate the repayment of the loans availed of in certain events, including: (i) payment in default, (ii) performance default, (iii) co-financing with respect to the project, (iv) assignment of obligations or disposition of assets, and (iv) additional adverse events.

(xxi) The GoI has given a guarantee under the terms of certain guarantee agreements between the GoI (including GoI acting through the President of India), our Company and the lender, by which the GoI has given an unconditional guarantee, as primary obligor and not merely as a surety, towards the due and punctual payment of all loan payments payable by our Company pursuant to the loan agreement, and the punctual performance of all other obligations of our Company provided in the loan agreement.

D. Unsecured Foreign Currency Borrowings

The total outstanding amount with respect to our foreign currency unsecured borrowings is ₹ 43,969.8 million, including foreign currency bonds of ₹ 31,685.0 million as of September 30, 2013. The details of these facilities are set forth below.

(In ₹ million)

S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)
1.	The Overseas Economic Cooperation Fund (now known as Japan International Cooperation Agency)	Facility of Japanese Yen 8,497.0 million through agreement dated February 25, 1997	Repayment in 41 semi-annual installments beginning February 20, 2007	1,593.3	2.30% *per annum* on the principal disbursed and outstanding

S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2013)	Interest Rate (as on September 30, 2013)
2.	Credit National (now known as Natixis) acting on behalf of the French Government	Facility of Euros 26.3 million through agreement dated March 11, 1994	Semi-annual installments for each tranche starting September 30, 2004	1,247.2	2.00% *per annum* on the disbursed and not yet repaid amounts
3.	European Investment Bank	Facility of Euros 55.0 million through agreement dated December 17, 1993	Repayment in 26 semi-annual installments commencing on June 15, 2001	133.9	6.23%, 6.00%, 5.99%, 5.36%, 5.39% and 5.13%, on a *per annum* basis, for the six tranches in which the loan was withdrawn by the Company
4.	Skandinaviska Enskilda Banken	Facility of SEK 345.0 million through an agreement dated September 25, 2002	24 semi-annual consecutive installments commencing from September 25, 2005	916.0	1.313% *per annum*
5.	AB Svensk Exportkredit (as original lender) and certain mandated lead managers (Credit Agricole CIB), Fortis Bank SA/NV trading as BNP Paribas, Nordea Bank AB, Skandinaviska Enskilda Banken AB, Societe Generale, Svenska Handelsbanken AB and AB Svensk Exportkredit) and Skandinaviska Enskilda Banken AB (as facility agent) This loan agreement has been entered into in relation to financing pursuant to the supply contract entered into with ABB AB	Term loan facility for an amount of SEK (Swedish Kroner) 3,894,502,580 and Euro 55,012,000 through an agreement dated December 21, 2011	Repayment of Tranche 1 shall be in 24 half-yearly installments commencing from the earlier of (a) the date falling six months after (and including) the Bipole 1 commissioning date, (b) December 15, 2015, and (c) the date falling 48 months after the commencement date, as per the terms of the loan agreement. Repayment of Tranche 2 shall be in 24 half-yearly installments from the earlier of (a) the date falling six months after (and including) the Bipole 2 commissioning date, (b) December 15, 2016, and (c) the date falling 60 months after the commencement date, as per the terms of the loan agreement	8,394.4	Six months STIBOR plus margin of 0.95%, presently being 2.214% for the SEK facility, and six months EURIBOR plus margin of 0.90%, presently being 1.145% for the Euro facility

Some of the salient features of the financing arrangements described above are as follows:

(i) No further utilization of the loan might be required from the lender, and, further, that all sums regarding the loan due by our Company will be immediately payable at the first request made by the lender in the event of interruption, cancellation, partial or total termination of certain specified contract for supply of goods as envisaged in the loan agreement for any reason whatsoever.

(ii) Prepayment subject to certain conditions and payment of compensation.

(iii) GoI is required to hold at least 51% of the issued and paid-up capital of our Company at all times.

(iv) Our Company shall not, except as provided under the terms of the loan agreements, (i) enter into any amalgamation, demerger, merger or corporate reconstruction, (ii) make any substantial change to the general nature of business of our Company, (iii) make material changes to its constitutional documents or in any other way make any amendments to its corporate status including, but not limited to, changing its jurisdiction of incorporation or existence, or (iv) make any acquisition or investment.

(v) Our Company shall at all times maintain a debt to equity ratio not exceeding 80:20.

(vi) The proceeds of the loan are required to be used exclusively in accordance with the description of the 'use of proceeds' identified in the respective loan agreements.

(vii) Our Company shall maintain a self-financing ratio of 20% or more and maintain its account receivables at a level not exceeding an amount equivalent to the proceeds of its transmission services for the two preceding months for which payment has become due.

(viii) Our Company will be in default of the loan agreement, if (i) any financial indebtedness of our Company is not paid when due nor within any originally applicable grace period, (ii) any financial indebtedness of our Company declared to be or otherwise becomes due and payable prior to its specified maturity as a result of default by our Company, (iii) any commitment for any financial indebtedness of our Company is cancelled or suspended by a creditor of our Company as a result of an event of default, or (iv) any creditor of our Company becomes entitled to declare any financial indebtedness of our Company due and payable prior to its specified maturity as a result of default by our Company.

(ix) Our Company is obligated to ensure at all times that obligations hereunder constitute our obligations ranking at least *pari passu* with all other unsecured obligations, present or future, of our Company, except for those which are mandatorily preferred by the laws of India.

Further, on January 10, 2013, our Company issued notes bearing interest of 3.875% and worth US$ 500 million, which are due for redemption in 2023. The proceeds will be utilized by our Company to finance capital expenditure of our ongoing and/or new projects. The notes constitute direct, unconditional and unsecured obligations of our Company and rank *pari passu* with all other outstanding unsecured unsubordinated obligations of our Company, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The notes are listed on the Singapore Exchange Securities Trading Limited and have been assigned a rating of 'BBB-' by both Standard & Poor's and Fitch Ratings. The notes are governed by, and construed in accordance with, English law. The total outstanding amount with respect to our notes issuance is ₹ 31,685 million as of September 30, 2013.

E. Secured Bonds

Our Company from time to time issues secured bonds on a private placement basis. The total amount outstanding in relation to bonds issued by our Company as on September 30, 2013 is ₹ 486,249.2 million. The bonds are listed on the Wholesale Debt Market of the NSE and have received a credit rating of 'AAA/Stable' grade by CRISIL, 'LAAA' or 'AAA' by ICRA and 'AAA' by CARE. As on September 30, 2013, bonds worth ₹ 62,126.0 million have been redeemed. The details of the outstanding bonds issued by our Company are set forth below:

(In ₹ million)

S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2013)	Security
1.	10.35% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 200.00 million allotted on April 27, 2000	Redeemable in 10 equal installments commencing from April 27, 2005	20.0	Created floating charge over the fixed assets of our Company
2.	10.90% (taxable) non-cumulative, non-convertible, secured,	Redeemable in 12 equal annual installments	1,269.2	Mortgage of the Gujarat Property Created *pari passu* charge by hypothecation

S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2013)	Security
	redeemable bonds in the nature of debentures of ₹ 7,615.20 million allotted on June 21, 2001	commencing from June 21, 2004		of assets pertaining to transmission lines and sub-stations associated within CTP – I, Farakka and Chamera-Moga transmission systems
3.	9.80% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 5,430.00 million allotted on December 7, 2001	Redeemable in 12 equal annual installments commencing from December 7, 2005	1,810.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created *pari passu* charge by hypothecation of assets pertaining to transmission lines and sub-stations associated within Anta Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahabad, Loop In Loop Out (“**LILO**”) of Singrauli, Kanpur and Allahabad Sub-station
4.	9.70% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 1,845.00 million allotted on March 28, 2002	Redeemable in 12 equal annual installments commencing from March 28, 2006	615.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created *pari passu* charge by hypothecation of assets pertaining to transmission lines and sub-stations associated within Kayamkulam and Ramagundam Hyderabad transmission systems
5.	8.63% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 8,100.00 million allotted on July 31, 2002	Redeemable in 12 equal annual installments commencing from July 31, 2006	2,700.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created *pari passu* charge by hypothecation of assets pertaining to transmission lines and sub-stations associated within Kishenpur-Moga and Dulhasti contingency transmission system
6.	6.10% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 6,990.00 million allotted on July 17, 2003	Redeemable in 12 equal annual installments commencing from July 17, 2004	1,165.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
7.	6.68% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 9,000.00 million allotted on February 23, 2004	Redeemable in 12 equal annual installments commencing from February 23, 2008	4,500.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
8.	7.10% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 7,500.00 million allotted on February 18, 2005	Redeemable in 10 equal annual installments commencing from February 18, 2009	3,750.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
9.	7.39% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 10,000.00 million allotted on September 22, 2005	Redeemable in 10 equal annual installments commencing from September 22, 2009	5,000.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
10.	8.15% (taxable) non-cumulative, non-convertible, secured,	Redeemable in 12 equal annual installments	6,660.0	Created *pari passu* charge over the mortgage of the Gujarat Property

S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2013)	Security
	redeemable bonds in the nature of debentures of ₹ 9,990.00 million allotted on March 9, 2006	commencing from March 9, 2010		Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
11.	9.25% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 4,950.00 million allotted on July 24, 2006	Redeemable in 12 equal annual installments commencing from July 24, 2010	3,300.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
12.	8.93% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 15,000.00 million allotted on September 7, 2006	Redeemable in 12 equal annual installments commencing from September 7, 2010	10,000.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
13.	8.73% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 5,100.00 million allotted on October 11, 2006	Redeemable in 12 equal annual installments commencing from October 11, 2010	3,825.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
14.	8.68% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 6,900.00 million allotted on December 7, 2006	Redeemable in 12 equal annual installments commencing from December 7, 2010	5,175.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
15.	9.25% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 3,075.00 million allotted on February 9, 2007	Redeemable in 12 equal annual installments commencing from February 9, 2011	2,306.2	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
16.	9.95% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 7,995.00 million allotted on March 26, 2007	Redeemable in 12 equal annual installments commencing from March 26, 2011	5,996.3	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
17.	10.10% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 10,650.00 million allotted on June 12, 2007	Redeemable in 12 equal annual installments commencing from June 12, 2011	7,987.5	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
18.	9.30% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 9,990.00 million allotted on March 7, 2008	Redeemable at par in 12 equal annual installments commencing from March 7, 2012	8,325.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount

S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2013)	Security
19.	9.47% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 7,050.00 million allotted on March 31, 2008	Redeemable at par in 12 equal annual installments commencing from March 31, 2012	5,875.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
20.	9.33% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 24,000.00 million allotted on December 15, 2008	Redeemable at par in 12 equal annual installments commencing from December 15, 2012	22,000.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
21.	9.20% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 12,975.00 million allotted on March 12, 2009	Redeemable at par in 12 equal annual installments commencing from March 12, 2013	11,893.8	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
22.	8.80% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 23,325.00 million allotted on September 29, 2009	Redeemable at par in 12 equal annual installments commencing from September 29, 2013	21,381.2	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
23.	8.90% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 20,475.00 million allotted on February 25, 2010	Redeemable at par in 12 equal annual installments commencing from February 25, 2014	20,475.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
24.	8.84% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 10,350.00 million allotted on March 29, 2010	Redeemable at par in 12 equal annual installments commencing from March 29, 2014	10,350.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
25.	8.64% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 28,800.00 million allotted on July 8, 2010	Redeemable at par in 12 equal annual installments commencing from July 8, 2014	28,800.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
26.	8.84% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 34,875.00 million allotted on October 21, 2010	Redeemable in 12 equal annual installments commencing from October 21, 2014	34,875.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
27.	9.64% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹	Redeemable in 12 equal annual installments commencing from May 31, 2015	19,575.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the

S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2013)	Security
	19,575.00 million allotted on May 31, 2011			outstanding amount
28.	9.35% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 30,900.00 million allotted on August 29, 2011	Redeemable in 15 equal annual installments commencing from August 29, 2016	30,900.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
29.	9.25% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 19,950.00 million allotted on December 26, 2011	Redeemable in 12 equal annual installments commencing from December 26, 2015	19,950.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
30.	9.25% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 8,550.00 million allotted on March 9, 2012	Redeemable on March 9, 2027	8,550.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
31.	9.40% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 18,000.00 million allotted on March 29, 2012	Redeemable on March 29, 2027	18,000.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
32.	9.30% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 39,975.00 million allotted on June 28, 2012	Redeemable in 12 equal annual installments commencing from June 28, 2016	39,975.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
33.	8.85% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 28,425.00 million allotted on October 19, 2012	Redeemable in 12 equal annual installments commencing from October 19, 2016	28,425.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
34.	8.80% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 19,900.00 million allotted on March 13, 2013	Redeemable on March 13, 2023	19,900.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
35.	7.93% (taxable) non-cumulative, non-convertible, secured, redeemable bonds in the nature of debentures of ₹ 31,260.00 million allotted on May 20, 2013	Redeemable in 12 equal annual installments commencing from May 20, 2017	31,260.0	Created *pari passu* charge over the mortgage of the Gujarat Property Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
36.	8.70% (taxable) non-cumulative, non-convertible, secured,	Redeemable in three equal installments on July 15, 2018, July	39,660.0	Created *pari passu* charge over the mortgage of the Gujarat Property

S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2013)	Security
	redeemable bonds in the nature of debentures of ₹ 39,660.00 million allotted on July 15, 2013	15, 2023 and July 15, 2028		Created floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount

Some of the salient terms for the issuance of the bonds described above provide for the following:

(i) Any indebtedness of our Company through issuance of bonds will become due and payable forthwith, prior to the stated maturity period of such bonds by reason of default of the terms of such issuance or any such indebtedness is not paid at their stated maturity.

(ii) We are required to obtain prior approval of the appointed trustee before (a) pulling down or removing any building or structure (except temporary) on the mortgaged property, (b) declaring any dividend unless it has paid or made provision for the installment of principal and interest payable on the bonds for that financial year and (c) selling or disposing of the mortgaged premises or create any charge or encumbrance on such premises.

(iii) With respect to certain bond issues, we will be in default of the trustee agreement if our Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or if our Company is dissolved.

(iv) We will be in default with respect to certain bond issues if we fail to keep the secured properties insured. However, our Company has a policy of creating a special reserve for insuring the said assets as per the self insurance scheme of our Company and the insurance of assets is accordingly taken care of.

(v) We are required to intimate the debenture trustees of the commencement of any proceedings directly affecting the mortgaged asset.

(vi) In certain bond issuances, the debenture trustees have the right to appoint nominee director on our Board in the event of two consecutive defaults in payments of interest to bond holders, such directors not being liable to retire by rotation.

(vii) The bond holders do not have similar rights available to equity shareholders.

(viii) The debenture trustee may with the consent of the bond holders (representing not less than three-fourths in value of nominal amounts outstanding or by resolution) raise or borrow money on security of the mortgaged assets.

(ix) If our Company has defaulted, we are required to obtain prior approval of the appointed trustee (which approval will not be unreasonably withheld) in order to, among others:

(a) Undertake any new project or expansion of any existing project;

(b) Effect any scheme of amalgamation, merger or reconstruction during the period that the bonds or any part thereof remain outstanding;

(c) Issue any equity or preference capital or change our capital structure; and

(d) Declare or pay any dividend to any of our shareholders during any financial year.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Equity Shares are listed on the Stock Exchanges with effect from October 5, 2007 with ISIN NE752E01010. As our Equity Shares are actively traded on the Stock Exchanges, our Company's stock market data have been given separately for BSE (BSE Code: 532898) and NSE (NSE Code: POWERGRID). There is no change in capital structure since the date of listing of shares of our company i.e. October 5, 2007, except 420,884,123 Equity shares allotted to public shareholders on November 23, 2010, pursuant to a further public offer.

The high and low prices recorded on the Stock Exchanges for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

BSE

Year ending March 31	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Average price for the period / year (₹)#
2011* (Apr 1,2010 – Nov 24, 2010)	120.2	June 16, 2010	112,162	95	May 26, 2010	216,859	104.37
2011* (Nov 25, 2010 – Mar 31, 2011)	104.3	February 28, 2011	5,427,868	91.8	November 30, 2010	7,240,607	97.68
2012	115	February 24, 2012	598,365	93.6	September 12, 2011	486,788	103.02
2013	124.45	September 5, 2012	195,598	100.1	May 15, 2012	118,629	113.22

Source: www.bseindia.com
 # Average computed based on the number of trading days during the period / year.
** 420,884,123 Equity Shares allotted pursuant to further public offering, commenced trading on November 25, 2010.*

NSE

Year ending March 31	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Average price for the period / year (₹)#
2011* (Apr 1,2010 – Nov 24, 2010)	120.5	April 28, 2010	5,059,017	96	November 24, 2010	16,591,273	104.45
2011* (Nov 25, 2010 – Mar 31, 2011)	104.4	February 28, 2011	72,110,146	91.8	November 30, 2010	31,713,780	97.76
2012	115.2	February 24, 2012	6,163,879	93.5	September 12, 2011	2,965,104	103.10
2013	124.7	September 4, 2012	4,841,665	95.2	October 5, 2012	6,516,528	113.27

Source: www.nseindia.com
 # Average computed based on the number of trading days during the period / year.
** 420,884,123 Equity Shares allotted pursuant to further public offering, commenced trading on November 25th, 2010.*

The details relating to the high and low prices recorded on the Stock Exchanges for the six months preceding the date of filing of this Red Herring Prospectus, the volume of Equity Shares traded on the days the high and low prices were recorded, average price of our Equity Shares during each such month, the volume of Equity Shares traded during each month and the average number of Equity Shares traded during such trading days, are stated below:

BSE

Month	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (₹)#	Volume (no. of shares)	No. of Trading Days	Average no. of shares traded during trading days
May 2013	116.7	May 17, 2013	179,417	108.2	May 24, 2013	93,824	112.96	5,028,188	23	218,617
June 2013	114.95	June 11, 2013	76,127	102.1	June 25, 2013	2,405,776	108.40	3,935,687	20	196,784
July 2013	113	July 19, 2013	89,097	99.05	July 31, 2013	1,157,150	109.00	3,834,355	23	166,711
August 2013	103.85	August 1, 2013	222,365	86.7	August 2, 2013	1,729,986	96.22	14,253,843	20	712,692
September 2013	104	September 16, 2013	266,449	94.3	September 3, 2013	202,145	99.42	2,990,838	20	149,542
October 2013	103.6	October 22, 2013	248,548	96.7	October 7, 2013	125,385	99.38	3,265,876	21	155,518

Source: www.bseindia.com

 # Average computed based on the number of trading days during the year

NSE

Month	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (₹)#	Volume (no. of shares)	No. of Trading Days	Average no. of shares traded during trading days
May 2013	116.9	May 17, 2013	2,376,999	108.1	May 24, 2013	2,416,205	112.99	58,519,751	23	2,544,337
June 2013	113.85	June 4, 2013	3,565,942	102.05	June 25, 2013	3,299,092	108.52	59,508,209	20	2,975,410
July 2013	113.3	July 1, 2013	2,745,225	98.25	July 31, 2013	3,403,207	109.12	58,010,567	23	2,522,199
August 2013	103.95	August 1, 2013	2,502,195	86.55	August 2, 2013	1,744,5798	96.28	139,058,065	20	6,952,903
September 2013	104.15	September 19, 2013	5,739,560	94.15	September 3, 2013	2,743,347	99.39	85,491,712	20	4,274,586
October 2013	103.6	October 22, 2013	5,193,454	96.55	October 7, 2013	2,049,699	99.42	78,130,748	21	3,720,512

Source: www.nseindia.com

 # Average computed based on the number of trading days during the year

The closing price was ₹ 91.05 on BSE on August 2, 2013, the trading day immediately following the day on which Board of Directors of our company approved the Offer, subject to the approval of GoI.

The closing price was ₹ 91.35 on NSE on August 2, 2013, the trading day immediately following the day on which Board of Directors of our company approved the Offer, subject to the approval of GoI.

The closing price was ₹ 95.75 on BSE on November 13, 2013, the trading day immediately following the day on which GoI approved the Offer.

The closing price was ₹ 96.00 on NSE on November 13, 2013, the trading day immediately following the day on which the GoI approved the Offer.

The details relating to the weekly high, low and closing prices recorded on the Stock Exchanges during the immediate previous four weeks is as under:

BSE

Week Ending	Closing (₹)	High (₹)	Date of High	Low (₹)	Date of Low
October 18, 2013	99.55	100	October 18, 2013	97	October 17, 2013
October 25, 2013	100.05	103.6	October 22, 2013	98.3	October 25, 2013
November 1, 2013	97.95	102.1	October 31, 2013	97.6	November 1, 2013
November 8, 2013	95.95	98.10	November 5, 2013	93.70	November 8, 2013

Source: www.bseindia.com

NSE

Week Ending	Closing (₹)	High (₹)	Date of High	Low (₹)	Date of Low
October 18, 2013	99.5	100.15	October 15, 2013	97.05	October 18, 2013
October 25, 2013	100.2	103.6	October 22, 2013	98.2	October 24, 2013
November 1, 2013	97.9	102.5	October 31, 2013	97.6	November 1, 2013
November 8, 2013	96.05	98.05	November 5, 2013	93.65	November 8, 2013

Source: www.nseindia.com

** In the event the high and low price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.*

SECTION VI – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Due to the nature of our business, we are involved in a large number of legal proceedings of varied nature including, among others, criminal proceedings, land disputes, consumer disputes, proceedings under environmental laws, regulatory, tax and civil proceedings. We are also involved in arbitration proceedings.

The following is a summary of material legal proceedings as of the date of the Red Herring Prospectus that we are currently involved in. For the purpose of this section and based on legal understanding of the SEBI ICDR Regulations, pending legal proceedings against our Company having a potential liability of ₹ 500 million, which is 0.36% of our consolidated total revenue, as of March 31, 2013, have been considered material. In addition, we have also individually disclosed all pending criminal cases, public interest litigation, regulatory proceedings, proceedings under environment laws, contempt cases and income tax proceedings against our Company. All pending cases involving our Subsidiaries and Joint Ventures have been consolidated and disclosed in the Red Herring Prospectus, other than criminal cases which have been individually disclosed.

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, Subsidiaries or Joint Ventures and there are no defaults, non payment or overdue of statutory dues, over-dues to banks or financial institutions, rollover/re-scheduling of loans or any other liability, dues payable to holders of any debentures, bonds and fixed deposits and arrears of preference shares of our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act 1956) other than unclaimed liabilities of our Company.

Our Company or our Directors have not been declared as wilful defaulters by the RBI, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

Contingent liabilities not provided for

We have certain contingent liabilities not provided for, as disclosed in our standalone audited financial statements for fiscals 2012 and 2013 and the standalone, unaudited, reviewed financial statements for the six months ended September 30, 2013. For more information, see "***Financial Statements - Annexure XIX - Statement of Contingent Liabilities***" on page 218.

I. Litigation involving our Company

Litigation against our Company

Except as described below there are no pending litigation against our Company.

1. Criminal Cases

There are six criminal cases pending against our Company or in which our employees are involved in an official capacity. The details of these cases are set forth below.

(i) The Labour Enforcement Officer ("**LEO**") filed a criminal complaint (No. 34 of 2009) dated October 13, 2009 before the Chief Judicial Magistrate, Muzafferpur, against Mr. K.K. Agarwal, executive director, Patna and Mr. Ajit Kumar, in-charge, Powergrid Station, Muzafferpur, alleging breach of Rules 18(4), 74 and 81 (3) of the Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**") in relation to registration of contract labour and maintenance of the registers. The LEO has prayed for appropriate legal proceedings to be instituted against the accused persons along with imposition of fine. The LEO has filed a withdrawal petition (No. 437 of 2012) on October 1, 2013.

(ii) The Inspector, Private Security Guards Board, filed a criminal complaint (No. 4842 of 2007) dated October 24, 2007, under clause 42 of the Maharashtra Private Security Guards (Regulation of Employment Amendment) Scheme, 2005 ("**MPSG Scheme**"), before the Judicial Magistrate First Class, Thane, against deputy general managers Mr. S.J. Bhujade and Mr. O.H. Anand and our Company, alleging that our Company breached the MPSG Scheme by not registering with the Private Security Guards Board under the MPSG Scheme, and that our Company committed an offence under clause 131(c) of the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Rules, 1981 read with section 3 of Maharashtra Private Security Guards Act, 1981 by employing private security guards without the consent of the Board of Directors. The Inspector, Private Security Guards Board, has prayed for appropriate criminal proceedings to be instituted against the above-mentioned employees of our Company.

(iii) The LEO filed a criminal complaint (No. 13 of 2009) dated October 13, 2009, before the Chief Judicial Magistrate, Bhabua, against Mr. M.C. Sahoo, deputy general manager, Pusauli, and Mr. K.K. Agarwal, executive director, Patna, alleging breach of, among others, Rules 18 (4), 74 and 81 (1)(I) and (3) of the CLRA in relation to registration of the contract labour and maintenance of registers. The LEO has prayed for appropriate criminal proceedings to be instituted against the above-mentioned employees of our Company, with imposition of fine.

(iv) The District Labour Officer ("**DLO**"), Bhubaneswar filed a criminal case (No. 306 of 1994) before the Sub-Divisional Judicial Magistrate, Bhubaneswar, against our Company through the Deputy General Manager and others, alleging that our Company had violated Section 17 A of the Industrial Disputes Act, 1947 ("**ID Act**"), by failing to implement the Labour Court's order dated April 8, 1993, in a case (No. 69 of 1992) to reinstate one of the workman with full back wages. The DLO had further prayed that our Company be tried and punished under Section 29 of the ID Act. Our Company has complied with the Labour Court's order by reinstating the workman and paying the entire due amount.

(v) Mr. Somraj filed a First Information Report ("**FIR**") (No. 152/10) on June 11, 2010, was filed at the Chamba police station against Mr. Iqbal Mohammad, Junior Engineer and Mr. Chinalu Ram, master technician, of our Company, under Section 304 and 34 of the Indian Penal Code, 1860, as amended ("**IPC**") alleging that during the lopping of tree infringement between location 1 and 2 near village Rajera, District Chamba, on 400 KV, DC Chamera-11 transmission line (LILO portion), an accident took place on account of negligence of the accused in which one casual worker Mr. Rajinder Singh was killed.

(vi) Mr. Budhan Roy filed an FIR (No. 51 of 2011) on April 8, 2011, against Mr. Manish Kumar, who is an employee of our Company, and Mr. Purnendu Chakraborty, (contractor's employee) before the Chief Judicial Magistrate, Bankura, Sadar Court, West Bengal, alleging that due to negligence an accidental death occurred while carrying out the work pertaining to 400 KV Maithon – Mejia 'B' TPS line. A chargesheet (No. 45/2012) in this regard, was filed on May 30, 2012 under sections 337, 338 and 304 of the IPC.

2. Public Interest Litigation

There are five public interest litigation ("**PIL**s") proceedings, the details of which are set forth below. The total claim against our Company in these proceedings is not ascertainable.

(i) Mr. Debesh Das filed a writ petition (No. 4437 of 2003) dated April 29, 2003, in the High Court of Orissa at Cuttack, against NTPC, the State of Orissa, Grid Corporation of Orissa Limited, our Company and others. NTPC by notice dated May 1, 2003, clarified that it would supply only 292 MW of power to Grid Corporation of Orissa Limited out of its allocation of 630 MW for three months due to the non-payment of dues. Mr. Das claimed that due to this regulation of NTPC, there would occur at least eight to 10 hours of power cut in the state of Orissa during summer and that the decision to regulate power supply to Odisha was arbitrary and in violation of Article 14 of the Constitution of India and that the statutory rights of a bona fide electricity consumer of the state of Odisha would suffer. Further Mr. Das claimed that the accused must show cause as to why the decision by NTPC is not illegal and inoperative.

(ii) Mr. Anil Kumar Shrivastava filed a writ petition (No. 602 of 2008) in the High Court of Chhattisgarh against the Government of Chhattisgarh, the Chhattisgarh Pollution Control Board, South Eastern Coalfield Limited, GoI, our Company and others. Mr. Kumar alleged that the thermal power plant of Jindal Steel and Power Limited was disposing of hazardous wastes such as fly ash in open places and causing ecological degradation and that the accused, including our Company, acted in violation of the Hazardous Waste Management and Handling Amendment Rules, 2003, and the EPA.

(iii) The Western Ghats Environment Forum filed a writ petition (No. 9333 of 2009) before the High Court of Karnataka at Bangalore against the GoI, State of Karnataka, Karnataka Power Corporation, Swarna Energy Limited, our Company and others. The Western Ghats Environment Forum alleged that power projects in the Western Ghats in North Kanara district of Karnataka are endangering the fragile eco-system and bio-diversity of the region and contrary to the National Forest Policy, 1988 and prayed, among other things, that our Company be restrained from drawing transmission lines across the Western Ghats in the northern Kanara district in the future. The High Court of Karnataka, passed an interim order dated April 18, 2011, restraining our Company and others from commencing construction of any new power projects in the Western Ghats in Karnataka.

(iv) Cauvery Sene, the Coorg Wild Life Society and various gram panchayats filed a writ petition (No. 23456 of 2013) before the High Court of Karnataka at Bangalore against the State of Karnataka, Forests, Environment and Ecology Department, Government of Karnataka, MoEF, Tiger Conservation Authority, our Company and others. The petitioners alleged that the construction of 400 KV Kaiga High Tension Power Line ("**HTPL**") between Mysore and Kozikhode by our Company is detrimental to Kodagu's ecology because of loss of over 15,000 naturally growing trees and the alignment of the HTPL being through tiger and elephant reserves. The petitioners prayed, among other things, for an appropriate writ directing the respondents to re-align the HTPL and undertake underground cabling and for an interim order directing the respondents to maintain status quo and not to fell any trees until final disposal of this writ petition.

(v) Samma Siddiq Usman and others have filed a writ petition (No. 15 of 2011 (PIL)) dated January 2, 2011 in the High Court of Gujarat at Ahmedabad against the GoI, Government of Gujarat, the district collector, Kutch and our Company alleging that on account of laying down three double circuit transmission lines to transmit power from the 4000 MW Mundra Ultra Mega Power Project the Company has resorted to bunding and complete blockage of the Surajbari creek, more particularly Cheravadi sub-creek thereby causing (a) complete disturbance of the natural course of Surajbari creek and the sea water which is an integral part of the Wild Ass Sanctuary declared as the 15th Biosphere Region of the India wherein any non-forest activity is completely prohibited; (b) complete stoppage of sea water of Gulf of Kutch though Surajbari creek going upto 80 kilometers into the little Rann of Kutch providing brackish water to the flamingoes which are breeding in the sanctuary; (c) complete deprivation of means of livelihood of the fisher folk. The petitioners have prayed for removal of the bunding of the Surajbari creek and Cheravadi sub-creek and have claimed compensation for deprivation of means of livelihood to the petitioners as well as to the identically situated licensed fisherman of affected villages. They have also demanded that the Company should get a CRZ clearance from the Ministry of Environment and Forest for setting up the transmission towers.

Further, we are also required to make interim applications under writ petition (No. 202 of 1995) for erection of transmission lines in areas designated as sanctuaries or national parks in the ordinary course of our business.

3. Claims/Notices from Statutory Authorities

(i) The District Collector, Jalore, by letter (No./Raj/2007/2682) dated June 4, 2007, has demanded our Company to deposit a sum of ₹ 7.6 million for the allotment of land to establish our 400/200 KV Bhinmal sub-station. Our Company filed replies dated April 22, 2010, October 26, 2010 and July 8, 2013 stating that the nature of the land allotted is agricultural baranidoyam land and therefore the demand for the sum of ₹ 7.6 million computed in terms of commercial land is arbitrary.

(ii) The Chief Municipal Officer, Kumhari Municipality, by a letter (No. 426/Rajaswa/2013) dated March 2, 2013, has demanded our Company to pay a sum of ₹ 20.6 million towards property tax under the provisions of Chhattisgarh Municipalities Act, 1961 in relation to the Raipur sub-station. Our Company has filed replies dated March 9, 2013 and August 2, 2013, and has submitted a revised lay out including new construction with a request to revise the demand as per the new layout and to adjust the compensation amount as already paid by the Company..

(iii) The Gram Sevak, Limbi Chincholi gram panchayat, district Sholapur, by a letter dated July 19, 2012, has demanded our Company to pay a sum of ₹ 4.2 million towards property tax under the provisions of the Bombay Village Panchayat Act, 1958 in relation to the 400 KV Sholapur sub-station. Our company has filed a reply dated March 26, 2013, requesting the gram panchayat to furnish clarification for the demand raised and for the relevant documents for processing the demand. Accordingly, the relevant documents have been furnished by the gram panchayat and our Company is in the process of formulating a reply.

(iv) The North Delhi Municipal Corporation, New Delhi, by a notice (No. TAX/GRP/2013/363) dated March 15, 2013, has requested our Company to file the self assessment property tax return under the unit area method from financial year 2004-2005 onwards, with respect to payment of property tax under section 123 D of the Delhi Municipality Corporation Act, 1957 and under Rule 9(1) and 14 of the Delhi Municipal Corporation (Property Tax) Bye Laws, 2004, providing therein the details of the properties of the Company within its jurisdiction.

(v) The South Delhi Municipal Corporation, New Delhi by a notice (No. Tax/GRP/HQ/2013/D-467/458) dated July 16, 2013, has under Section 123 D of the Delhi Municipal Corporation (Amendment) Act, 2003 requested our Company to produce evidence and documents to show cause as to why the assessment of property tax payable for financial year 2004-2005 to 2012-2013 under Rule 14 of the Delhi Municipal Corporation (Property Tax) Bye Laws, 2004 should not be made or revised or reopened.

4. Taxation Disputes

Income Tax Cases

There are disputes relating to income tax assessments of fiscals 2005, 2006, 2008, 2009 and 2010 where the total initial claim against our Company is approximately ₹ 1,610.29 million and the total claim against our Company in relation to income tax cases is approximately ₹ 1,614.8. These disputes primarily pertain to the issues set forth below.

(a) **Advanced Against Depreciation ("AAD")**: The Income Tax Department ("**IT Department**") held that AAD is a part of tariff and was provided in the tariff policy to help the assessee in meeting long term repayment obligations. The effect of this provision is that tariff charges are increased to augment revenue for facilitating the loan payment. On this basis, the IT Department held that AAD is a revenue receipt and not a refundable advance. Therefore, AAD does not constitute a liability that may be refunded. Hence, the receipt of the assessee cannot be reduced on account of tariff relating to AAD. Accordingly, the IT Department made additions to the income of our Company to the extent of the AAD claimed by our Company for the purpose of income tax assessment. However, our Company has paid the income tax to the IT Department and billed the same as tariff. As such there is no financial implication on our Company.

(b) **Prior Period Expenses ("PPE")**: The IT Department disallowed expenditure incurred in prior periods on the ground that as per the Companies Act 1956, the profit and loss account has to reflect the expenses incurred only in the relevant Fiscal. Accordingly, the IT Department made additions to the income of our Company to the extent of the expenditure claimed by our Company which was incurred in previous years.

(c) **Disallowance of expenditure for earning tax free income**: From Fiscals 2005 to 2010, the IT Department disallowed expenditure for earning tax free income under section 14A of the Income Tax Act, 1961 ("**I. T. Act**"). On appeal by our Company before the Commissioner of Income Tax (Appeals) ("**CIT(A)**"), New Delhi, the addition of tax liability made by the assessing officer was deleted. The IT Department has moved an appeal before the Income Tax Appellate Tribunal ("**ITAT**"), New Delhi against the order of the CIT(A), New Delhi.

The status of the disputes for various Fiscals is set forth below.

(i) Fiscal 2005

a) The IT Department, by an order dated December 28, 2007, imposed a total tax liability of ₹ 190.5 million under Section 143(3) of the I. T. Act and disallowed AAD, Prior-period expenses, post retirement medical benefit and proportionate expenses on exempt income from the book profits. Our Company filed an appeal (No. 59/CIT(A)XVII/Del/07-08) before the CIT(A) against the order. The CIT(A) by an order dated January 8, 2009, partly allowed the appeal and reduced our tax liability from ₹ 190.5 million to ₹ 169.0 million. Our Company has filed an appeal (No. 812/Del/2009) dated February 23, 2009, before the ITAT against the order dated January 8, 2009.

b) The IT Department, by an order dated February 27, 2012, imposed a penalty of ₹ 7771.85 million under Section 271(1)(c) of the I. T. Act. The IT Department corrected the penalty amount to ₹ 840.60 million by an order dated March 6, 2012, under section 154 of the I. T. Act. Our company filed an appeal (No. 435/CIT(A)XVII/Del/11-12) before the CIT(A) against the order. The CIT(A), by an order dated October 31, 2012, has allowed the appeal and nullified our liability. The IT Department has filed an appeal (No. 191/Del-2013) dated January 10, 2013, before the ITAT against the order dated October 31, 2012.

(ii) Fiscal 2006:

a) The IT Department by an order dated December 29, 2008, under Section 143(3) of the I. T. Act disallowed AAD, post-period expenses, post retirement medical benefit and proportionate expenses on exempt income from the book profits. The effect of this will be a tax liability of ₹ 267.3 million on our Company. Our Company filed an appeal (No. 120/CIT(A)XVII/Del/08-09) before the CIT(A) against the order. The CIT(A) by an order dated May 8, 2009, partly allowed the appeal and reduced our outstanding tax liability to ₹ 7.57 million from the taxable income of our Company. Our Company filed an appeal (No. 3553/Del/2009) before the ITAT against the order dated May 8, 2009.

b) The IT Department by an order dated February 23, 2012, imposed a penalty of ₹ 713.2 million under Section 271(1)(c) of the I. T. Act. Our company has filed an appeal (No. 452/CIT(A) XVII/Del//11-12 before the CIT(A) against the order. The CIT(A) by an order dated October 30, 2012 has allowed the appeal and nullified our liability. IT Department has filed an appeal (No. 189/Del-2013) dated January 10, 2013, before the ITAT against the order dated October 30, 2012.

(iii) Fiscal 2008:

The IT Department by an order dated October 18, 2010, under section 143(3) of the I. T. Act disallowed proportionate expenses on exempt income from the book profits. The effect of this will be a tax liability of ₹ 10.8 million. Our Company filed an appeal (No. 63/CIT(A)XVII/Del/10-11) before the CIT(A). The CIT(A) by an order dated September 30, 2011, dismissed the appeal. Our Company filed an appeal (No. 5577/Del/11) dated December 8, 2011, before the ITAT against the order dated September 30, 2011.

(iv) Fiscal 2009:

The IT Department by an order dated December 13, 2011, under section 143(3) of the I. T. Act disallowed proportionate expenses on exempt income from the book profits. The effect of this will be a tax liability of ₹ 9.4 million. Our Company filed an appeal (No. 356/11-12) dated January 3, 2012, before the CIT(A) against the order.

(v) Fiscal 2010:

The IT Department by an order dated January 11, 2013, under section 143(3) of the I. T. Act disallowed proportionate expenses on exempt income, disallowance under section 35D, disallowance under section 36(1)(iii), capitalization of interest, prior period expenses under the normal provisions and proportionate expenses on exempt income under book profit. The effect of this will be a tax liability of ₹ 26.5 million. Our Company filed an appeal (No. 95/12-13) on February 4, 2013, before the CIT(A).

(vi) The Power Transmission Employees and Workers' Union and others filed a writ petition in the High Court of Calcutta (No. 5642 of 2002) against the Union of India and others including our CMD, Directors and other officers for a declaration that the 22nd amendment to the Income Tax Rules, 2001 is ultra vires to section 17(2) of the I. T. Act, and praying for the issuance of a writ of mandamus directing our Company to withdraw its circular of December 21, 2001 that is analogous to the amendment regarding deduction of tax on perquisites provided by our Company. The petitioners prayed for a direction to refund the deducted sum to the employees as it is not a concession and hence not liable to tax. The High Court passed an interim order, on March 27, 2002, to keep the amount if deducted in a separate account. The Company filed an interlocutory application (CAN 7522 of 2011) in the High Court of Kolkata praying for permission to deposit the tax deducted at source on perquisites with the respective income tax authorities along with the amount of tax deducted and kept in a separate bank account as per the order dated March 27, 2002, and to refund the balance excess amount of tax on housing perquisites as per the amended provision of Finance Act, 2007, to the concerned employees. The High Court of Calcutta by its order dated February 14, 2012, approved the said prayer and disposed of the application.

(vii) The Power Transmission Employees and Workers' Union and others also filed a writ petition in the High Court of Calcutta (No. 20339 of 2007) against the Union of India and others including our CMD, Directors and other officers for a declaration that the explanation introduced by the Finance Act, 2007 under section 17(2)(ii) of the I. T. Act is ultra vires and violative of Article 14, 246(1) and 300(A) of the Constitution of India and Rule 3 of the I.T. Rules and praying for the issuance of a writ of mandamus directing our Company to not enforce and implement these provisions. Further, the High Court by its order dated May 24, 2002, directed the respondents to file an affidavit in opposition and the aforesaid order dated March 27, 2002, to continue until further orders. The High Court, by its order dated September 26, 2007, directed our Company to refund the amount kept in the separate bank account from Fiscal 2002 under the order dated March 27, 2002, in the writ petition (No. 20339 of 2007).

(viii) The Income Tax Officer (TDS), Commissioner of Income Tax, J&K (Jammu), issued an intimation under section 200A of the I.T. Act on December 2, 2011 for the assessment year 2011-12 and asked our Company to deposit a sum of ₹ 4.5 million (principal amounting to ₹ 3.8 million along with an interest of ₹ 0.7 million) towards levy of tax on perquisites. Our Company filed an appeal (No. 438 of 11-12) before the CIT(A), Jammu against the notice on the grounds that pursuant to the interim order dated March 27, 2002, of the High Court of Calcutta in respect of another matter, in writ petition (No. 5642 of 2002), our Company was to deposit the tax deducted on perquisites in a separate bank account in view of which, levy of interest amounting to ₹ 0.7 million on non deposit of TDS to income tax authorities was unwarranted. The CIT(A), Jammu, by its order dated August 17, 2012, allowed the appeal and held that in respect of the principal amount of demand, our Company should not be held in default and that the levy of interest is subject to the final orders of the High Court of Calcutta and the assessing officer would be free to take action as per law after the receipt of such final order. The Income Tax Officer, TDS Circle, Jammu filed an appeal (No. 415(Asr)/2012) against the order dated August 17, 2012, before the ITAT, Amritsar, which by its order dated December 12, 2012, upheld the order of the CIT(A), Jammu. The Commissioner of Income Tax (TDS), Chandigarh has also filed an appeal (No. 24 of 13) against the order dated August 17, 2012, before the High Court of Jammu and Kashmir at Jammu.

<u>Other Tax Cases</u>

There are 18 proceedings relating to tax and statutory charges, (exclusive of the income tax litigations described above) against our Company with an aggregate liability of approximately ₹ 795.1 million, with interest and include four proceedings relating to service tax with an aggregate liability of approximately ₹ 35.1 million, one proceeding relating to property tax with an aggregate liability of approximately ₹ 388.1 million, one proceeding relating to tax on diversion of land with an aggregate liability of approximately ₹ 20 million, one proceeding relating to non-agricultural assessment tax with an aggregate liability of approximately ₹ 0.3 million, two proceedings relating to entry tax with an aggregate liability of approximately ₹ 96.4 million, three proceedings relating to sales tax with an aggregate liability of approximately ₹ 238.5 million, two proceedings relating to motor vehicle tax with an aggregate liability of approximately ₹ 0.1 million, one proceeding relating to stamp duty with an aggregate liability of approximately ₹ 14.5 million, three proceedings relating to royalty with an aggregate liability of approximately ₹ 2.1 million.

(i) Our Company filed a writ petition (No. 1461 of 2013) against the East Delhi Municipal Corporation ("**EDMC**") and the GoI before the Delhi High Court challenging the assessment order dated February 2, 2013 whereby EDMC had imposed a property tax of approximately ₹ 388.1 million for the period from April 2004 to March 31, 2013 in respect of towers/pillars belonging to our Company on grounds that under Rule 9(1) and 14 of the Delhi Municipal Corporation (Property Tax) Bye Laws, 2004 'towers' fall within the definition of property and are hence liable to be taxed. Our Company further filed a civil miscellaneous application (No. 2961/2013) in the High Court of New Delhi, seeking a direction restraining State Bank of India from disbursing the amount of property tax, as mentioned in the assessment order to EDMC, deposited by our Company in favour of EDMC. The High Court by its order dated March 7, 2013 allowed our application and directed that EDMC be restrained from encashing the bank draft.

5. Contempt Cases

There are six contempt proceedings pending against our Company. The details of the proceedings are provided below. The total claim against our Company is not ascertainable.

(i) Mr. Gurbachan Singh filed a suit for injunction (No. 39 of 2007) in the Civil Court Junior Division, Khatima against our Company, praying for an injunction against the construction of a sub-station on the land belonging to him by our Company which, allegedly, was not legally acquired under section 4 of the Land Acquisition Act, 1984 ("**LA Act**"). The Civil Court Junior Division, Khatima, by an order dated October 30, 2007, directed our Company to stop construction in the land. Our Company filed an appeal before the District Judge, Udham Singh Nagar, which was dismissed. Subsequently, our Company filed a miscellaneous writ petition (No. 371 of 2008) in the High Court Nainital. In the interim, Mr. Gurbachan Singh filed an application (No. 4 of 2008, U/O-39 R-2A, CPC) on January 30, 2008 before the Civil Judge, Khatima, alleging that our Company knowingly breached the Civil Court's order by continuing with the construction activity. The High Court, by an order dated April 21, 2008, vacated the stay order by the Civil Court, allowing our Company to resume construction subject to the payment of ₹ 3.0 million and directed that the acquisition proceeding be continued before the District Magistrate, Udham Singh Nagar. The acquisition proceedings were concluded by Special Land Acquisition Officer's ("**SLAO**") order dated September 9, 2009, by which an award of ₹ 23.7 million for 0.60 acres was passed. Our Company deposited the amount and filed an application before the Chief Revenue Commissioner, Uttaranchal, challenging the excessive valuation. The prayer was rejected by an order dated June 19, 2010.

(ii) Mr. Siddharth Chaurasia and others filed two writ petitions (WP No. 44335/2009) and (WP No. 52844/2009) in the High Court of Allahabad against our Company, praying for disbursement of benefits of their relative, a deceased employee of our Company. The High Court by orders dated August 25, 2009 and October 12, 2009 directed our Company to consider the representation of Mr. Chaurasia and also to make the payment of pensions to the wife of the deceased. Mr. Siddharth Chaurasia subsequently filed a contempt petition (No. 1468/2010) in the High Court of Allahabad alleging that our Company has not complied with the High Court orders dated August 25, 2009 and October 12, 2009.

(iii) Mr. Subhash Chand has filed a civil miscellaneous contempt petition (No. 5636/2010) in the High Court of Allahabad against amongst others, Ms. Abha Gupta, the Deputy Director Consolidation, Meerut, Mr. Brajesh Kumar and Anwar Ansari (engineers employed with our Company) alleging willful disobedience by Ms. Abha Gupta and others named in the petition, of the order passed in writ petition (No. 16161 of 2003) dated April 17, 2003, on the alleged grounds that compensation of the relevant area of plot no. 256, 257 (for the construction of our Kaithal Meerut 400 KV D/C transmission line) has been wrongly given by the defendants to Mr. Rajkumar on the basis of the reports of Assistant Consolidation Officer dated May 14, 2010 and the tehsildar dated October 27, 2009.

(iv) Mr. Gopi Chamar has filed a contempt petition (Conc. No. 1978/2011) dated January 30, 2011, in the High Court of Madhya Pradesh, Jabalpur against our Company, alleging willful and deliberate non-compliance of the order dated, July 25, 2011 passed by the High Court of Madhya Pradesh, Jabalpur, in a writ petition (WP No. 4115/2011), wherein the court passed an order and directed the LAO to ensure that the petitioner is not evicted in an illegal manner from his land admeasuring 12.49 hectares on account of extension of the Company's 765 KV substation at Lalpur/Sitapur village. The petitioner further filed a writ petition (W.P No. 12708/2012) dated August 4, 2012, in the High Court of Madhya Pradesh, Jabalpur, under Article 226 of the Constitution of India praying that the Company be directed to provide the petitioner any suitable service in lieu of acquisition of his land under the LA Act. The High Court of Madhya Pradesh, Jabalpur, through an order dated August 23, 2012, disposed off the writ petition with a direction to the petitioner to submit a representation to the Company. Our Company complied with the court order and responded to the petitioner by a letter dated November 16, 2012, denying his claims.

(v) Mr. Rajmani Biyar has filed a contempt petition (Con No. 514/2012) dated April 16, 2012, against our Company, in the High Court of Madhya Pradesh, Jabalpur, alleging willful and deliberate non-compliance of the order dated January 18, 2012, passed by the High Court of Madhya Pradesh, Jabalpur, in a writ petition (W.P No. 813/2012), wherein the High Court had directed the petitioner to approach the Collector, Singrouli, with a representation, seeking to be ensured against eviction from his land in an illegal manner on account of our Company's construction of transmission lines. Mr. Biyar has alleged that our Company has, in violation of the order, proceeded with the construction of the transmission line.

(vi) Mr. Kanwal Singh has filed a contempt petition (No. 123 of 2013) dated May 22, 2013, against our Company, in the High Court of Uttarakhand and Nainital, alleging deliberate and intentional non-compliance of the orders dated November 12, 2010, November 26, 2010 and February 24, 2012 passed by the division bench of the High Court of Uttarakhand in writ petition (No. 258/2010 (S/B)), wherein the High Court had held that the inquiry proceedings being conducted against the petitioner by the Company shall not be held in the absence of the defense counsel of the petitioner. Thereafter, the Company filed a review petition (No. 249/2012) in the High Court of Uttarakhand which was dismissed by the order dated June 13, 2012 without interfering with the earlier order dated February 24, 2012.

6. Land Acquisition Cases

There are 471 cases in various fora with respect to disputes concerning the acquisition of land by our Company for the purpose of establishing various sub-stations across the country. These cases were initiated by the land oustees primarily for enhancement of the compensation determined by the Land Acquisition Officer ("**LAO**") under the LA Act. Further, we are also involved as proforma parties in certain title disputes involving the land acquired by us. The total claim against our Company is approximately ₹ 14,919.9 million, with interest.

7. **Compensation Cases for Loss of Trees, Crops or Houses**

There are approximately 2,439 cases against our Company in various courts relating to enhancement of compensation claimed by owners of trees, crops or houses through which our transmission lines pass. These cases primarily relate to enhancement of the compensation for the loss of trees, crops or houses of the claimants. Of these cases, 637 and 495 cases were filed for enhancement of compensation in relation to Kutta - Kozhikode transmission lines and Madurai - Trivandrum transmission lines, respectively, in Kerala. These cases also include certain suits filed by individuals who were denied compensation on the ground that they did not have a valid title over the land, trees and crops through which our transmission lines pass. The total claim against our Company is approximately ₹ 18,377.3 million, with interest.

8. **Civil Suits**

There are 170 civil suits in various courts against our Company. These suits primarily relate to suit for injunction, compensation (non-quantifiable) for transmission lines passing through land, employment on compassionate ground, recovery of money and execution petitions. Further, there are 151 consumer claims in relation to among other things, provisions of electricity under RGGVY and allotment of shares. The total claim against our Company is approximately ₹ 164.3 million, with interest.

9. **Labour Disputes**

There are 72 cases relating to labour and service matters pending against our Company, which were filed by employees of our Company, contract labourers employed by contractors for carrying out works in our projects and labour unions, which may or may not be registered with our Company. These cases primarily relate to disputes regarding absorption of workmen by our Company, wrongful dismissal and reinstatement to service, arrears of salary, gratuity and allowance, payment of back wages, matters relating to transfer, promotion and extension of service and claim for compensation for accidents. The total claim against our Company is approximately ₹ 108.6 million.

10. **Arbitration Matters**

There are 48 disputes involving our Company which were referred to arbitration. These disputes relate primarily to disputes under construction and supply contracts executed by our Company and termination of contracts by our Company. The total claim against our Company in these cases is approximately ₹ 945.6 million, with interest.

11. **CERC and Tariff Related Disputes**

There are certain disputes relating to annual transmission charges fixed by the CERC before the CERC, the Appellate Tribunal for Electricity ("**Electricity Tribunal**") or the Supreme Court, which were initiated by the SEBs or our Company. The brief details of these disputes are set forth below:

(i) Dispute relating to depletion of equity

There is a dispute in relation to the determination of the capital cost of our transmission projects for the purpose of calculation of the annual transmission charges by the CERC. The net book value of projects for Fiscals 1993 to 1998 was determined by the MoP after deducting the cumulative depreciation recovered from the date of commercial operation of the respective projects until March 31, 1992, from the original gross block of the project. Therefore, the net book value of the assets was considered for the purpose of determination of transmission charges, which was divided notionally into debt and equity components in the ratio of 50:50 for computation of interest on loan and return on equity for the period between April 1, 1992 and March 31, 1997. A similar methodology was followed by the MoP for determination of transmission charges for Fiscals 1998 to 2002 for assets in existence prior to April 1, 1997 i.e. the net book value of the project as on April 1, 1997, was determined after deducting the cumulative depreciation recovered till March 31, 1997. This net book value was considered for determination of interest on loan and return on equity while determining the transmission charges. The MoP issued a notification providing that 50% of the net book value of the asset as on April 1, 1997 would be considered as equity up to the technical life of the project. After the formation of the CERC, our Company filed a petition before the CERC (No. 26 of 2005) contending that the methodology adopted by the MoP in determining net book value as described above for calculation of the equity component had resulted in a depletion of equity amounting to approximately ₹ 6,463.7 million with respect to 27 transmission assets. The petition was rejected by the CERC primarily on the ground that the CERC could not retrospectively modify principles adopted by the MoP for determination of transmission charges. Our Company filed an appeal against this order before the Electricity Tribunal (No. 121 of 2005), which placed reliance upon a letter from the MoP to our Company admitting an error in determination of net book value, and by an order dated May 16, 2006, directed the CERC to rectify the mistake with effect from April 1, 2004. In accordance with the order, of the Electricity Tribunal we are entitled to restoration of equity of approximately ₹ 6,463.7 million. Further, transmission charges are to be re-determined after taking into account the restoration of equity with effect from April 1, 2004. The Punjab SEB filed a civil appeal in the Supreme Court (No. D-21415 of 2006) for setting aside the order of the Electricity Tribunal which was subsequently changed to (No. 5133 of 2006). A similar civil appeal (No. 256 of 2007) was filed by Haryana Vidyut Prasaran Nigam Limited ("**HVPNL**"), Tamil Nadu Electricity Board ("**TNEB**") and others for setting aside the order of the Electricity Tribunal.

Our Company had filed two petitions (Nos. 131 and 134 of 2004) in respect of approval of transmission tariff for NLC transmission system in southern region. The CERC, by its order dated January 24, 2008, approved our transmission tariff. TNEB filed an appeal (No. 22 of 2008) before the Electricity Tribunal, against this order of the CERC. Electricity Tribunal by its order dated December 15, 2009, dismissed TNEB's appeal. TNEB filed a civil appeal (No. 4647 of 2010) in the Supreme Court which by its order dated January 31, 2007, tagged civil appeal (No. 256 of 2007) with civil appeal (No. 5133 of 2006). By its order dated December 10, 2010, Supreme Court tagged civil appeal (No. 4647 of 2010) with civil appeal (Nos. 5133 of 2006 and 256 of 2007) on the grounds that one of the issues raised in this appeal is identical with appeal (No. 256 of 2007).

(ii) <u>Dispute relating to capitalization of foreign currency fluctuations</u>

There is a dispute in relation to the methodology adopted by the CERC in arriving at the FERV liability in respect of transmission assets while determining the annual transmission charges with respect to these assets. The transmission charges with respect to an asset till March 31, 2001 were determined by CERC based on the norms notified by the GoI on a consideration of the net book value of the asset and the loan and equity components therein. The FERV for this period was also determined on the basis of the exchange rate difference between the date of actual repayment of the loan and the date of commercial operation. The CERC notified norms dated March 26, 2001 for the calculation of transmission charges for the period 2001 to 2004. In accordance with these norms the historical capital cost of assets as on March 31, 2001 were determined after capitalizing the FERV calculated on the basis of the exchange rate difference between the date of actual repayment of the loan and the date of commercial operation. Further, this capitalized amount was apportioned into a loan and equity component on the basis of the normative debt-equity ratio of 50:50 (for projects commissioned up to March 31, 1997) and actual debt-equity ratio (for projects commissioned thereafter) to determine the interest on loan and return on equity for the purpose of calculation of the annual transmission charges. The Tamil Nadu SEB filed review petitions with the CERC with respect to the period between April 1, 2001 and March 31, 2004, which were not admitted. The Tamil Nadu SEB filed appeals in the High Court of Madras, which were transferred to the Electricity Tribunal. The grounds for appeal was that the methodology followed by the CERC in relation to the FERV liability was not in accordance with CERC tariff regulations and this amount could not be apportioned between loan and equity since it arose solely out of a foreign currency loan. The Electricity Tribunal upheld the capitalization of FERV liability calculated as described above. However, the Electricity Tribunal held that the capitalized amount be added to the debt component only. Our Company filed an appeal in the Supreme Court (No. 684 of 2006), which was admitted.

The Tamil Nadu SEB filed another review petition with the CERC for review of its order determining the annual transmission charges for the period 2004-2009 for the 400 KV Ramagundam-Hyderabad transmission line and inter-regional HVDC Back to Back station at Chandarpur on similar grounds mentioned above. The CERC by an order dated March 12, 2007, allowed the review petition and held that the petition in respect of transmission charges for the period 2004-2009 be heard after the impact of FERV for the period 2001-2004 was worked out in terms of Electricity Tribunal order dated October 4, 2006. In the event the Supreme Court upholds the contention of the Tamil Nadu SEB in the dispute described above for the period April 1, 2001 to March 31, 2004, the CERC may be required to re-determine the transmission charges with respect to our transmission assets. Further, this decision may impact calculation of transmission charges with respect to all our existing transmission assets where the FERV may be in dispute and we may be entitled to a lesser transmission charge for each of our assets compared to the transmission charges that were fixed by the CERC.

(iii) Dispute relating to the Uniform Common Pool Transmission Tariff ("**UCPTT**")

The UCPTT rate is the rate at which tariff is charged for the transmission of power to north eastern region states which is applied on the total central sector energy drawn by each state. Since the north eastern region transmission system comprises transmission lines owned by our Company as well as state owned lines, the UCPTT rate in ₹/unit is derived by pooling the annual transmission charges for the transmission lines owned by our Company and state owned lines divided by total central sector energy in the north eastern region. The UCPTT rate was revised from time to time on account of additional capital investment in transmission systems in the north eastern region. Our Company filed petition (No. 40 of 2000) for approval of tariff for the period commencing from February 1, 2000 pertaining to the NER transmission projects on the basis of the MoP notification dated December 16, 1997. CERC by its interim order dated September 22, 2000, fixed the transmission tariff at ₹ 0.35 per kWh taking into account the capital expenditure. Subsequently by its final order dated January 1, 2002, CERC maintained the transmission tariff at UCPTT rate.

Our Company filed an application before the CERC for re-apportionment of the share of our Company and the north-eastern region states with effect from February 1, 2000, on the ground of increased capital investments by our Company. The CERC directed the re-apportionment of the UCPTT rate with effect from April 1, 2004, but did not amend the apportionment of the UCPTT rate between the period 2001 and 2004. Our Company filed an appeal before the Electricity Tribunal for amending the apportionment of the UCPTT rate with effect from February 1, 2000, based on the capital expenditure of our Company in the north eastern region transmission system during this period.

The CERC by an order dated December 27, 2006, directed that SEBs are to continue paying transmission charges at ₹ 0.35 per kWh and that our Company can recover the difference between actual tariff and tariff of ₹ 0.35 per kWh. Our Company filed an appeal (No. 98 of 2007) before the Electricity Tribunal, claiming modification of the order and approval for sharing of the 0.35 per kWh based on capital expenditure of the parties. The Electricity Tribunal by an order dated January 4, 2008, set aside the CERC's order. The Assam SEB filed a civil appeal (No. 2105 of 2009) claiming that unlawful relief was granted to our Company and sought that the Court direct our Company to pay arrears in terms of the CERC order dated December 27, 2006.

Our Company filed an appeal in the Delhi High Court (No. 192 of 2002) against the CERC order dated January 1, 2002, for determination of transmission charges with respect to the Kathalguri transmission system, Kopili Extension Stage-I Transmission System and 132 KV Augmentation Scheme in the North-Eastern region on the ground that our Company's total capital investments in these transmission lines would result in a higher UCPTT rate. The Delhi High Court by its order dated January 29, 2008, transferred the appeal to the Electricity Tribunal which by the order dated October 20, 2010, dismissed the appeal. Our Company filed an appeal (No. 10868 of 2010) before the Supreme Court challenging the dismissal.

Our Company filed petition (No. 86 of 2001), before the CERC for the approval of transmission charges for the 132 KV S/C Agartala transmission system for the period between January 1, 2001 and March 31, 2001. CERC by its order dated February 22, 2002, held that the order dated January 1, 2002, shall apply and cover the Agartala transmission line. Our Company filed appeal (No. 276 of 2002) in the Delhi High Court, which by its order dated February 25, 2008, transferred the appeal to the Electricity Tribunal. Our Company filed the appeal (D.F.R. No. 1159 of 2010) along with a condonation of delay application (I.A. No. 222 of 2010) which was dismissed by the Electricity Tribunal by the order dated October 20, 2010, on grounds of delay in filing. Our Company filed civil appeal (No. 4 of 2011) before the Supreme Court challenging the grounds of dismissal.

We filed another appeal in the Delhi High Court (No. 186 of 2002) against the orders of the CERC issued on certain review petition challenging the UCPTT rate fixed at ₹ 0.35 per kWh, on the grounds that this rate does not take into account any payment of an incentive to our Company in accordance with the notification issued by the MoP dated December 16, 1997, for determination of tariff leviable on transmission of power by our Company. The Delhi High Court by its order dated February 25, 2008, transferred the appeal (No. 132 of 2009) to the Electricity Tribunal which by its order dated March 31, 2011, dismissed the appeal. Our Company filed civil appeal (No. 5846 of 2011) before the Supreme Court challenging the dismissal.

Our Company filed a petition (No. 13 of 2004) before the CERC for, among other things, giving effect to the order in petition (No. 40 of 2000) based on ex-bus design/target energy of the central generating stations instead of the actual energy drawn by the beneficiaries in the NER. CERC, by its order dated September 6, 2004, held that no further access charges for the NER system was to be payable for wheeling of energy on which UCPTT rate was paid, though the central generating station shall pay the UCPTT rate on energy that it injects into the NER grid in excess of that scheduled by NER beneficiaries. North Eastern Electric Power Corporation Limited ("**NEEPCO**") filed a review petition (No. 189 of 2004), before the CERC which, by its order dated April 7, 2006, dismissed the petition. NEEPCO filed an appeal (No. 118 of 2006) before the Electricity Tribunal, which by its order dated March 11, 2008, held among other things, that the payment of transmission charges on excess energy that is injected by the central generating station into the NER, amounts to double charging. Our Company filed civil appeal (No. 4733 of 2008) in the Supreme Court for setting aside the order of Electricity Tribunal.

(iv) There is a dispute in relation to the determination of transmission charges with respect to the Jeypore-Gazuwaka transmission system in between the southern region and eastern region. While determining transmission charges for the period between September 1, 1999 and March 31, 2001, the CERC disallowed the interest during construction amounting to ₹ 119.5 million claimed by our Company, on account of delay in completion of the project. Our Company filed a review petition (No. 97 of 2002) before the CERC, which was rejected, pursuant to which we filed civil appeals (F. A. No. 301 and 303 of 2003) before the Delhi High Court. On constitution of the Electricity Tribunal, the appeals were withdrawn and appeals were instituted in the Electricity Tribunal. However, the Electricity Tribunal did not admit the matters, following which we re-instituted the appeals (F.A. No. 301 and 303 of 2003) before the High Court through previously filed civil miscellaneous petitions (No. 12719 and 12732 of 2006).

(v) Our Company filed a review petition (No. 145 of 2002) in petition (No. 46 of 2010) in relation to the calculation of transmission charges for the Chandrapur HVDC back to back station and praying for depreciation and operating and management expenses to be allowed on the overseas disbursement assistance ("**ODA**"). The CERC in its order dated March 31, 2003, held that our Company was not entitled to depreciation on the ODA amounting to ₹ 3,215.5 million for determining the transmission charges. Our Company filed an appeal (F.A.O. No. 473 of 2003) before the Delhi High Court where we contended that the actual project cost including any ODA should be considered for depreciation for the purpose of calculation of the transmission charges. The Delhi High Court by an order dated February 4, 2008, transferred the appeal to the Electricity Tribunal which by its order dated April 7, 2011, dismissed the appeal. Our Company filed an appeal (No. 5730 of 2011) before the Supreme Court challenging the dismissal.

(vi) Our Company filed two appeals (No. 91 and 92 of 2009) before the Electricity Tribunal to set aside two orders of the CERC dated February 3, 2009, for re-determination of tariff for replacement of transformers at Kaithal, Manipuri, Mandola and Ballabgarh. The Electricity Tribunal by an order dated March 23, 2011, dismissed both appeals. Our Company filed two appeals (No. 5757 of 2011 and 5858 of 2011) before the Supreme Court challenging the dismissals.

(vii) Our Company filed an appeal (No. 169 of 2009) before the Electricity Tribunal against an order of the CERC, dated June 9, 2009, partly denying the monetary incentive during maintenance based on availability of transmission system for the year 2006-07 in Talcher-Kolar HVDC link. The Electricity Tribunal by its order dated January 20, 2011, dismissed the appeal. Our Company filed an appeal (No. 3172 of 2011) before the Supreme Court challenging the dismissal.

(viii) Our Company filed an appeal (No. 127 of 2009) before the Electricity Tribunal against an order of the CERC, dated April 30, 2009, denying the claim of the appellant towards Interest during Construction ("**IDC**") on account of loss of revenue due to shut down of the Talcher-Kolar HVDC link for upgradation work which resulted in loss of monetary incentive due to reduction of availability of the transmission system. Our Company claimed for the capitalisation of ₹ 214.5 million as incentive, with transmission tariff. The Electricity Tribunal by its order dated January 20, 2011, dismissed the appeal. Our Company filed an appeal (No. 3166 of 2011) before the Supreme Court challenging the dismissal.

(ix) Our Company has filed an appeal (No. 205 of 2012) before the Electricity Tribunal against an order of the CERC, dated May 16, 2012, wherein the CERC had disallowed our Company, IDC and Incidental Expenditure during Construction ("**IEDC**") of ₹ 10.5 million due to delay of seven months in commissioning of Bersinghpur – Damoh transmission line. Our Company has submitted that the delay was on account of delay in acquiring clearance for diversion of the forest land.

(x) Our Company filed a appeal (No. 167 of 2013) before the Electricity Tribunal against an order of the CERC, dated May 9, 2013, wherein the CERC had disallowed our Company, IEDC and IDC of ₹ 144.0 million of seven months as part of capital cost for two assets namely Neyveli-Pugular-Madurai 400 KV D/C transmission line and two Inter Connecting Transformers ("**ICTs**") at Pugular S/S of NLC-II as it did not take into cognizance issues of litigation and modification in height of towers on grounds of raising facts which were not in the original/review petition. Our Company has prayed for condonation of delay and reinstatement of IDC/IEDC.

(xi) Our Company filed a appeal (No. 165 of 2012) before the Electricity Tribunal against an order of the CERC, dated May 28, 2012, wherein the CERC had disallowed our Company, IDC and IEDC of ₹ 5.07 million, initial spares of ₹ 2.98 million and deduction of ₹ 7.52 million in view of absence of revised cost estimate for ICT-III at Raipur under the Western Region Strengthening Scheme-VI. The CERC order stated that, IDC and IEDC were deducted on account of delay of eight months due to failure of transformer during short circuit test.

(xii) Our Company filed a appeal (No. 229/2013) before the Electricity Tribunal against an order of the CERC, dated July 8, 2013, wherein the CERC disallowed our Company, 50% of the IDC and IEDC resulting in decrease in capital cost of ₹ 21.27 million while determining the transmission tariff for spare converter transformer at Rihand for Rihand-Dadri HVDC bipole terminal.

(xiii) Our Company filed a review petition before the Electricity Tribunal against an order of the CERC, dated August 1, 2013, wherein the CERC has disallowed our Company, IDC and IEDC of ₹ 2.4 million due to delay in commissioning of an ICT at Pune and Wardha substations caused on account of non-availability of test bed where the ICT was to be tested and failure of the ICT in the short circuit test.

(xiv) CERC imposed a penalty of ₹ 0.1 million on the Madhya Pradesh SEB for alleged violation of the Grid Code. The Madhya Pradesh SEB filed a miscellaneous appeal (No. 1309 of 2003) in the High Court of Madhya Pradesh at Jabalpur, against the CERC and our Company, challenging the legality of the order. Our Company is impleaded as a proforma party as it transmits electricity to the Madhya Pradesh SEB.

(xv) Our Company filed a petition before the CERC (No. 109 of 2000) for approving fees and charges to be paid to RLDCs by various SEBs for undertaking load despatch functions for the years 1998-1999 to 2003-2004, which was approved by the CERC by an order dated March 22, 2002. Our Company filed a review petition (No. 84 of 2000) before the CERC seeking review of directions on certain items of fees and charges as approved by the CERC which was allowed. CERC by an order dated May 8, 2003, revised the fees and charges for 2000-2001 to 2003-2004, against which the Tamil Nadu Electricity Board filed an appeal in the High Court of Chennai (No. 2485 of 2004).

(xvi) Our Company filed a petition (No. 157 of 2005) before the CERC for approval of the monetary incentive for the year 2004-05 due to shut down of transmission lines. The CERC by its order dated February 6, 2007, denied the monetary incentive prayed for. Our Company filed writ petition ((C) No. 6267 of 2007) which was later withdrawn to file an appeal before the Electricity Tribunal. Our Company filed an appeal before the Electricity Tribunal, which was dismissed. Our Company filed a writ petition (No. 8413 of 2008) in the Delhi High Court challenging the scope and applicability of Appendix III to the CERC Tariff Regulations, 2004 for granting revenue on account of loss of revenue due to shut down of transmission lines since such shut down is required for maintenance and construction of other transmission lines of the same utility.

(xvii) The CERC notified the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulation, 2010 ("**CERC Sharing Regulations**") by virtue of which PoC methodology for sharing of transmission charges was introduced, which is based on distance, location and quantum. This replaced the Postage Stamp Charge mechanism, by virtue of which uniform transmission charges were payable by users, irrespective of distance and location resulting in an increase in the transmission charges payable by some beneficiaries.

GRIDCO Limited ("**GRIDCO**") filed a writ petition (W.P. (C) No. 29250 of 2011) in the High Court of Orissa at Cuttack, against the State of Orissa, CERC and others, including our Company. GRIDCO prayed for, among other things, declaring the CERC Sharing Regulations as illegal and ultra vires to the Electricity Act, 2003 and the Constitution of India and, consequently, for quashing the CERC Sharing Regulations. In an interim order dated November 4, 2011, in miscellaneous case (No. 16964 of 2011) before the High Court of Orissa arising out of writ petition ((C) No. 29250 of 2011), the High Court held that our Company shall not regulate power supply through withdrawal of open access/access of ISTS to GRIDCO until the next hearing. Subsequently, as disclosed below, the matter was transferred to the Delhi High Court.

The West Bengal State Electricity Distribution Company Limited ("**WBSEDCL**") and Mr. P. K. Banerjee, the Company Secretary of WBSEDCL, filed a writ petition (No. 17956(W) of 2011) in the High Court of Calcutta against the CERC and others, including our Company. The petitioners prayed for, among other things, declaring the provisions of the CERC Sharing Regulations and the CERC orders dated April 4, 2011, June 22, 2011 and June 29, 2011 as ultra vires the provisions of Electricity Act, 2003 and for setting aside the aforementioned regulations and the CERC orders. The High Court, through an interim order dated November 9, 2011, directed, among other things, that during the pendency of the writ petition, the CERC will be free to raise bills according to the regulations but shall not curtail or disconnect the supply if the bills are not paid by WBSEDCL. Subsequently, as disclosed below, the matter was transferred to the Delhi High Court.

The Bihar State Electricity Board ("**BSEB**") filed a writ petition (CWJC No. 14749 of 2011) in the High Court of Patna, against the Union of India, CERC, State of Bihar and our Company for, among other things, declaring CERC Sharing Regulations as ultra vires the Electricity Act, 2003 and contrary to the National Electricity Policy. BSEB also filed an interim application (No. 2993 of 2013) for restraining our Company from computing transmission charges in accordance with the PoC methodology provided in the aforesaid regulations.

During the pendency of aforesaid petitions, our Company filed transfer petitions (Nos. 1325-1327 of 2011) in the Supreme Court, to transfer the aforesaid writ petitions to the Delhi High Court in order to avoid conflicting directions from various High Courts and citing that in a matter of similar nature, the Maharashtra State Electricity Distribution Company Limited ("**MSEDCL**") v. CERC and others (W.P. (C) 7017/2011), was already being heard by the Delhi High Court. The Supreme Court, by its order dated May 7, 2012, allowed the aforesaid petitions to be transferred to the Delhi High Court.

Subsequently, GRIDCO, WBSEDCL and BSEB filed writ petitions (No. 4867/2012), (5396/2012) and (5397/2012) in the Delhi High Court. MSEDCL, GRIDCO and WBSEDCL filed miscellaneous petitions (No. 16060/2011, No. 572/2013 and No. 12129/2012) in the Delhi High Court seeking an interim injunction restraining our Company from recovering any amounts under the point of connection methodology for calculation of transmission charges under CERC Sharing Regulations. Our Company filed two miscellaneous petitions (Nos. 11666/2012 and 11667/2012) praying that the petitioners should pay the transmission charges against the bills raised as per POC mechanism subject to the final outcome of the writ petition no. (W.P. (C) 7017/2011). The Delhi High Court, by a common interim order dated July 30, 2013, dismissed the aforesaid miscellaneous petitions and directed the petitioners to abide by the impugned Sharing Regulations in the matter of payment.

The Jharkhand State Electricity Board ("**JSEB**") has also filed a writ petition (No. 126 of 2012) in the High Court of Jharkhand, against the Union of India, CERC and others including, our Company, seeking the declaration of the CERC Sharing Regulations as arbitrary, irrational, illegal and ultra vires the provisions of Electricity Act, 2003 and has prayed for a review of the CERC Sharing Regulations or the setting up of a validation committee before demanding or realizing any charges from JSEB. Our Company filed a transfer petition (No. 871of 2012) in the Supreme Court for the transfer of the matter to the Delhi High Court in consonance with matters of similar nature having been transferred and being heard before the Delhi High Court. Our Company has also filed an interim application for ad interim ex parte stay of proceedings in the High Court of Jharkhand.

(xviii) Our Company filed a petition (No. 190 of 2011) for determination of transmission tariff for our Hassan Mysore 400 KV D/C line and extension of 400/220 KV Mysore and Hassan sub-station in the southern region. While determining transmission charges for the period between July 1, 2011 and March 31, 2014, the CERC, by an order dated March 11, 2013, disallowed the additional return on equity amounting to ₹ 3.8 million claimed by our Company, on account of delay in completion of project. Our Company filed an appeal (No. 99 of 2013) in the Electricity Tribunal against the CERC and others challenging the aforesaid order of CERC on the grounds that our project was completed in all respects and was ready for commercial operation within the stipulated time frame and thereby making it eligible for additional return on equity.

(xix) Uttar Pradesh Power Corporation Limited ("**UPCCL**") filed an appeal (No. 87 of 2012) before the Electricity Tribunal, against CERC and our Company, challenging an order of CERC dated October 25, 2011, wherein the CERC had allowed reimbursement of license fees from the beneficiaries to our Company for the period between October 17, 2008 and March 31, 2011. UPCCL has challenged the order on the grounds that a license issued is a privilege to the licensee and that the fee for acquiring such privilege cannot be termed as expenses that shall pass on to consumers.

(xx) NTPC filed a petition (No. 122 of 2011) before the CERC against our Company and others for considering Korba Super Thermal Power Station Stage III ("**Korba Power Station**") as an inter state generating station and its beneficiary states/union territories as long term customers with effect from the date of commercial operation. The CERC, by its order dated September 6, 2011, allowed NTPC's request and provided that after allocation of power from the Korba Power Station by the GoI to the western region beneficiaries and the execution of the relevant agreements by NTPC, the western region beneficiaries will become long term customers of our Company, and therefore have the right to schedule power on long term access from the Korba station under certain conditions and in priority basis over certain other customers. Our Company filed an appeal (No. 78 of 2012) before the Electricity Tribunal challenging the CERC order, which by its order dated January 16, 2013, dismissed the appeal on grounds of delay and that our Company was not an aggrieved party. Our Company filed a civil appeal (No. D19223 of 2013) before the Supreme Court.

(xxi) Our Company filed a petition (No. 105 of 2004) before the CERC for approving transmission charges for a transmission system associated with Auraiya Gas Power Project in northern region for the period between April 1, 2004 and March 31, 2009. The CERC, by its order dated August 24, 2005, approved the transmission charges. Subsequently, the CERC, by its order dated September 15, 2011, included depreciation as an interest on the repayment of loan under regulation 16(3) of the Tariff Regulations which resulted in a loss to our Company. Our Company filed a writ petition (No. 2327 of 2012) before the Delhi High Court, challenging the legality and vires of Regulation 16(3) of the Tariff Regulations and praying for quashing of the order dated September 15, 2011, to the extent it has considered repayment of loan equivalent to depreciation.

(xxii) Punjab State Power Corporation Limited filed an appeal (No. 123 of 2011), against our Company and others in the Electricity Tribunal, challenging an order of the CERC dated April 29, 2011, wherein it determined the date of commercial operation of the 400 KV D/C Barh-Balia (quad) transmission line in eastern region to be July 1, 2010. The petitioner alleged that the date of commercial operation should be in August 2011. The Electricity Tribunal, by its order dated July 2, 2012, set aside the order of CERC and remanded the matter back to CERC for re-determining the date of commercial operation and therefore, the tariff of the transmission line, within three months. Our Company filed an appeal (No. 9193 of 2012) before the Supreme Court. The Supreme Court by its order dated October 8, 2013, in interim application (No. 6 of 2013) directed CERC to proceed with the determination of tariff for the Barh-Balia transmission line during the pendency of the appeal.

(xxiii) Our Company filed an appeal (No. 180 of 2011) before the Electricity Tribunal against an order by the CERC, dated September 5, 2011, wherein, CERC has disallowed IDC and IEDC for the period between April 1, 2011 and March 31, 2014, amounting to approximately ₹ 3.0 million claimed by our Company, on account of delay in commissioning of the 220/132 KV, 160 MVA interconnection transformer at Baripada. The Electricity Tribunal, by its order dated May 10, 2012, has dismissed our appeal. Our Company has filed an appeal (No. 5892 of 2012) before the Supreme Court challenging the dismissal.

(xxiv) Our Company filed an appeal (No. 65 of 2011) before the Electricity Tribunal against a CERC order dated February 15, 2011, wherein, CERC has disallowed IDC and IEDC for the period between March 31, 2009 and August 31, 2009 which was disposed off by an order dated January 12, 2012. Our Company also filed an appeal (No. 160 of 2011) before the Electricity Tribunal against the CERC order dated August 10, 2011, wherein the CERC has disallowed IDC and IEDC for the period between March 31, 2009 and August 31, 2009 (Asset I) and March 31, 2009 and July 1, 2010 (Asset II), amounting to an aggregate of approximately ₹ 6.8 million claimed by our Company on account of delay in commissioning of the second circuit, 132 KV D/C SEWA II, Hiranagar line in the northern region. The Electricity Tribunal, by its order dated May 10, 2012, has dismissed our appeal. Our Company has filed an appeal (No. 5916 of 2012) before the Supreme Court challenging the dismissal of appeal (No. 160 of 2011).

(xxv) Tamil Nadu Electricity Board ("**TNEB**") filed an appeal (No. 201 of 2011) before the Electricity Tribunal against the CERC order dated May 4, 2011, wherein it approved the date of commercial operation of Kudankulam – Tirunelveli transmission system in southern region as prayed for by our Company before the CERC. TNEB alleged that the nuclear power plant involving the transmission system had not yet been commissioned. The Electricity Tribunal dismissed the appeal by an order dated October 3, 2012. TNEB filed an appeal (No. 2647 of 2013) before the Supreme Court challenging the dismissal.

(xxvi) Tamil Nadu Generation and Distribution Corporation Limited ("**TNGDCL**") filed a petition (No. 11 of 2010) before the CERC seeking its intervention for payment of normative operation and maintenance charges of four 400 KV bays at the Alamathi sub-station of Tamil Nadu. The CERC, by its order dated May 4, 2012 dismissed the petition on the ground that it fell outside the scope of its jurisdiction and was not maintainable before it. In the meantime our Company filed a petition (No. 123 of 2010) for deciding the tariff, pursuant to which, the CERC, by an order dated March 8, 2011, approved our Company's tariff petition (No. 123 of 2010) whereby lower charges were to be paid to TNGDCL for the operation and maintenance of the bays at the Alamathi sub-station. TNGDCL filed a review petition (No. 4 of 2011) in petition (No. 123 of 2010) before the CERC against its aforesaid order. The CERC by its orders dated September 19, 2012 and September 26, 2012 dismissed TNGDCL's appeals (No. 11 of 2010) and (No. 4 of 2011) respectively. TNGDCL has filed appeals (No. 51 and 79 of 2013) against orders dated September 19, 2012 and September 26, 2012, respectively, before the Electricity Tribunal.

12. Miscellaneous Cases

There are 105 miscellaneous cases against our Company in various fora, pertaining to matters including, among other things, right of way, compensation for accidents and motor vehicle accident claims. The claim against our Company is ₹ 29 million.

Litigation by our Company

1. Criminal Cases

There are six criminal cases filed by our Company, the details of which are set forth below:

(i) Our Company filed an FIR (No. 35/1999) on March 19, 1999, against Mr. K. Jangaiah who requested employment in our office on the basis of a forged experience certificate purported to have been issued by one of our officers. A charge-sheet was filed and cognizance taken by the III Metropolitan Magistrate, Cyberabad (No. 722 of 2005) for offences punishable under sections 465 and 471 of the IPC. The court by an order dated May 5, 2006, acquitted the accused, against which we filed a memorandum of criminal revision in the High Court of Andhra Pradesh (No. 15023 of 2006).

(ii) Our Company filed an FIR (No. 400138) on May 11, 1991, against Mr. Harish Chandra for the theft of our transmission material. The police filed the charge-sheet before the Chief Judicial Magistrate, Mainpuri (No. 2328 of 1999). The Court have taken the cognizance of the same and registered the case under sections 379 and 411 of the IPC.

(iii) Our Company filed an FIR (No. 1608496) on November 28, 1990, against Mr. Bahadur for the theft of our transmission material in the Sakit police station. The police filed the charge-sheet before the Chief Judicial Magistrate, Etah (No. 80 of 1990). The Court have taken the cognizance of the same and registered the case under sections 379 and 411 of the IPC.

(iv) Our Company filed an FIR on February 2, 1993, against Mr. Dinesh Pashi for theft of tower material from the Kanpur sub-station. The police filed the charge-sheet in the Munsif Court, Kanpur (No. 359 of 2006), which took cognizance and registered the case under sections 379 and 411 of the IPC.

(v) Our Company filed two FIRs on September 21, 2006, against Mr. Khushboo and others in the Patharota police station, Gwalior (Madhya Pradesh) with respect to two separate incidents of theft of certain materials from the Itarsi sub-station in the years 2004 and 2006 respectively. Charge sheets were filed against certain individuals accused of the thefts before the Judicial Magistrate, Itarsi (case nos. 346/2004 and 1575/2006) under Sections 457 and 380 of the IPC.

(vi) Our Company filed two FIRs on May 2, 2010 and May 8, 2010 against the violent protestors causing obstruction to the establishment of the 765 KV Ranchi-Bilaspur transmission line in the Bagbahar police station (Chhattisgarh). Charge sheets were filed against the accused before the Judicial Magistrate, Pathalgaon (case nos. CC 296/2010 and 275/2011) under Sections 147, 148, 188 and 341 of the IPC.

2. Land Disputes

There are two cases initiated by our Company before the District Courts of Raichur, Karnataka and Kurnool, Andhra Pradesh, against land oustees for trespassing into our Company's land. Permanent injunction has been granted in both the cases. There is also a petition filed by our Company before the Subordinate Court, Palakkad, for recovery of land cost and registration charges from a fraudulent transaction. The total amount claimed by our Company is ₹ 0.3 million.

3. Civil suits

There is a suit initiated by our Company before the Sub–Jugde I of Patna, to evict an unauthorized occupant of a house in our Company's township in Patna. There is also an execution application filed by our Company before the 5th Additional District Judge, Jabalpur, for recovery of money in relation to contract work. There is also a suit initiated by our Company before the Assistant Deputy Commissioner, Shillong, for recovery of money in relation to misconduct. The total amount claimed by our Company in the abovementioned civil suits is ₹ 32 million plus interest.

4. Arbitration matters

There are five arbitration proceedings initiated by our Company in relation to refund of excise duty and award money, where the total claim by our Company is approximately ₹ 1,200 million.

5. Other Cases

There are two writ petitions initiated by our Company before the High Court of Kerala against the State of Kerala and others and before the High Court of Karnataka against the State of Karnataka and others for among other things, protection, assistance and removal of obstruction in execution of Edamon – Kochi transmission line and Yelahanka LILO, respectively. Our Company has also filed a writ petition before the High Court of Madras in relation to right of way.

II. Litigation involving our Directors

Our Directors have no (i) outstanding litigation, economic or securities related offences, civil or criminal prosecutions, litigation towards tax liabilities or regulatory proceedings (including past cases where penalties may or may not have been awarded and irrespective of whether they are covered under Part 1 of Schedule XIII of the Companies Act 1956), (ii) nor any outstanding disputes, defaults or arrears claimed against or otherwise involving them or any ventures promoted by them or any company with which they are associated as promoter or director, whose outcome could have a material adverse effect on the position or prospects of our Company. However, parties may from time to time file suits/cases impleading our Company through or along with our officers and Directors in their official capacity.

III. Litigation involving our Subsidiary

Litigation against POSOCO

Except as described below there is no pending litigation against our Subsidiaries.

There are 57 disputes initiated by various SEBs against POSOCO before CERC, various High Courts and State Commissions. These disputes relate to matters such as validity of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2007, CERC (Terms and Conditions for recognition and issuance of renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, grid collapse dated July 30, 2012 and July 31, 2012, overdrawal of electricity and non-compliance of grid discipline as well as the annual transmission charges fixed by the CERC. The amount in these matters is not quantifiable.

Litigation by POSOCO

Except as described below there is no pending litigation filed by our Subsidiary.

There are 16 cases filed by NRLDC/NLDC/WRLDC/NERLDC/SRLDC primarily relating to enforcing frequency response and maintaining grid security. The amount in these matters is not quantifiable.

IV. Litigation involving our Joint Ventures

A. Torrent Power Grid Limited

1. CERC and Tariff Related Disputes

There is a dispute initiated by Gujarat Urja Vikas Nigam Limited against TPL before the Electricity Tribunal, relating to the CERC Sharing Regulations.

2. Displacement of Trees and House Cases

There is a dispute relating to trimming of teak trees in right of way corridor of SUGEN – Pirana line.

B. Powerlinks Transmission Limited

1. Civil suits

There are three civil suits filed against PTL, before various courts, for disputes relating to insufficient payment evaluated by District Forest Authority and wrongful deduction of compensation. The total amount claimed is ₹ 7.4 million.

2. Income Tax

There are three income tax cases pending against PTL, before various fora relating to among other things, proportionate expenses on exempt income, AAD and unabsorbed depreciation. The total amount claimed is ₹ 61.1 million.

3. Consumer case

There is a consumer case filed against PTL, in the state consumer redressal commission relating to insufficient compensation for felling of trees. The total amount claimed is ₹ 0.5 million.

4. Other taxes

There are three other tax cases filed against PTL, before various tax authorities for disputes relating to commercial tax and sales tax. The total amount claimed is ₹ 249.8 million.

C. Jaypee Powergrid Limited

1. Civil suits

There are 30 civil suits filed against JPL, before various courts for disputes relating to enhancement of compensation claimed under the Indian Telegraph Act, 1885, recovery of money and injunction. The total amount claimed is ₹ 75.8 million.

2. Criminal cases

(i) Mr. Diwan Singh filed an FIR (No. 130/11) on October 7, 2011 against JPL in the Jhakhri police station. A criminal case (No. 119-2 of 2012) has been registered before the Judicial Magistrate, first class, Rampur Bushahr under Sections 336, 427 and 34 of the IPC and for enhancement of compensation.

(ii) Mr. Shashomani filed an FIR (No. 39 of 2012) on August 31, 2012 against JPL in the Kinnaur police station. A criminal case (No. 164-2 of 2012) has been initiated against JPL before the Chief Judicial Magistrate District Judge, Kinnaur, Civil Division, Rampur under Sections 336 and 34 of the IPC and for enhancement of compensation.

D. North East Transmission Company Limited

1. Civil suits

There are 23 civil suits filed against NETCL, before various courts, primarily relating to, diversion of line route and enhancement of compensation. The total amount claimed is ₹ 28.2 million.

E. Parbati Koldam Transmission Company Limited

1. Civil Suits

There are 37 civil suits against Parbati Koldam Transmission Company Limited before various courts for tower shifting and compensation on account of damage to land crops and trees. The total amount claimed is unascertainable.

V. Amount owed to small scale undertakings/creditors

As on March 31, 2013, we do not owe a sum exceeding ₹ 0.1 million to any micro, small and medium enterprises, which is outstanding for more than 30 days, except in the ordinary course of our business.

VI. Material Developments

Except as stated in "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 286, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake the Offer and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake this Offer or continue our business activities.

A. APPROVALS FOR THE OFFER

1. The Board of Directors has, pursuant to resolutions passed at its meeting held on August 1, 2013 authorised the Offer, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act 1956.

2. The shareholders of our Company have authorised the Offer, pursuant to a special resolution passed at the annual general meeting of our company held on September 19, 2013, under Section 81(1A) of the Companies Act 1956.

3. The Selling Shareholder has approved the Offer and the Offer for Sale through letter (F. No. 11/39/2013-PG) dated November 12, 2013.

B. APPROVALS FOR OUR BUSINESS

I. Approvals for our Ongoing Projects

1. Supplementary Transmission System associated with DVC and Maithon RB Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	April 7, 2008	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.398 ha of forest land for the Maithon-Mejia 400 kV D/C transmission line.	Letter no. 5-WBB038/2010/BHU	December 13, 2010	Not Applicable
3	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.6535 ha of forest land for the Fatehpur-Agra 765 kV S/C transmission line.*	Letter no. 8B/U.P/04/05/2011/F.C/842	July 26, 2011	Not Applicable
4.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.8602 ha of forest land for the Fatehpur-Agra 765 kV S/C transmission line.*	Letter no. 8B/U.P/04/77/2011/F.C/890	August 10, 2011	Not Applicable
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 60.9513 ha of forest land for the Maithon-Ranchi 400 kV D/C transmission line.	Letter no. 8-98/2010-FC	September 6, 2011	Not Applicable
6.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 22.7838 ha of forest land for the Koderma-Gaya 400 kV D/C transmission line.	Letter no. 5 BHC112/2011-BHU	December 15, 2011	Not Applicable
7.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.396 ha of forest land for the Maithon-Ranchi 400 kV D/C transmission line.	Letter no. 5 WBB049/2011-BHU	December 21, 2011	Not Applicable
8.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.2402 ha of forest land for the Sasaram-Biharsharif (Bihar) 400 kV D/C transmission line.	Letter no. 5-BHB109/2010-BHU	February 10, 2012	Not Applicable
9.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.1024 ha of forest land for the Sasaram-Fatehpur 765 kV S/C transmission line (circuit –I).	Letter no. 8B/U.P/04/146/2010/FC/28	April 9, 2012	Not Applicable
10.	Approval of the Central Government under Section 2 of	Letter no.	April 16,	Not

S. No.	Description	Reference Number	Issue Date	Expiry Date
	the Forest Conservation Act, for diversion of 0.36 ha of forest land for the Sasaram-Fatehpur 765 kV S/C transmission line (circuit –I).	8B/U.P/04/28/2011/FC	2012	Applicable
11.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.3223 ha of forest land for the Fatehpur-Agra 765 kV S/C transmission line (circuit-I).	Letter no. 8B/U.P/04/05/2012/FC/53	May 02, 2013	Not Applicable
12.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.162 ha of forest land for the LILO Dehri-Bodhgaya 220 kV D/C transmission line.*	Letter no. 11/2012/382	July 13, 2012	Not Applicable
13.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.2855 ha of forest land for the Fatehpur-Agra 765 kV S/C transmission line.*	Letter no. 8B/U.P/04/101/2012/FC/1019	December 19, 2012	Not Applicable
14.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 198.59 ha of forest land for the Bokaro-Koderma 400 kV D/C transmission line.	Letter no. 8-59/2011-FC	August 20, 2013	Not Applicable
15.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.3927 ha of forest land for the Sasaram-Fatehpur 765 kV S/C transmission line.	Letter no. 8B/U.P/04/3/2012/FC/1085	September 20, 2013	Not Applicable
16.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.6835 ha of forest land for the Sasaram-Fatehpur 765 kV S/C transmission line.	Letter no. 8B/U.P/04/77/2012/FC/1092	September 24, 2013	Not Applicable
17.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.256 ha of forest land for the Sasaram-Fatehpur 765 kV S/C transmission line.	Letter no. 5-BHB126/2011-BHU	September 26, 2013	Not Applicable
18.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.4416 ha of forest land for the Sasaram-Fatehpur 765 kV S/C transmission line.	FC-416	September 30, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

2. North East – Northern Western Region Interconnector – I

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	March 2, 2009	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 98.251 ha of forest land for the 400 kV Bhalukpong-Balipara transmission line in Assam.*	F.No. 8-47/2009-FC	January 6, 2010	Not Applicable
3.	Corrigendum to the in-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 196.502 ha of forest land for the 400 kV Bhalukpong-Balipara transmission line in Assam.*	8-47/2009-FC	January 11, 2010	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.6 ha of forest land for the 400 kV transmission lines from Gorakhpur-Lucknow in Uttar Pradesh.	8B/UP/04/50/2009/FC/572	August 20, 2010	Not Applicable
5.	In-principle approval of the Central	8-73/2009-FC	September	Not Applicable

S. No.	Description	Reference Number	Issue Date	Expiry Date
	Government under Section 2 of the Forest Conservation Act, for diversion of 74.3 ha of forest land for the 400 kV transmission lines from Gerukamukh-BishwanathCharialia (Line – I and Line – II) in Arunachal Pradesh.*		29, 2010	
6.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.2642 ha of forest land for the Saharsa-Gopalganj, Section of high capacity Biswanath-Chariyali-Agra +/- 800 kV 6000 MW HVDC Bipole transmission line.*	Letter no. 5-BHB171/2012-BHU	October 12, 2012	Not Applicable
7.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 58.55 ha of forest land for the 400 kV D/C Biswanath-Chariali earth electrode transmission line and pooling station.	Letter no. 8-33/2009-FC	October 26, 2012	Not Applicable
8.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.96 ha of forest land for the Biswanath-Chariali-Balipara 400 kV D/C transmission line.	Letter no. 3-ASB033/2011-SHI/2738-30	November 21, 2012	Not Applicable
9.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 133.56 ha of forest land for the Kameng-Balipara 400 kV D/C transmission line.	Letter no. 8-20/2010-FC	January 24, 2013	Not Applicable
10.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 98.25 ha of forest land for the Kameng-Balipara 400 kV D/C transmission line.	Letter no. 8-47/2009-FC	January 24, 2013	Not Applicable
11.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.38 ha of forest land for the Balipara-Bongaigaon 400 kV D/C transmission line.	Letter no. 3-AS C051/2011-SHI/2745-47	September 24, 2013	Not Applicable
12.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.2208 ha of forest land for the Gorakhpur-Lucknow 800 kV HVDC transmission line.	Letter no. 8B/U.P/04/32/2010-FC/499	May 11, 2011	Not Applicable
13.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.21 ha of forest land for the Gopalganj- Gorakhpur 800 kV HVDC transmission line.	Letter no. 8B/U.P/04/96/2013-FC/1127	September 30, 2013	Not Applicable
14.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.61 ha of forest land for the Balipara-Bongaigaon 400 kV D/C transmission line.*	Letter no. 3-ASB 124/2011-SHI/(A-2013)	April 3, 2013	Not Applicable
15.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 8.88 ha of forest land for the Balipara-Bongaigaon 400 kV D/C transmission line.	Letter no. 3-ASC 006/2012-SHI 1947-49	August 13, 2013	Not Applicable
16.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 74.32 ha of forest land for the Gerukamukh-BiswanthChariali (line I & II) 400 kV D/C transmission line.	Letter no. 8-73/2009-FC	December 26, 2011	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (No. PG/AGRA/HVDC/209) dated May 22, 2009 for approval under Section 2 of the Forest Conservation Act, for diversion of 6.575 ha of forest land for the 800 kV Lucknow-Agra transmission line.

2. Application (No. PG/AGRA/HVDC/124) dated April 30, 2009 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.4692 ha of forest land for the 800 kV Lucknow-Agra transmission line.

3. Application (No. PG/AGRA/HVDC/237) dated May 25, 2009 for approval under Section 2 of the Forest Conservation Act, for diversion of 1.41 ha of forest land for the 800 kV Lucknow-Agra transmission line.

4. Application (No. N-1/AGRA/800KVHVDC/198) dated July 21, 2010 for approval under Section 2 of the Forest Conservation Act, for diversion of 5.8 ha of forest land for the 800 kV Lucknow-Agra transmission line.

5. Application (No. ER-I/PRN/TL/HVDC/92) dated September 20, 2010 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the +/- 800 kV HVDC Islampur-Saharsa transmission line (part of Biswanath Chariyali-Agra transmission line.)

6. Application (No. NEBC/TL/FOREST/2260) dated April 10, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 80.31 ha of forest land for the 400 kV D/C Lower Subansari-Biswanath Chariali transmission line.

7. Application (No. ER-I/GPG/HVDC/TL/A6) dated July 9, 2011 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the +/- 800 kV HVDC Bipole Biswanath Chariyali-Agra transmission line.

8. Application (No. NR-I/FZB/Forest/FZB/816) dated July 30, 2010 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the +/- 800 kV HVDC Gorakhpur-Lucknow (Gomati River Crossing (PKG-A7)) transmission line (part of Biswanath Chariyali-Agra transmission line).

9. Application (No. NR-I/FZB/Forest/11) dated December 21, 2009 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the +/- 800 kV HVDC Gorakhpur-Lucknow (Gomati River Crossing (PKG-A7)) transmission line (part of Biswanath Chariyali-Agra transmission line).

10. Application (No. NR-I/PG/HDVC/Agra) dated March 12, 2009 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the +/- 800 kV HVDC Lucknow- Agra transmission line.

3. <u>Transmission System associated with Rihand – III (2 x 500 MW) and Vindhyachal – IV (2x 500 MW) Generation Projects</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for the installation of overhead lines.	11/4/2007-PG	November 12, 2009	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 9.37 ha of forest land for the Vindhyachal-Vindhyachal 400 kV D/C (quad) transmission line.	Letter no. 6-MPC030/2012-BHO/1852	November 23, 2012	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 9.9 ha of forest land for the Rihand-Vindhyachal	Letter no. 8B/U.P/04/126/2011/FC/1108	January 8, 2013	Not Applicable

S. No.	Description	Reference Number	Issue Date	Expiry Date
	765 kV D/C transmission line.			
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 104.902 ha of forest land for the Rihand-Vindhyachal 765 kV D/C transmission line.	Letter no. 8-49/2012-FC	May 20, 2013	Not Applicable
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 27.645 ha of forest land for the Satna-Gwalior 765 kV D/C transmission line.	Letter no. 8B/U.P/04/90/2012/FC/1050	September 10, 2013	Not Applicable
6.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 78.839 ha of forest land for the Charkhari (Satna)-Gwalior 765 kV D/C transmission line.*	Letter no. 8-06/2013-FC	July 5, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (ER-II/Satna.765KV/5137) dated March 20, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 34.84 ha of forest land for the 765 kV S/C Vindhyachal Pooling Station-Satna transmission line.

2. Application (ER-II/Satna.765KV) dated March 12, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 35.121 ha of forest land for the 765 kV S/C Vindhyachal Pooling Station-Satna transmission line.

3. Application (NR-I/GLR/TL/KP/116) dated March 21, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 72.360 ha of forest land for the 765 kV S/C Gwalior-Jaipur transmission line.

4. Application (WR-II/GLW/G-J/RF-RAJ/6539) dated July 27, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 58.625 ha of forest land for the 765 kV S/C Gwalior-Jaipur transmission line.

5. Application (Writ Petition (Civil) No. 202 of 1995) dated October 25, 2010 before the Centrally Empowered Committee constituted by the Supreme Court of India, seeking permission for diversion of 40.87 ha of sanctuary area involving 20.10 ha of non forest land and 20.77 ha of forest land falling in the Chambal Crocodile Sanctuary (total 13.4 ha in Madhya Pradesh and 6.7 ha in Rajasthan) and 27.47 ha of Ghatigaon Great Indian Bustard Sanctuary in Madhya Pradesh for the 765 kV S/C Gwalior-Jaipur transmission line.

4. **Transmission System associated with Parbati-III HEP**

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary, MoP, conveying administrative approval and expenditure sanction of the President of India to the implementation of Transmission System associated with Parbati-III HEP.	No.12/19/2004-PG	July 31, 2006	Not applicable
2.	Approval under Section 18-A of the Electricity (Supply) Act, 1948.	No. 11/4/2003	March 13, 2003	Not applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 61.6507 ha of forest land for the Parbati-Amritsar (Punjab) 400 kV D/C transmission line.	Letter no. 8-76/2009-FC	May 28, 2012	Not applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 6.5 ha of forest land for the 400 kV LILO Parbati-II to Parbati-III	No. 9HPC028/2008-CHA/5479	July 1, 2008	Not applicable

S. No.	Description	Reference Number	Issue Date	Expiry Date
	transmission line.			
5.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.0 ha of forest land for the 400 kV LILO Parbati-II to Parbati-III transmission line.*	No. 9HPB215/2009-CHA/6236	November 18, 2009	Not applicable
6.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 6.5115 ha of forest land for the Parbati-II- Koldam Point (Parbati-III) 400 kV D/C transmission line.	Letter no. 9-HPC028/2008-CHA/609-13	January 12, 2011	Not applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

5. Northern Region System Scheme – XV

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	June 17, 2008	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.7992 ha of forest land for the Manesar-Neemrana 400 kV D/C transmission line.	Letter no. 9-HRB765/2011-CHA	May 16, 2012	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 13.5386 ha of forest land for the Manesar-Neemrana and the Gurgaon Manesar 400 kV D/C transmission lines.	Letter no. 9-HRB903/2011-CHA	June 29, 2012	Not Applicable
4.	Environmental clearance of the Department of Environment (Government of Haryana) under the Aravali notification dated May 7, 1992 for the Manesar-Nimrana 400 kV D/C transmission line.	Letter no. DEH/2012/950	July 31, 2012	Not Applicable
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.8216 ha of forest land for the Bhiwadi-Neemrana (Haryana) 400 kV D/C transmission line.	Letter no. HRB572/2011-CHA	December 29, 2011	Not Applicable
6.	Environmental clearance of the Department of Environment (Government of Rajasthan) under the Aravali notification dated May 7, 1992 for the Bhiwadi-Nimrana 400 kV D/C transmission line.	Letter no. F.14 (589)/Env/2012	January 17, 2012	Not Applicable

6. Northern Region System Scheme – XVIII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	June 17, 2008	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 38.32 ha of forest land for the Baghpat-Dehradun 400 kV D/C transmission line.*	Letter no. 8B/UCP/04/56/2013 /IFC/163	October 3, 2013	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.1196 ha of forest land for the Dehradun-Baghpat 400 kV D/C (double circuit) transmission line.	Letter no. 8B/U.P/04/85/2011/FC-707	July 24, 2013	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 47.2024 ha of forest land for the Dehradun-Baghpat 400 kV D/C transmission line.	Letter no. 8-51/2012-FC	September 24, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (NR-I Sahranpur/996) dated February 25, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.0506 ha of forest land for the 400 kV D/C Dehradun-Bagpat transmission line.

7. Northern Region System Scheme – XIX

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	June 17, 2008	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.2392 ha of forest land for the Kaithal-Meerut 400 kV D/C (double circuit) transmission line.*	Letter no. 8B/U.P/04/45/2011/FC-1022	September 16, 2012	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

8. Transmission System Associated with Rampur HEP

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/16/03-PG	December 16, 2008	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.467 ha of forest land for the Patiala-Ludhiana (Punjab) 400 kV D/C transmission line.	Letter no. 9PBB488/2011-CHA/1790-96	March 2, 2012	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 10.5068 ha of forest land for the Naptha-Jakhri-Nalagarh LILO 400 kV D/C transmission line.	Letter no. -9-HPC487/2012-CHA	April 3, 2013	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.283 ha of forest land for the Patiala-Hissar 400 kV D/C transmission line.	Letter no.9-HRB482/2011-CHA/7557-7561	September 21, 2011	Not Applicable
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.677 ha of forest land for the Patiala-Hissar (Punjab) 400 kV D/C transmission line.	Letter no. 9PBB400/2011-CHA	March 27, 2012	Not Applicable

9. Northern Regional Transmission Strengthening Scheme

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	January 19, 2009	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.3772 ha of forest land for the Bhiwani-Jind 400 kV D/C transmission line.	Letter no. 9-HRB099/2013-CHA	April 11, 2013	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.442 ha of forest land for the Bhiwani-Jind 400 kV D/C transmission line.	Letter no.-9-HRB52/2012CHA	July 26, 2013	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.2560 ha of forest land for the Balia-Lucknow (Uttar Pradesh) 765 kV S/C transmission line.	Letter no. 8B/U.P/04/175/2010/F.C/1654	January 23, 2012	Not Applicable

S. No.	Description	Reference Number	Issue Date	Expiry Date
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.9085 ha of forest land for the Balia-Lucknow (Uttar Pradesh) 765 kV S/C transmission line.	Letter no. 8B/U.P/04/41/2011/F.C/1687	February 2, 2012	Not Applicable
6.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.736 ha of forest land for the Balia-Lucknow (both circuits) 400 kV D/C transmission line.*	Letter no. 8B/U.P/04/50/2012/FC/1030	December 19, 2012	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

10. <u>Northern Region System Strengthening Scheme – XXI</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	November 16, 2009	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.15008 ha of forest land for the Lucknow-Bareilly 765 kV S/C transmission line.	Letter no. 8B/UP/04/31/2013/FC/981	August 27, 2013	Not Applicable
3.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.5313 ha of forest land for the Kashipur-Roorkee 400 kV D/C transmission line.*	Letter no. 8B/UP/04/78/2013/FC/1078	September 16, 2013	Not Applicable
4.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.116 ha of forest land for the Kashipur-Roorkee 400 kV D/C transmission line.*	Letter no. 8B/UCP/04/111/2013/FC/127	September 24, 2013	Not Applicable
5.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.1766 ha of forest land for the Roorkee-Sahranpur 400 kV D/C transmission line.*	Letter no. 8B/UP/04/115/2012/FC-46	April 9, 2013	Not Applicable
6.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.138 ha of forest land for the Roorkee-Sahranpur 400 kV D/C transmission line.*	Letter no. 8B/UCP/04/121/2013/FC/43	August 14, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

<u>Applications</u>

1. Application (NR-1/SPN/765 kV/S/C/Forest Proposal/1) dated November 8, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV S/C Bareilly-Lucknow transmission line.

2. Application (NR-1/SPN/400 kV D/C (Quad) BLY-BLY line/Forest/BLY) dated October 8, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C Bareilly-Bareilly transmission line.

3. Application (PG/NR-1/KSP/TL-561) dated October 10, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C Bareilly-Kashipur transmission line.

11. <u>Western Region System Strengthening Scheme – V</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	February 22, 2007	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.2775 ha of forest land for the 220 kV Vapi-Khadoli transmission line in Dadra and Nagar Haveli.	6-DNB146/2009-BHO/7272	July 7, 2010	Not Applicable
3.	In-principle of the Central Government under Section 2 of the Forest (Conservation) Act, for diversion of 0.1472 ha of forest land for the 400 kV Vapi-Navi Mumbai transmission line in Gujarat.*	6-GJB006/2010/BHO/1720	September 7, 2010	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest (Conservation) Act for diversion of 0.6348 ha of forest land for the 400 kV Vapi-Navi Mumbai transmission line.	DNB171/2009-BHO/1628	August 18, 2010	Not Applicable
5.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 7.9488 ha of forest land for the Vapi-Navi-Mumbai 400 kV D/C transmission line.*	Letter no. 6-GJC078/2011-BHO/304	February 15, 2013	Not Applicable
6.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.105 ha of forest land for the Vapi-Khodoli (Gujarat) 220 kV D/C transmission line.	Letter no. 6-GJB048/2010/BHO/1915	October 12, 2010.	Not Applicable
7.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 26.432 ha of forest land for the Lonikhand-Kalwa (Maharashtra) 400 kV D/C transmission line.	Letter no. 6-MHC 0006/2010-BHO/3089	May 18, 2011	Not Applicable
8.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 14.513 ha of forest land for the Vapi-Kala 400 kV D/C transmission line.*	Letter no. -6-MHC039/2013-BHO/1199	July 25, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

<u>Application</u>

1. Application (B20/land/768/2013-14) dated August 14, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 65 ha of forest land for the 400 kV D/C Kala -Kudus transmission line.

12. <u>System Strengthening in Northern Region for Sasan and Mundra Ultra Mega Power Projects</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	December 3, 2008	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.3404 ha of forest land for the Agra-Sikar 400 kV D/C transmission line.*	Letter no. -9-8B/U.P/04/40/2013/FC/613	July 11, 2013	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.9216 ha of forest land for the Naptha-Jhakri-Abdullapur 400 kV D/C transmission line.	Letter no. 9-HRB533/2011-CHA/319	January 12, 2012	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.475 ha of forest land for the Naptha-Jhakri-Abdullapur 400 kV D/C transmission line.	Letter no. 9HRB534/2011-CHA	January 30, 2012	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Application

1. Application (NR-I TL/Kotarputli) dated July 11, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 1.748 ha of forest land for the 400 kV D/C Agra-Sikar transmission line.

13. Split Bus arrangement and reconfiguration/shifting of terminating line at 400 kV Raipur Substation

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/26/2009-PG	June 30, 2009	Not Applicable

14. Transmission System associated with Kaiga-3 & 4 (2x235 MW) Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary MoP, conveying administrative approval and expenditure sanction of the President to the Feasibility Report.	No.12/12/2003-PG	March 29, 2005.	Not Applicable
2	Approval under Section 18-A of the Electricity (Supply) Act, 1948.	No. 11/4/2003-PG	March 13, 2003	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act for diversion of 39.8 ha of forest land for the 400 kV transmission line from Mysore to Kozhikode in Kerala.	4-KLC244/2006-BAN	June 25, 2007	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 23.166 ha of forest land for the Mysore-Kozikode (Karnataka) 400 kV D/C transmission line.	Letter no. KRC747/2010-BAN/602	February 7, 2012	Not Applicable

15. System Strengthening in Southern Region – XII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	August 7, 2013	Not Applicable

16. Eastern Region Strengthening Scheme-I

S. No.	Description	Reference Number	Issue Date	Expiry Date

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary MoP, conveying administrative approval and expenditure sanction of the President of India for the implementation of Eastern Region Strengthening Scheme-I.	No.12/4/2005-PG	October 4, 2006	Not applicable
2	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/16/2003-PG	June 3, 2005	Not applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 30.547 ha of forest land for the 400 kV Durgapur-Jamshedpur transmission line.	No. 5-WBC022/2008-BHU	March 26, 2010	Not applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, 1980 for diversion of 2.6 ha of forest land for the 400 kV Durgapur-Jamshedpur transmission line.	No. 8-269/1998	February 10, 2010	Not applicable
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 11.4 ha of forest land for the 400 kV Durgapur-Jamshedpur transmission line.	No. 5JHC062/2007-BHV	July 3, 2009	Not applicable
6.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 54.398 ha of forest land for the 400 kV Jamshedpur-Badipada transmission line.	No. 8-39/2008-FC	October 12,2009	Not applicable
7.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.38 ha of forest land for the 400 kV Jamshedpur-Badipada transmission line.	No. 5-ORB082/2008-FCE	April 17, 2009	Not applicable
8.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 21.363 ha of forest land for the 400 kV Baripada-Mendhashal D/C transmission line.	Letter no. 5-ORC093/2009-BHU	August 25, 2011	Not applicable

17. Transmission System for transfer of power from Generation Projects in Sikkim to NR/WR-A

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	August 18, 2009	Not Applicable

18. Eastern Regional Strengthening Scheme – III

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	February 26, 2010	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.506 ha of forest land for the LILO Kahalgaon-Biharshiff 400 kV D/C (circuit II) transmission line.	Letter no. FC 255	June 22, 2013	Not Applicable
3.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.99 ha of forest land for the Meramundali-Jeypore LILO 400 kV S/C transmission line.*	Letter no. 5-ORB 173/2013-BHU	August 20, 2013	Not Applicable
4.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.079 ha of forest land for the Rengali-Baripada LILO 400 kV S/C transmission line.*	Letter no. 5-ORB 174/2013-BHU	August 20, 2013	Not Applicable
5.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.2236 ha of forest land for the Sasaram-Daltonganj LILO 400 kV S/C transmission line.*	Letter no. 5-BHB-204/2013-BHU	August 20, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (ER-1/DTG/273) dated July 26, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 36.677 ha of forest land for the 400 kV D/C Sasaram–Daltonganj transmission line.

2. Application (ER-II/BB/LILO-DUBRI/FOREST/12/2490) dated January 24, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 24.62 ha of forest land for the 400 kV D/C Baripada-Mendhsal transmission line.

3. Application (ODP/BBS/LILO/Forest/001/1481) dated August 8, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 28.011 ha of forest land for the LILO of 400 kV D/C Baripada-Mendhsal transmission line.

19. Transmission System for Phase – I Generation Projects in Odisha (Part A)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	June 6, 2013	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 12.5674 ha of forest land for the Rourkela-Raigarh LILO 400 kV D/C transmission line.*	Letter no. 5-ORC 170/2013-BHU	August 20, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval

Application

1. Application (ER-II/JSG/TLC/765KV/L12/Forest/88) dated February 1, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 374.145 ha of forest land for the 765 kV S/C Angul Pooling Station–Jharsuguda Pooling Station transmission lines.

20. Transmission System associated with Pallatana GBPP (740 MW) and Bongaigaon TPS (750 MW)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/16/03-PG	February 24, 2009	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.82 ha of forest land for the Bongaigaon TPS- Bongaigaon 400 kV D/C transmission line.	Letter no. 3-ASB068/2012-SHI/3298-3300	January 16, 2013	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.161 ha of forest land for the Pallatana-Surajmaninagar 400 kV D/C transmission line.	Letter No. 3-TRB 084/2011/SHI/3027-28	February 6, 2012	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 6.89 ha of forest land for the Silchar-PurbaKanchan Bari (TSECL) 400 kV D/C transmission line.	Letter no. 3-TRCB131/2011-SHI/3473-75-FC	January 29, 2013	Not Applicable
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 13.8 ha of forest land for the Silchar-Purba Kanchan Bari (TSECL) 400 kV D/C transmission line.	Letter no. -3-ASC 019/2012-SHI/144-46	April 8, 2013	Not Applicable
6.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 22.7 ha of forest	Letter no. 3-ASB070/2012-	March 25, 2013	Not Applicable

S. No.	Description	Reference Number	Issue Date	Expiry Date
	land for the (Assam) Silchar-Melriat (new) 400 kV D/C transmission line.	SHI/3887-89		
7.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 384.031 ha of forest land for the Silchar-Melriat 400 kV D/C transmission line.	Letter no. 8-97/2011-FC	July 8, 2013	Not Applicable
8.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 22.47 ha of forest land for the (Assam) Silchar-Imphal (new) 400 kV D/C transmission line.	Letter no. 3-ASB072/2012-SHI/3884-86	March 25, 2013	Not Applicable
9.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 135.82 ha of forest land for the Silchar-Imphal 400 kV D/C double circuit transmission line.	Letter no. 8-76/2011-FC	June 11, 2013	Not Applicable
10.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 32.02 ha of forest land for the (Assam) Mariani (new) -Mokokchung 220 kV D/C transmission line.	Letter no. 3-ASB073/2012-SHI/3516/15	March 15, 2013	Not Applicable
11.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 160.958 ha of forest land for the Tezu-Namsai 132 kV S/C transmission line.*	Letter no.-8-21/2013-FC	August 1, 2013	Not Applicable
12.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 153.77 ha of forest land for the Pasighat-Roing 132 kV S/C transmission line.*	Letter no. 8-22/2013-FC	June 26, 2013	Not Applicable
13.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 108.937 ha of forest land for the Roing-Tezu 132 kV S/C transmission line.*	Letter no.-8-20/2013-FC	August 1, 2013	Not applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (No. NEAZL/NEW/TL/2010/259) dated July 22, 2010 for approval under Section 2 of the Forest Conservation Act, for diversion of 10.57 ha of forest land for the 132 kV Melriat (New)-Sihmui transmission line.

2. Application (NEAZL/CONST-FOREST/132KV/08/2012-13/579) dated September 10, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 132 kV D/C Melriat- Sihmui transmission line.

21. Kudankulam Transmission System

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.1 ha of forest land for the 400 kV D/C Edamon-Muvattupuzha transmission line.	4-TNB378/2007-BAN	April 15, 2008	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 47.7 ha of forest land for the 400 kV D/C Tirunelveli-Edamon transmission line.	8-47/2007-FC	April 22, 2008	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.6238 ha of forest land for the 400 kV D/C Edamon-Cochin transmission line.	4-KLB333/2007-BAN/6173	December 14, 2009	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.1 ha of forest land for the 400 kV Muvattupuzha-North Trichur transmission line.	4-KLB187/2006-BAN/2149	March 13, 2008	Not Applicable

22. **Common Scheme for 765 kV Pooling Station and Network associated with DVC & Maithon RB Project etc. and Import by NR & WR via ER**

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/04/07-PG	April 7, 2008	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.89 ha of forest land for the Gaya-Balia 765 kV S/C transmission line.*	Letter no. 5-BHB145/2011-BHU	October 27, 2011	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 37.239 ha of forest land for the Maithon-Gaya 400 kV D/C transmission line.	Letter no. BHC122/2011-BHU	December 15, 2011	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.4672 ha of forest land for the Gaya-Balia 765 kV D/C transmission line.	Letter no. 8B/U.P/ 04/98/2011/F.C/895	October 25, 2012	Not Applicable
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.2560 ha of forest land for the Balia-Lucknow 765 kV S/C transmission line.	Letter no. 8B/U.P/04/175/2010/F.C/1654	January 23, 2012	Not Applicable
6.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.90848 ha of forest land for the Balia-Lucknow 765 kV S/C transmission line.	Letter no. 8B/U.P/04/41/2011/F.C/1687	February 2, 2012	Not Applicable
7.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.3952 ha of forest land for the Gaya-Balia 765 kV D/C transmission line.	Letter no. 5-BHB145/2011-BHU	February 10, 2012	Not Applicable
8.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 247.514 ha of forest land for the Maithon-Gaya 400 kV D/C transmission line.	Letter no. 8-64/2011-FC	August 8, 2012	Not Applicable
9.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 14.2518 ha of forest land for the Ranchi-WR Pooling station 765 kV S/C transmission line.	Letter no. -5-JHC217/2012-BHU	October 19, 2012	Not Applicable
10.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.4639 ha of forest land for the LILO Allahabad-Mainpuri 400 kV D/C transmission line (both circuits).*	Letter no. 8B/U.P/04/69/2012/FC/1023	December 3, 2012	Not Applicable
11.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.736 ha of forest land for the Balia-Lucknow 400 kV D/C transmission line (both circuits).*	Letter no. 8B/U.P/04/50/2012/FC/1030	December 19, 2012	Not Applicable
12.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 13.375 ha of forest land for the Ranchi (Old)-Ranchi (New) Line-I 400 kV D/C transmission line.	Letter no. 5-JHC197/2011-BHU	March 05, 2013	Not Applicable
13.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 12.461 ha of forest land for the Ranchi (Old)-Ranchi (New) Line-II 400 kV D/C transmission line.	Letter no. 5-JHC199/2011-BHU	March 05, 2013	Not Applicable
14.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.0544 ha of forest land for the Gaya-Sasaram 765 kV S/C transmission line.	Letter no. 5-BHB130/2011-BHU	March 1, 2012	Not Applicable
15.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of	Letter no.-8-44/2011-FC	August 1, 2013	Not Applicable

	302.367 ha of forest land for the Sipat-Ranchi 765 kV S/C transmission line.			

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

23. Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal-Part-A2

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2010-PG	November 14, 2012	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.8368 ha of forest land for the Gaya-Varanasi 765 kV S/C transmission line.*	Letter no. FC 296	July 19, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (No. E/RNC/TL-RD/05) dated May 22, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV S/C Ranchi- Dharamjaygarh transmission line (Jharkhand).

2. Application (No. WR-I/Raigarh/765KV double-circuit Raigarh-Tamnar TL/Forest/7354) dated September 29, 2012 for approval under Section 2 of the Forest Conservation Act, for the diversion of 257.09 ha of of forest land for the 765 kV S/C Ranchi- Dharamjaygarh transmission line (Chhattisgarh).

3. Application (No. WR-I/Varanasi/TL/Forest) dated June 4, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV S/C Gaya- Varanasi transmission line.

4. Application (NR-I/VNS/TL/Forest/Azamgarh/NOC) dated August 28, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV S/C Varanasi-Balia transmission line.

24. WR-NR HVDC Interconnector for IPP Projects in Chhattisgarh

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2008-PG	August 9, 2010	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.184 ha of forest land for the Abdullapur-Sonepat (Haryana) 400 kV D/C transmission line.	Letter No. 9-HRB579/2010-CHA/283	January 5, 2011.	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.7964 ha of forest land for the Abdullapur-Sonepat (Haryana) 400 kV D/C transmission line.	Letter no. 9-HRB639/2010-CHA/906	February 2, 2011	Not Applicable

Applications

1. Application (N2AMB/JKTL/2013-35) dated July 9, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 1.114 ha of forest land for the 400 kV D/C Kurukshetra-Jallandhar transmission line (Haryana).

2. Application (N2AMB/JKTL/2013-36) dated July 9, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 1.616 ha of forest land for the 400 kV D/C Kurukshetra-Jallandhar transmission line (Haryana).

3. Application (N2AMB/JKTL/2013-55) dated July 29, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 2.441 ha of forest land for the 400 kV D/C Jallandhar-Kurukshetra transmission line (Punjab).

4. Application (N2AMB/JKTL/2013-85) dated August 16, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.101 ha of forest land for the 400 kV D/C Jallandhar-Kurukshetra transmission line (Haryana).

5. Application (N2JL/KJTL/TL-16/2013-14/40) dated July 24, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 1.120 ha of forest land for the 400 kV D/C (Quad) Kurukshetra-Jallandhar transmission line (Punjab).

6. Application (N2LDH/KJTL/FOREST//TL-01/2013-14/) dated July 25, 2013 for approval under section 2 of the Forest Conservation Act, for diversion of 1.264 ha of forest land for the 400 KV D/C (Quad) Kurukshetra-Jallandhar transmission line (Punjab).

7. Application (N2AMB/JKTL/2013-22) dated June 21, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.731 ha of forest land for the 400 kV D/C Abdullahpur-Sonepat transmission line (Haryana).

25. <u>765 kV System for Central Part of Northern Grid- Part III</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.1888 ha of forest land for the Meerut-Bhiwani 765 kV S/C transmission line.	Letter no. 9-HRB952/2011-CHA	October 26, 2012	Not applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.6224 ha of forest land for the Meerut-Bhiwani 400 kV D/C transmission line.	Letter no. 9HRB113/2012-CHA	March 04, 2013	Not applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.898 ha of forest land for the Meerut-Bhiwani 765 kV S/C transmission line.	Letter no. 9 HRB282/2012-CHA	September 6, 2013	Not applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.368 ha of forest land for the LILO Bareilly-Mandola 400 kV D/C transmission line	Letter no. 8B/U.P/04/20/2012/FC/831	October 8, 2012	Not applicable
5.	In-principal approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.75 ha of forest land for the Bawana-Bahadurgarh-Hissar (Haryana) 400 kV D/C transmission line.*	Letter no. 9-HRB 132/2011-CHA/4583	May 20, 2011	Not applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

26. <u>Northern Regional System Strengthening Scheme XVI</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 222.28 ha of forest land for the Kishenpur-New Wanpoh 400 kV D/C transmission line.	Order no-214-FST	May 17, 2013	Not applicable

<u>Application</u>

1. Application (N2/WR-II/TL/Forest/12) dated August 6, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C Kishenpur to New Wanpoh transmission line.

27. Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part-B

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2010-PG	July 27, 2011	Not applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 3.6544 ha of forest land for the Kanpur-Jhatikara 765 kV S/C transmission line.	Letter no. 8B/U.P/04/66/2013/FC/1103	September 26, 2013	Not applicable

Applications

1. Application (NR-I/TL CONST/VKTL/VNS/) dated October 23, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV D/C Varanasi-Kanpur transmission line (Part II).

2. Application (NR-I/TL CONST/VKTL/VNS/19) dated October 8, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV D/C Varanasi-Kanpur transmission line (Part II).

3. Application dated August 21, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV D/C Varanasi-Kanpur transmission line (Part II).

4. Application (N1KP/TL Const/VNS-KNP/F/47) dated June 27, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 1.2730 ha of forest land for the 765 kV D/C Varanasi-Kanpur transmission line (Part II).

5. Application (N1KP/TL Const/VNS-KNP/F/46) dated June 27, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.9849 ha of forest land for the 765 kV D/C Varanasi-Kanpur transmission line (Part II).

6. Application (JT21/NOC/01) dated October 19, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 1.9584 ha of forest land for the 765 kV S/C Kanpur-Jhatikara transmission line (Gurgaon division).

7. Application (JTR/NOC/01) dated January 18, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 21.318 ha of forest land for the 765 kV S/C Kanpur-Jhatikara transmission line (Mewat division).

8. Application (N1/PWL/KJ/03) dated July 29, 2013 for NOC under Section 2 of the Forest Conservation Act, for cutting down 9 nos. of trees and pruning approximately 79 nos. of trees for the 765 kV S/C Kanpur-Jhatikara transmission line (New Delhi division).

9. Application (N1/Kanpur/400 kV/DC/KK/TL/458) dated July 11, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.0920 ha of forest land for the 400 kV D/C Kanpur (new)-Kanpur transmission line.

10. Application (N1/Kanpur/400 kV/DC/KK/TL/675) dated August 3, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.0690 ha of forest land for the 400 kV D/C Kanpur (new)-Kanpur transmission line.

28. Northern Region System Strengthening Scheme- XXVI

S.	Description	Reference Number	Issue Date	Expiry

No.				Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	May 26, 2011	Not applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.2402 ha of forest land for the Sasaram-Biharsharif 400 kV D/C transmission line.	Letter no. 5-BHB109/2010-BHU	February 10, 2012	Not applicable

Applications

1. Application (N2SNP/KAR/MMTL/20) dated May 30, 2013 for joint inspection of forest strips in Karnal division under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV S/C Meerut-Moga transmission line.

2. Application (N2SNP/KAR/MMTL/37) dated May 1, 2013 for joint inspection of forest strips in Kaithal division under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV S/C Meerut-Moga transmission line.

3. Application (N2SNP/KAR/MMTL/20) dated July 20, 2013 for joint inspection of forest strips in Kurukshetra division under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV S/C Meerut-Moga transmission line.

29. Northern Region System Strengthening Scheme-XXVII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	July 5, 2012	Not applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.118 ha of forest land for the Dehar-Panipat LILO 400 kV S/C transmission line.	Letter no. 9-HRB064/2013-CHA	March 06, 2013	Not applicable

Application

1. Application (N2PKL/TL/F-509) dated July 16, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.2852 ha of forest land for the LILO of 400 kV S/C Dehar-Bhiwani transmission line.

30. Transmission System associated with Mundra Ultra Mega Power Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 44.344 ha of forest land for the Mundra-Vadavi- Mundra-Jetpur; Mundra-Limdi (Gujarat) 400 kV D/C transmission line.	Letter no. 8-57/2010-FC	June 15, 2011	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of additional 29.382 ha of forest land for the Mundra-Vadavi-; Mundra-Jetpur; Mundra-Limdi (Gujarat) 400 kV D/C transmission line.	Letter No. 8- 57/2010-FC (Vol I.)	July 19, 2011	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 2.139 ha of forest land for the Gandhar-Navsari (Gujarat) 400 kV D/C transmission line.	Letter no. 6-GJB 009/2012-BHO/508	March 30, 2012	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.416 ha of forest land for the Navsari-Boisar 400 kV D/C transmission line.	Letter no. 6-GJB 007/2013-BHO/916	May 31, 2013	Not Applicable
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.840 ha of	Letter no. 6-GJB153/2011-BHO/778	May 9, 2012	Not Applicable

S. No.	Description	Reference Number	Issue Date	Expiry Date
	forest land for the Kawas-Navsari 220 kV D/C transmission line.			
6.	Permission under Section 29 of the Wildlife (Protection) Act, 1972 by the Supreme Court of India, for diversion of 241.597 ha of land falling in the Wild Ass Sanctuary, Gujarat for the Mundra-Jetpur, Mundra-Limbdi and Mundra-Vadavi 400 kV D/C transmission lines.	I.A No. 2846 in WP (Case no. 202/1995)	May 7, 2010	Not Applicable

Application

1. Application (A/20/land/603/2013-14) dated July 12, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 56 ha of forest land for the 400 kV D/C Navsari-Boisar transmission line.

31. Establishment of Pooling Stations at Champa and Raigarh (near Tamnar) for IPP Generation. Projects in Chhatisgarh-B

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2008-PG	August 3, 2010	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 25.505 ha of forest land for the Raigarh pooling station (near Kotra)-Raigarh pooling station (near Tamnar) 765 kV S/C transmission line.	Letter no. -6-CHC057/2012-BHO/754	May 1, 2013	Not Applicable

32. Transmission System for establishment of 400/220KV GIS sub station at Kala in UT DNH

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2010-PG (UTDNH)	July 5, 2011	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 14.513 ha of forest land for the Vapi-Kala 400 kV D/C transmission line.*	Letter no. -6-MHC039/2013-BHO/1199	July 25, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

33. Integration of Pooling Stations in Chhatisgarh with Central part of WR for IPP Generation Projects in Chhatisgarh-C

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2008-PG	August 9, 2010	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 15.373 ha of forest land for the Raipur-Wardha 400 kV D/C transmission line.	Letter no. 6-CHC004/2010-BHO/2675	March 9, 2011	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 100.9077 ha of forest land for the Raipur-Wardha 400 kV D/C transmission line.	Letter no. 8-57/2011-FC	September 17, 2012	Not Applicable

Application

1. Application (WR-1/Brahmapuri/TLC/Forest/111) dated August 24, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 6.265 ha forest land for the 765 kV D/C (Hexa) Raipur Pooling Station- Wardha transmission line -I.

34. Transmission System for IPP Generation Projects in Madhya Pradesh and Chhatisgarh

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007-PG	November 11, 2009	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 1.8816 ha of forest land for the Pirana-Vadodara 400 kV S/C transmission line.*	Letter no. 6-GJB-38/2013-BHO/1261	August 7, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Application

1. Application (WR-II/IND-VAD/TLC/Jhabua Forest/116) dated May 24, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV S/C Indore-Vadodara Part-I Raipur Pooling Station- Wardha transmission line -II.

35. Common System associated with ISGS Projects in Krishnapatnam Area of Andhra Pradesh

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007-PG	May 24, 2011	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 66.04 ha of forest land for the Nellore pooling station-Kurnool 765 kV D/C transmission line.*	Letter no. 8-74/2012-FC	January 8, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

36. Transmission System for transfer of power from Generation Projects in Sikkim to NR/WR Part-B

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/1/08-PG	June 17, 2008	Not Applicable
2.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	August 18, 2009	Not Applicable
3.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	August 18, 2010	Not Applicable
4.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 6.895 ha of forest land for the Teesta V- Siliguri LILO 400 kV D/C transmission line.	Letter no. 3-SK C054/2012-SHI/233-34	April 12, 2013	Not applicable
5.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 9.373 ha of forest land for the Rangpo-New Melli 220 kV D/C transmission line.	Letter no. 3-SK C080/2012-SHI/196-97	April 9, 2013	Not applicable
6.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.887 ha of forest land for the Gangtok-Rangit LILO 132 kV S/C transmission line.	Letter no. 3-SK B053/2012-SHI/252-53	April 12, 2013	Not applicable

Applications

1. Application (E/PAT/TL/P-K/W-09) dated June 8, 2011 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C Kishanganj-Patna transmission line.

2. Application (PG/ER-II/GTK/NP-10/FCA) dated August 14, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 16.4680 ha of forest land for the LILO of 400 kV D/C Teesta III-HEP-Kishanganj transmission line.

37. <u>Transmission System associated with Mauda Stage II (2 x 660 MW) Generation Project</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/02/2011-PG	September 16, 2013	Not Applicable

<u>Applications</u>

1. Application (WR -II/Const./Betul-Khandwa/1037) dated October 10, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.3085 ha of forest land for the 400 kV D/C (Quad) Mauda-II –Betul transmission line.

2. Application (WR -II/Const./Betul-Khandwa/897) dated August 26, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 21.8377 ha of forest land for the 400 kV D/C (Quad) Mauda-II –Betul transmission line.

38. <u>Northern Region System Strengthening Scheme -XXV</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/02/2011-PG (PGCIL-NRSS -XXV)	May 26, 2011	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.07 ha of forest land for the Jattikalan-Bhiwani-Moga 765 kV S/C transmission line.	Letter no. 9-HRB783/2010-CHA/8256-60	October 10, 2011.	Not Applicable

<u>Application</u>

1. Application (N2BL/TL/601(A)/12-13) dated November 29, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the LILO of 400 kV D/C Hisar-Bhiwani transmission line.

39. <u>Northern Region System Scheme -XX</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/1/08-PG	June 17, 2008	Not Applicable

40. <u>Transmission System Associated with Krishnapatnam UMPP- Part-B</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007-PG	June 25, 2010	Not Applicable

41. <u>Transmission System Associated with Krishnapatnam UMPP- Part C-1</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section	No. 11/4/2007-PG	June 6,	Not Applicable

S. No.	Description	Reference Number	Issue Date	Expiry Date
	68 of the Electricity Act for installation of overhead lines.		2013	

42. **<u>Establishment of Pooling Stations at Raigarh (Near Kotra) and Raipur for IPP Generation Projects in Chhattisgarh</u>**

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2008-PG	August 9, 2010	Not Applicable

43. **<u>Transmission System Strengthening in Western part of WR for IPP Generation Projects in Chhattisgarh -D</u>**

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2008-PG	August 9, 2010	Not Applicable

<u>Applications</u>

1. Application (WR TS-1/NSK/Forest/131) dated March 7, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C (Quad) Aurangabad-Boisar transmission line.

2. Application (WR TS-1/NSK/129) dated February 2, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C (Quad) Aurangabad-Boisar transmission line.

44. **<u>System Strengthening in North/West part of WR for IPP Projects in Chhattisgarh Part-E</u>**

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2008-PG	August 9, 2010	Not Applicable

<u>Applications</u>

1. Application (WR TS-1/KYN/TLC/2013/41) dated January 10, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C Padghe-Padghe transmission line.

2. Application (WR TS-1/KYN/2012/267) dated September 3, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV D/C Aurangabad-Padghe transmission line.

3. Application (WR TS-1/KYN/2012/635) dated August 31, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV D/C Aurangabad-Padghe transmission line.

4. Application (WR -II/VDR/V-A/Forest) dated June 18, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.09315 ha of forest land for the 400 kV D/C (Quad) Vadodara-Asoj transmission line.

45. **<u>System strengthening in Raipur-Wardha corridor for IPP Projects in Chhattisgarh Part- 6</u>**

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section	No. 11/2/2008-PG	August 9,	Not

S. No.	Description	Reference Number	Issue Date	Expiry Date
	68 of the Electricity Act for installation of overhead lines.		2010	Applicable

Applications

1. Application (WR-1/Brahmapuri/TLC/Forest/217) dated August 22, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 6.164 ha forest land for the 765 kV D/C (Hexa) Raipur Pooling Station- Wardha transmission line -II.

2. Application (WR-1/Brahmapuri/TLC/Forest/237) dated August 28, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 5.086 ha forest land for the 765 kV D/C (Hexa) Raipur Pooling Station- Wardha transmission line -II.

3. Application (WR-1/Brahmapuri/TLC/Forest/253) dated August 31, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 165.222 ha forest land for the 765 kV D/C (Hexa) Raipur Pooling Station- Wardha transmission line -II.

4. Application (WR-1/Brahmapuri/TLC/Forest/216) dated August 22, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 18.023 ha forest land for the 765 kV D/C (Hexa) Raipur Pooling Station- Wardha transmission line -II.

46. System strengthening in Wardha- Aurangabad corridor for IPP Projects in Chhattisgarh

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2008-PG	August 9, 2010	Not Applicable

47. Transmission System for connectivity of Moser Baer Power Limited Generation Project (2 x 600 MW) in Madhya Pradesh

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2010-PG	January 4, 2011	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 26.470 ha of forest land for the Anuppur-Jabalpur 400 kV D/C transmission line.*	Letter no. 6-MPC038/2013-BHO/1058	July 4, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

48. Common System associated with Coastal Energen Private Limited and Ind-Barath Power (Madras) Limited LTOA generation projects in Tuticorin Area Part- B

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007-PG	June 23, 2010	Not Applicable

49. Transmission System for Phase –I Generation Projects in Jharkhand and West Bengal Part A-1

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2010-PG	July 27, 2011	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 4.968 ha of forest land for the Chandwa-Gaya 400 kV D/C transmission line.*	Letter no. FC 228	June 3, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (ER-I/RNC/RC-TL/Forest) dated January 10, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C Ranchi(Bedo)- Chandwa transmission line.

2. Application (E/RNC/TL-BCG/08/1035) dated March 6, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C (Quad) Chandwa-Gaya transmission line.

3. Application (E/RNC/TL-BCG/03/Forest) dated May 8, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C (Quad) Chandwa-Gaya transmission line.

50. System strengthening in Southern Region XIII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007-PG	August 7, 2013	Not Applicable

51. Northern Region System Strengthening Scheme XXIV

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2010-PG	April 22, 2010	Not Applicable

Applications

1. Application (NR-I/DATL/Survey/tree Enumeration/04/12-13) dated June 11, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C Dehradun-Abdullapur transmission line.

2. Application dated July 13, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 2.364 ha of forest land for the 400 kV D/C Dehradun-Abdullapur transmission line.

3. Application (N2BT/DTS/General.1.02/2013/373-77) dated September 23, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C (Quad) Dulhasti-Kishenpur transmission line.

52. Western Region System Strengthening Scheme-XIII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2010-PG	October 15, 2010	Not Applicable

53. Transmission System for connectivity of Essar Power Gujarat Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	August 5, 2011	Not Applicable

Application

1. Application (WR TS-II/RJT/2282) dated June 22, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.64009 ha of forest land for the 400 kV D/C Essar TPS-Bachau transmission line.

54. Common System associated with Coastal Energen Private Limited and Ind-Barath Power (Madras) Limited LTOA Generation Projects in Tuticorin Area Part- A

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007-PG	April 15, 2010	Not Applicable

55. System Strengthening in Southern Region -XIV

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2010-PG	June 4, 2010	Not Applicable

56. Immediate Evacuation of power from Barh-II TPS (2 x 660 MW)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/15/2009-PG	June 30, 2009	Not Applicable

Applications

1. Application (No. ER-I/Barh-Gkp/TL Const./U.P) dated June 23, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 2.1840 ha of forest land for the 400 kV D/C Barh-Gorakhpur transmission line (U.P. portion).

2. Application (No. ER-I/Barh-Gkp/TL Const./Bihar) dated June 23, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 3.848 ha of forest land for the 400 kV D/C Barh-Gorakhpur transmission line (Bihar portion).

57. Establishment of 400/220 kV GIS Substation near Magarwada in Daman and Diu

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2010-PG	June 21, 2011	Not Applicable

Application

1. Application (WR -II/KALA/TL/Forest) dated November 22, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 0.460 ha of forest land for the LILO of 400/220 kV GIS Magarwada transmission line.

58. Common Transmission Scheme associated with ISGS Projects in Vemagiri area of Andhra Pradesh Part A-1

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	May 24, 2011	Not Applicable

59. Common System associated with East Coast Energy Private Limited and NCC Power Projects Limited LTOA Generation Projects in Srikakulam area-Part-A

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007-PG	July 29, 2010	Not Applicable

Application

1. Application (ER-II/BBS/A-S/Forest/3210R) dated December 28, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 93.675 ha of forest land for the 765 kV D/C Srikakulam Pooling Station-Angul transmission line.

60. System Strengthening of Southern Region XVIII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	July 12, 2012	Not Applicable

Application

1. Application (POWERGRID/SRSS-18/2013/189) dated February 14, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C Thiruvalam-Melakottaiyur (Kalivanthapattu) transmission line.

61. System Strengthening of Southern Region XVII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	March 27, 2012	Not Applicable

62. System Strengthening of Southern Region XIX

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PGN	July 12, 2012	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 0.98 ha of forest land for the Kurnool-Thiruvalam 765 kV S/C transmission line.	G.O (Ms) No. 131	August 29, 2013	Not Applicable

Application

1. Application (SRTS-1/CAO-TL/KNL-TVLM/Forest) dated July 28, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 765 kV D/C Kurnool–Thiruvelam transmission line.

63. Northern Region Strengthening Scheme XXVIII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	July 27, 2011	Not Applicable

Applications

1. Application (NR1/VNS/BSTL/Forest/Kaimur) dated July 12, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C (Quad) Biharsharif-Sasaram transmission line.

2. Application (NR1/VNS/BSTL/Forest/Mirzapur/100) dated July 8, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C (Quad) Biharsharif-Sasaram transmission line.

3. Application (NR1/VNS/BSTL/Forest/Ramnagar/101) dated July 9, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C (Quad) Biharsharif-Sasaram transmission line.

4. Application (NR1/VNS/BSTL/Forest/Varanasi/102) dated July 9, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of forest land for the 400 kV D/C (Quad) Biharsharif-Sasaram transmission line.

64. <u>Strengthening Scheme in the Northern Region</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2012-PG	June 12, 2012	Not Applicable

<u>Application</u>

1. Application (N2HMR/PATL/FCA/497) dated February 18, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 12.385 ha of forest land for the LILO of 220 kV D/C Jalandhar-Hamirpur transmission line.

65. <u>Common Transmission System associated with ISGS Projects in Nagapattinam/Cuddalore Area of Tamil Nadu-Part A</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	June 17, 2011	Not Applicable

66. <u>Transmission System associated with Meja TPS</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	June 24, 2011	Not Applicable

67. <u>Transmission System associated with RAPP- 7&8- Part A</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG (RAPP-7 &8)	April 4, 2012	Not Applicable

68. <u>Common system associated with East Coast Energy Private Limited and NCC Power Projects Limited LTOA Generation Projects in Srikakulam area-Part-B</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007-PG	July 29, 2010	Not Applicable

69. <u>Supplementary Transmission Scheme of upcoming IPP Projects in Chhattisgarh</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	February 13, 2012	Not Applicable

70. Line Bays and Reactor provisions at Powergrid Substations associated with System Strengthening for Western Region

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	March 7, 2012	Not Applicable

71. Line Bays and Reactor provisions at Powergrid substations associated with system strengthening common for Western Region and Northern Region

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	February 10, 2012	Not Applicable

72. Augmentation of Transformer and Bays in Western Region

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	February 13, 2012	Not Applicable

73. Line bays and Reactor at Powergrid substation for Raichur-Sholapur line for synchronous interconnection between SR & WR

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	May 31, 2012	Not Applicable

74. Augmentation of Transformation Capacity in Northern Region and Eastern Region

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	March 21, 2012	Not Applicable

75. Installation of Reactors in Western Region

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	March 12, 2012	Not Applicable

76. Augmentation of Transformers in Northern Region- Part- A

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2012-PG	March 27, 2012	Not Applicable

77. Common System associated with East Coast Energy Private Limited and NCC Power Projects Ltd. LTOA general project in Srikakulam area Part-C

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007-PG	July 29, 2010	Not Applicable

78. <u>Installation of Reactors in Western Region (Part II)</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2012-PG	August 16, 2012	Not Applicable

79. <u>Split Bus Arrangement for various Substations in Eastern Region</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2012-PG	January 25, 2012	Not Applicable

80. <u>Eastern Region Strengthening Scheme- VIII</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2011-PG	April 30, 2012	Not Applicable

81. <u>Installation of Transformers and Procurement of Spare Converter Transformer at Bhadrawati HVDC back to back station</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/2/2012-PG	July 23, 2012	Not Applicable

82. <u>Transmission System for Phase – I Generation Projects in Odisha (Part B)</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	June 6, 2013	Not Applicable
2.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 30.699 ha of forest land for the Dharamjaygarh-Jabalpur 765 kV D/C transmission line.*	Letter no. -6-MPC036/2013-BHO/1056	July 4, 2013	Not Applicable
3.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 30.771 ha of forest land for the Jharsuguda pooling station-Dharamjaygarh pooling station 765 kV D/C transmission line.*	Letter no. 5-ORC 169/2013-BHU	August 20, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

<u>Application</u>

1. Application (No. WR-I/KRBA/K-JBP/328) dated January 27, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 247.9 ha forest land for the 765 kV D/C Dharamjaygarh (Korba) – Jabalpur transmission line.

83. <u>Transmission System for Phase – I Generation Projects in Odisha (Part C)</u>

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	June 6, 2013	Not Applicable
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 14.2518 ha of forest land for the Ranchi-Sipat 765 kV S/C transmission line.	Letter no. -5-JHC217/2012-BHU	April 19, 2013	Not Applicable
3.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 97.049 ha of forest land for the Jabalpur-Bina 765 kV D/C transmission line.	Letter no. 8-69/2012-FC	June 27, 2013	Not Applicable
4.	In-principle approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 80.317 ha of forest land for the Bina-Gwalior 765 kV S/C transmission line.*	Letter no. 8-58/2013-FC	September 5, 2013	Not Applicable

* After receipt of a compliance report from the relevant State Government with respect to the fulfillment of certain conditions, formal approval will be issued under Section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (NR-I/GLR/TL/KP/116) dated March 21, 2012 for approval under Section 2 of the Forest Conservation Act, for diversion of 72.360 ha of forest land for the 765 kV S/C Gwalior-Jaipur transmission line.

2. Application (Writ Petition (Civil) No. 202 of 1995) dated October 25, 2010 before the Centrally Empowered Committee constituted by the Supreme Court of India, seeking permission for diversion of 40.87 ha of sanctuary area involving 20.10 ha of non forest land and 20.77 ha of forest land falling in the Chambal Crocodile Sanctuary (total 13.4 ha in Madhya Pradesh and 6.7 ha in Rajasthan) and 27.47 ha of Ghatigaon Great Indian Bustard Sanctuary in Madhya Pradesh for the 765 kV S/C Gwalior-Jaipur transmission line.

3. Application (N1/JPR/TL) dated May 24, 2013 for approval under Section 2 of the Forest Conservation Act, for diversion of 1.7728 ha of forest land for the 765 kV S/C Jaipur-Bhiwani transmission line.

84. Transmission System for development of pooling station in Northern part of West Bengal and transfer of power from Bhutan to NR/WR

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	August 18, 2009	Not Applicable

Application

1. Application (PG/ER-II/SLG/AGM/335) dated May 4, 2013 for investigation, survey and construction of 400 kV Punatsangchu-I to Alipurduar transmission line through Buxa Tiger Reserve.

85. Supplementary Transmission System associated with Vallur TPS

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines.	No. 11/4/2007/PG	October 20, 2009	Not Applicable

Prior approval of the Central Government under Section 68 of the Electricity Act for installation of overhead lines is subject to the condition that the implementing agency will commence construction of the project within three years unless this term is extended by the MoP.

Further, for details relating to regulatory approval under Regulation 24 read with Regulations 111 and 113 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulations, 2004 accorded to our

Company by CERC for constructing nine high capacity power transmission corridors, see "***Regulations and Policies in India***" on page 119.

II. Licenses and Approvals for our Telecommunication Business

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Deputy Secretary, MoP, conveying administrative approval and expenditure sanction of the President of India to the establishment of Backbone Telecom Network.	No. 12/4/2000	March 12, 2003	Not applicable
2.	Registration for Infrastructure Provider Category- I (IP-I) from Director (BS-III), Ministry of Communications and Information Technology, granting permission to establish and maintain the assets such as dark fibres, right of way, duct space and tower for granting them on lease/rent/sale basis to the licensees of telecom services licensed under Section 4 of the Indian Telegraph Act.	No. 62/2002	November 7, 2002	Not applicable
3.	License for installing, operating and maintaining the national long distance service network and providing national long distance service on a non-exclusive basis with in the territorial boundaries of India pursuant to the License Agreement dated July 5, 2006 entered into with the Director (BS-III), DoT.	No. 10-15/06-BS-I (NLD-05)	July 5, 2006	20 years, subject to extension of 10 years
4.	License for maintaining and operating Internet Service on a non-exclusive basis in India pursuant to the License Agreement dated May 29, 2003 entered into with the Assistant Director General (LR V), DoT.	No. 820-709/2003-LR	May 29, 2003	15 years, subject to extension of 5 years

III. Licenses and Approvals for our Wire Business

Application

1. Application dated April 26, 2013 to the Odisha Electricity Regulatory Commission, for license under Section 14 and 15 of the Electricity Act read with Section 26 of the Odisha Electricity Regulatory Commission (Conduct of Business) Regulation, 2004, for carrying out wire business in the State of Odisha.

IV. Trademark registrations

S. No.	Description	Reference	Date of Registration	Expiry Date
1.	Registration in Class 37 of trademark 'Powertel' issued by the Registrar of Trademarks, Trade Mark Registry, New Delhi with respect to telecommunication services.	Trademark No. 1508692 Certificate No. 873108	March 31, 2010	November 29, 2016

Application

1. Application dated March 22, 2007 to the Registrar of Trademarks, Trade Mark Registry, New Delhi, for trademark registration of the logo of our Company, in Classes 37, 38 and 42.

V. Patent registration

Application

1. Application dated February 22, 2012 to the Controller of Patents and Designs, Patent Office, Intellectual Property Building, New Delhi, for registration of patent numbered 511/DEL/2012 relating to High Power Transmission Suspension Towers of our Company.

VI. Approvals for our Subsidiaries

1. Powergrid NM Transmission Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 of the Electricity Act to establish transmission system for transmission system associated with IPPs of Nagapattinam/Cuddalore Area Package-A, on built, own operate and maintain basis, granted by CERC.	No. 18/Transmission/2013/ CERC	June 20, 2013	25 years from the date of issue unless revoked earlier

2. Vizag Transmission Limited

Application

1. Application dated August 30, 2013 to the CERC, New Delhi under Section 14 of the Electricity Act to transmit electricity as a transmission licensee.

VII. Approvals for our Joint Venture Projects

1. Powerlinks Transmission Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission system associated with evacuation of power from Tala Hydroelectric Project in Bhutan, granted by CERC.	Nil	November 13, 2003	25 years from the date of issue unless revoked earlier

2. Torrent Power Grid Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission system associated with evacuation of power from 1,100 MW SUGEN Combined Cycle Power Project at Akhakhol, Gujarat, granted by CERC.	No.2/Transmission/CERC	May 16, 2007	25 years from the date of issue unless revoked earlier

3. Jaypee Powergrid Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission system associated with evacuation of power from Karcham-Wangtoo HEP in Himachal Pradesh, granted by CERC.	No.3/Transmission/CERC	October 1, 2007	25 years from the date of issue unless revoked earlier
2.	Approval of the Central Government under Section 2 of the Forest Conservation Act, for diversion of 322.8538 ha of forest land for the 400 kV KarchamWangtoo-Abdullapur transmission line.	8-18/2008-FC	July 21, 2009	Not Applicable

4. Parbati Koldam Transmission Company Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 of the Electricity Act to transmit electricity as a transmission licensee	No.5/Transmission/CERC	September 15, 2008	25 years from the date of issue unless

S. No.	Description	Reference Number	Issue Date	Expiry Date
	and to construct, maintain and operate the transmission assets (Three Quad Moose Conductors and one Triple Snowbird Conductor), granted by CERC.			revoked earlier

5. Teestavalley Power Transmission Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission assets for two transmission lines from Teesta-III to Mangan Pooling Station and from Mangan to the new pooling station at Kishanganj, granted by CERC.	No.8/Transmission/CERC	May 14, 2009	25 years from the date of issue unless revoked earlier

6. North East Transmission Company Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission assets for two transmission lines from Palatana-Silchar and Silchar-Bongaigaon granted by CERC.	No.9/Transmission/CERC	June 16, 2009	25 years from the date of issue unless revoked earlier

7. Cross Border Power Transmission Company Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, commission, maintain and operate the transmission assets for the transmission lines from Muzzafarpur-Sursund and for the bay extension work at the Muzzaffarpur sub-station granted by CERC.	No. 12/Transmission/2010 /CERC	December 1, 2010	25 years from the date of issue unless revoked earlier

8. Bihar Grid Company Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate intra-state transmission lines, sub-stations and associated installations in the entire state of Bihar granted by CERC.	BERC/Case No. 7/2013-792-01Tr. L	June 21, 2013	25 years from the date of issue unless revoked earlier

9. Kalinga Bidyut Prasaran Nigam Private Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under Section 14 and 15 of the Electricity Act read with Section 26 of	Case no. 114 of 2012	September 25, 2013	25 years from the date of issue unless

	the Odisha Electricity Regulatory Commission for implementing intra-state transmission projects.			revoked earlier

10. Power Transmission Company Nepal Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Approval for establishment of the 400 kV cross border transmission line by the Department of Electricity Development, Government of Nepal.	VVV068/69	December 25, 2069 (Miti – Nepalese Calendar)	Valid until cancellation

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

- Our Board has authorized the Fresh Issue, pursuant to a resolution passed at its meeting held on August 1, 2013.

- Our shareholders have authorized the Fresh Issue and related matters, pursuant to a special resolution dated September 19, 2013 passed at the annual general meeting of shareholders under Section 81(1A) of the Companies Act 1956.

- The Selling Shareholder has approved the Offer and the Offer for Sale, by its letter (F. No. 11/39/2013-PG) dated November 12, 2013.

Prohibition by SEBI, RBI or Governmental authorities

Our Company, our Promoter and our Directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority. Neither our Promoter nor any of our Directors has been or is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

Except for Mr. Mahesh Shah, our Directors are not in any manner associated with the securities market and there has been no action taken by SEBI against our Directors or any entity in which any of our Directors is involved as a promoter or director.

Neither our Company, nor our Promoter nor our Directors, have been detained as willful defaulters by the RBI or any other government authority. There are no violations of securities laws committed by any of them in the past, or pending against them.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 27 read with Regulation 26(1) (d) and (e) of the SEBI ICDR Regulations, as described below:

(a) The aggregate of the proposed Offer and all previous issues made in the same financial year in terms of issue size is not expected to exceed five times the pre-Offer net worth of our Company as per our audited balance sheet of the preceding financial year; and
(b) Our Company has not changed its name within the last one year.

In addition, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom Equity Shares are Allotted in the Offer will be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after we become liable to repay it, our Company and every officer in default will, on and from the expiry of such eight days, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under SEBI ICDR Regulations, the Companies Act, 2013 and applicable law.

Further, our Company is eligible to make a ‘fast track issue’ in accordance with Regulation 10 of the SEBI ICDR Regulations, as described below:

(a) The Equity Shares of our Company have been listed on the BSE and the NSE, which have nationwide trading terminals for a period of at least three years immediately preceding the date of registering this Red Herring Prospectus with the RoC;
(b) The average market capitalization of public shareholding of our Company is at least ₹ 30,000 million;
(c) Our public shareholding is more than 15% of our issued equity capital and the annualized trading turnover of our Equity Shares, during six calendar months immediately preceding the month of the date of registering this Red Herring Prospectus with the RoC, has been at least two per cent of the weighted average of equity shares listed during such six months’ period;

(d) Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of registering this Red Herring Prospectus with the RoC;

(e) Our Company has not complied with the Equity Listing Agreements relating to composition of board of directors for certain quarters during the last three years immediately preceding the date of registering this Red Herring Prospectus with the RoC, but is compliant with such provisions at the date of this Red Herring Prospectus, and adequate disclosures are made in this Red Herring Prospectus about such non-compliances during the three years immediately preceding the date of registering this Red Herring Prospectus with the RoC, and accordingly, our Company will be deemed compliant with the condition. Our Company was compliant with the Equity Listing Agreements from January 16, 2013, with the induction of five independent Directors on our Board. Adequate disclosure to this effect has been made in this Red Herring Prospectus;

(f) The impact of auditors' qualifications, if any, on the audited accounts of our Company in respect of those financial years for which such accounts are disclosed in this Red Herring Prospectus does not exceed 5% of the net profit or loss after tax of our Company for the respective years;

(g) No show-cause notices have been issued or prosecution proceedings initiated by SEBI or pending against our Company or its Promoter or whole time Directors as on the date of registering this Red Herring Prospectus with the RoC; and

(h) The entire shareholding of the Promoter of our Company is held in dematerialized form as on the date of registering this Red Herring Prospectus with the RoC.

Compliance with Part A of Schedule VIII of the SEBI ICDR Regulations, read with Part B and Part C of Schedule VIII of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI ICDR Regulations, read with Part B and Part C of Schedule VIII of the SEBI ICDR Regulations. No exemption from eligibility norms has been sought under Regulation 109 of the SEBI ICDR Regulations, with respect to the Offer. Further, our Company has not been formed by the conversion of a partnership firm into a company. Further, our Company confirms that other than the disclosures made in this Red Herring Prospectus, nothing material has changed in respect of disclosures made by us in the prospectus dated November 16, 2010 issued by our Company at the time of the previous public issue i.e., the further public offering of 841,768,246 Equity Shares in the fiscal 2011.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT IT HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING SBI CAPITAL MARKETS LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, ICICI SECURITIES LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, ICICI SECURITIES LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 15, 2013 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY;**

WE CONFIRM THAT:

A. **THE RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

B. **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

C. **THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, EACH, AS AMENDED, AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND UNTIL DATE SUCH REGISTRATION IS VALID;**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - <u>NOTED FOR COMPLIANCE;</u>**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS - <u>NOT APPLICABLE</u>;**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE RED HERRING PROSPECTUS - <u>NOT APPLICABLE</u>;**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE**

REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY, WITH THE PROCEEDS OF THE PUBLIC OFFER - NOT APPLICABLE;

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION;**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE;**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE RED HERRING PROSPECTUS THAT THE BIDDERS WILL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE;**

11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE RED HERRING PROSPECTUS:**

    a. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE WILL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY; AND**

    b. **AN UNDERTAKING FROM THE COMPANY THAT IT WILL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME;**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER - COMPLIED WITH AND NOTED FOR COMPLIANCE;**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC;**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY;**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS OFFER), AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR;**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE RED HERRING PROSPECTUS</u>;**

18. **WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY;**

19. **WE CONFIRM THAT THE COMPANY IS ELIGIBLE TO MAKE FAST TRACK ISSUE IN TERMS OF REGULATION 10 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION, BY THE COMPANY, HAS ALSO BEEN DISCLOSED IN THE RED HERRING PROSPECTUS;***

20. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE RED HERRING PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE OFFER UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS OFFER WILL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-OFFER ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE OFFER HAVE BEEN GIVEN - <u>COMPLIED WITH AND NOTED FOR COMPLIANCE;</u>**

21. **WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; <u>NOTED FOR COMPLIANCE</u>;**

22. **WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALIZATION OF THE SPECIFIED SECURITIES OF THE COMPANY; AND**

23. **WE CERTIFY THAT AS PER THE REQUIREMENTS OF THE FIRST PROVISO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE RED HERRING PROSPECTUS AND THE PROSPECTUS - <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>**

**The Company has not complied with the provision of the Equity Listing Agreements relating to composition of board of directors for certain quarters during the last three years immediately preceding the date of registering the Red Herring Prospectus with the RoC. However, the Company is compliant with such provision since January 16, 2013 and continues to be compliant as of the date of filing the Red Herring Prospectus with the RoC, and adequate disclosures are made in the Red Herring Prospectus regarding such non-compliance during* *the three years immediately preceding the date of registering the Red Herring Prospectus with the RoC. Accordingly, the Company will be deemed compliant with this condition.*

The filing of this Red Herring Prospectus with the RoC does not absolve our Company from any liabilities under section 34 and section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs any irregularities or lapses in this Red Herring Prospectus.

Price Information of Past Issues handled by the BRLMs

1. *Price information of past public issues handled by SBI Capital Markets Limited:*

S. No	Issue Name	Issue Size (₹. Mn)	Issue price	Listing date	Opening price on listing date	Closing price on listing date	% Change in price on listing date (Closing) Vs Issue price	Benchmark index on listing date (closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (closing)
1	Credit Analysis and Research Limited	5,399.77	750.00	26-Dec-12	949.00	923.95	23.19%	19,417.46	934.45	19,784.08	924.15	19,906.41	916.60	19,923.78
2	PC Jeweller Limited	6,013.08	135.00(1)	27-Dec-12	135.50	149.00	10.37%	19,323.80	181.90	19,691.42	169.00	19,986.82	157.80	20,103.53
3	Repco Home Finance Limited	2,702.32	172.00(2)	01-Apr-13	159.95	161.8	-5.93%	5,704.40	171.65	5,558.70	168.75	5,834.40	170.90	5,930.20

Note: The 10th, 20th and 30th calendar day computation includes the listing day. If either of the 10th, 20th or 30th calendar days is a trading holiday, the next trading day is considered for the computation.
We have considered the designated stock exchange for the pricing calculation.

1. Issue price for employees and retail individual bidders was ₹ 130.00
2. Issue price for employees was ₹ 156.00

Summary statement of price information of past issues handled by SBI Capital Markets Limited:

Financial year	Total no. Of IPOs	Total funds raised (₹. Mn)	Number of IPOs trading at a discount on listing date			Number of IPOs trading at a premium on listing date			Number of IPOs trading at a discount as on 30th calendar day from listing day			Number of IPOs trading at a premium as on 30th calendar day from listing day		
			Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%
2011-12	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	2	11,412.85	0	0	0	0	0	2	0	0	0	0	0	2
2013-14	1	2,702.32	0	0	1	0	0	0	0	0	1	0	0	0

Note: The 30th calendar day computation includes the listing day. If the 30th calendar day is a trading holiday, the next trading day is considered for the computation.

2. *Price information of past public issues handled by Citigroup Global Markets India Private Limited:*

S.No	Issue Name	Issue Size (₹ mm)	Issue price	Listing date	Opening price on listing date	Closing price on listing date	% Change in price on listing date (Closing) Vs Issue price	Benchmark index on listing date (closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (closing)
1	Just Dial Ltd.	9,191.41	530.00	5-Jun-13	590.00	611.45	15.37%	19,568.22	629.30	19,177.93	608.05	18,540.89	641.05	19,410.84
2	Multi Commodity Exchange	6,633.05	1,032.00	9-Mar-12	1,387.00	1,297.05	25.68%	17,503.24	1,290.50	17,273.37	1,249.90	17,058.61	1,288.80	17,486.02
3	L&T Finance Holdings Ltd.	12,450.00	52.00	12-Aug-11	51.00[(3)(6)]	49.95	(3.94%)	16,839.63	44.70	16,341.70	49.65	16,676.75	50.80	16,866.97
4	Coal India Ltd.	151,994.40	245.00	4-Nov-10	287.75	342.35	39.73%	20,893.57	319.90	20,156.89	310.45	19,459.85	322.30	19,966.93

Notes:
1. Benchmark index is Sensex.
2. In case 10th/20th/30th day is not a trading day, closing price on the BSE of a trading day immediately prior to the 10th/20th/30th day, is considered.
3. Issue price for all categories except Eligible Employees bidding under the Employee Reservation Portion and Anchor Investors was ₹ 52.00 per equity shares. Price for Eligible Employees was ₹ 50.00 per equity share and Anchor Investors was ₹ 56.00 per equity share.
4. Issue price for all categories except Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion was ₹ 245.00 per equity share. Price for Retail Individual Bidders and Eligible Employees was ₹ 232.75 per equity share.

Summary statement of price information of past issues handled by Citigroup Global Markets India Private Limited:

Financial year	Total no. Of IPOs	Total funds raised (₹ mm)	Number of IPOs trading at a discount on listing date			Number of IPOs trading at a premium on listing date			Number of IPOs trading at a discount as on 30th calendar day from listing day			Number of IPOs trading at a premium as on 30th calendar day from listing day		
			Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%
2010-2011	1	151,994.40	-	-	-	-	1	-	-	-	-	-	1	-
2011-2012	2	19,083.05	-	-	1	-	1	-	-	-	-	-	-	2
2013-2014	1	9,191.41	-	-	-	-	-	1	-	-	-	-	-	1

3. Price information of past public issues handled by ICICI Securities Limited:

Sr No.	Issue Name	Issue Size ₹ (Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing date	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing date	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing date	Benchmark index as on 30th calendar days from listing day (Closing)
1	Bharti Infratel Limited	41,727.60	220*	28-Dec-12	200	191.65	-12.89%	5,908.35	207.40	5,988.40	204.95	6,039.20	210.30	6,074.80
2	Credit Analysis and Research Limited	5,399.78	750	26-Dec-12	940	922.55	23.01%	5,905.60	929.25	5,988.40	931.05	6,056.60	924.85	6,074.65
3	Tara Jewels Limited	1,794.99	230	6-Dec-12	242	229.9	-0.04%	5,930.90	230.25	5,857.90	223.75	5,905.60	234.00	5,988.40
4	Future Ventures India Ltd.	7,500.00	10	10-May-11	9.00	8.20	-18.00%	5,541.25	8.30	5,486.35	8.10	5,473.10	9.30	5,521.05
5	Muthoot Finance Ltd.	9,012.50	175	6-May-11	196.60	175.90	0.51%	5,551.45	160.50	5,499.00	157.60	5,412.35	175.25	5,532.05

**Discount of ₹10 per equity share offered to retail investors and Premium of ₹10 per equity share to Anchor investors. All calculations are based on Issue Price of Rs 220.00 per equity share*

Note:

– *All above data is of NSE (Website www.nseindia.com)*

– *Benchmark Index considered above in all the cases was NIFTY*

– *10th, 20th, 30th trading day from listed day have been taken as listing day plus 10, 20 and 30 calendar days. Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the next trading date / day*

Summary statement of price information of past issues handled by ICICI Securities Limited:

Financial Year	Total No. of IPO's	Total Funds Raised (₹ Mn.)	Nos. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2013-14	0	Nil	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	3	48,922.37	0	0	2	0	0	1	0	0	1	0	0	2
2011-12	2	16,512.50	0	0	1	0	0	1	0	0	1	0	0	1

4. *Price information of past public issues handled by Kotak Mahindra Capital Company Limited:*

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (Rs)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1.	Bharti Infratel Limited[1]	41,727.60	220.00	December 28, 2012	200.00	191.65	-12.89%	5,908.35	207.40	5,988.40	204.40	6,001.85	210.30	6,074.80
2.	PC Jeweller Limited[2]	6,013.08	135.00	December 27, 2012	137.00	149.20	10.52%	5,870.10	181.65	5,988.40	168.90	6,056.60	157.55	6,074.65
3.	Credit	5,399.78	750.00	December	940.00	922.55	23.01%	5,905.60	934.75	6,016.15	923.45	6,024.05	920.85	6,019.35

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (Rs)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
	Analysis & Research Limited			26, 2012										
4.	Speciality Restaurants Limited	1,760.91	150.00	May 30, 2012	152.00	159.60	6.40%	4,950.75	182.45	5,068.35	206.65	5,064.25	213.05	5,149.15
5.	Future Ventures India Limited	7,500.00	10.00	May 10, 2011	9.00	8.20	(18.00)%	5,541.25	8.15	5,428.10	8.10	5,473.10	8.75	5,526.85
6.	Muthoot Finance Limited	9,012.50	175.00	May 6, 2011	196.60	175.90	0.51%	5,551.45	160.50	5,499.00	155.45	5,348.95	175.25	5,532.05

Source: www.nseindia.com

[1] *In Bharti Infratel Limited, the anchor investor issue price was ₹230 per equity share and the issue price after discount to Retail Individual Bidders was ₹210 per equity share*

[2] *In PC Jeweller Limited, the issue price after discount to Retail Individual Bidders and Eligible Employees was ₹130 per equity share*

Notes: a. In the event any day falls on a holiday, the price/ index of the immediately succeeding working day has been considered;
b. S&P CNX Nifty has been considered as the benchmark index.

Summary statement of price information of past issues handled by Kotak Mahindra Capital Company Limited:

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ million)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
April 1, 2013 – October 21, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2013	4	54,901.36	-	-	1	-	-	3	-	-	1	-	1	2
2012	2	16,512.50	-	-	1	-	-	1	-	-	1	-	-	1

Notes: a. In the event any day falls on a holiday, the price/ index of the immediately succeeding working day has been considered;
b. S&P CNX Nifty has been considered as the benchmark index.

5. Price information of past public issues handled by UBS Securities India Private Limited:

Sr No	Issue Name	Issue Size ₹ (Cr.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar days from listing day (Closing)

1	Bharti Infratel	4,170.00	220	28-Dec-12	200	191.65	-13%	5,908.35	207.4	5988.4	204.95	6,039.20	210.3	6,074.80

* Discount of ₹ 10 per equity share offered to retail investors and Premium of ₹ 10 per equity share to Anchor investors. All calculations are based on Issue Price of ₹ 220.00 per equity share

Note:
- All above data is of NSE (Website www.nseindia.com)
- Benchmark Index considered above in all the cases was NIFTY
- 10th, 20th, 30th trading day from listed day have been taken as listing day plus 10, 20 and 30 calendar days. Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the next trading date / day

Summary statement of price information of past issues handled by UBS Securities India Private Limited:

Financial Year	**Total no. of IPOs**	**Total Funds Raised (₹ Cr.)**	**Nos. of IPOs trading at discount on listing date**			**Nos. of IPOs trading at premium on listing date**			**Nos. of IPOs trading at discount as on 30th calendar day from listing day**			**Nos. of IPOs trading at premium as on 30th calendar day from listing day**		
			Over 50%	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**
2011-2012	0	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	1	4,170.0	-	-	1	-	-	-	-	-	1	-	-	-
2013-2014	0	-	-	-	-	-	-	-	-	-	-	-	-	-

Track records of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the website of the BRLMs:

BRLMs	Website
SBICAP	http://www.sbicaps.com/Main/TrackRecordEquity.aspx
Citi	http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
ISEC	http://www.icicisecurities.com/OurBusiness/?SubSubReportID=10946
Kotak	http://investmentbank.kotak.com/track-record/Disclaimer.html
UBS	http://www.ubs.com/global/en/investment-bank/ubs-securities-india-private-limited/priceperformance.html

Caution – Disclaimer from our Company, the Selling Shareholder and the BRLMs

Our Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than those contained in this Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website at www.powergridindia.com, or the website of its subsidiaries, or of any affiliate or associate of our Company or its subsidiaries, would be doing so at his or her own risk. The Selling Shareholder accepts no responsibility for any statements made other than those made in relation to it and/or to the Equity Shares offered through the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement entered into among the BRLMs, the Selling Shareholder and our Company dated November 12, 2013, and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholder and our Company.

All information will be made available by our Company, the Selling Shareholder and the BRLMs to the Bidders and the public at large and no selective or additional information will be made available for a section of the Bidders or the public, in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company, the Selling Shareholder nor any member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire Equity Shares.

Each of the BRLMs and their respective affiliates may engage in transactions with, and perform services for, our Company, Subsidiaries, joint ventures or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company, Subsidiaries, joint vetures or affiliates, for which they have received, and may in the future receive, compensation.

Disclaimer in Respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India, Hindu Undivided Families ("**HUFs**"), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, public financial institutions as specified in Section 2 (72) of the Companies Act, 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, Eligible QFIs, Alternative Investment Funds ("**AIFs**"), Foreign Institutional Investors ("**FIIs**") and QIBs. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at New Delhi, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action will be required for that purpose. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained here is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States.

Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Red Herring Prospectus as "U.S. QIBs"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as "QIBs"), in reliance on Rule 144A under the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act, and (b) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of the NSE

As required, a copy of this Red Herring Prospectus has been submitted to the NSE. The NSE has given, by its letter (No. NSE/LIST/221545-Y) dated November 14, 2013 permission to our Company to use NSE's name in this offer document as one of the stock exchanges on which our securities are listed. It is to be distinctly understood that the aforesaid permission given by the NSE should not in any way be deemed or construed that the offer document has been cleared or approved by the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company.

Every person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the BSE

As required, a copy of this Red Herring Prospectus has been submitted to the BSE. The BSE has given, by its letter (No. DCS/IPO/NP/IPO-IP/428/2013-14) dated November 14, 2013, permission to our Company to use BSE's name in this offer document as one of the stock exchanges on which our securities are proposed to be listed. The BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The BSE does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
(ii) warrant that our Company's securities will be listed or will continue to be listed on the BSE; or
(iii) take any responsibility for the financial or other soundness of our Company, its Promoter, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus will be filed with SEBI at the Securities and Exchange Board of India, SEBI Bhavan, C – 4A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of this Red Herring Prospectus, with the other documents required to be filed, will be delivered for registration with the RoC in accordance with Section 32 of the Companies Act, 2013 at the office of the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act 1956 will be delivered for registration with the RoC at the following address of the RoC:

Registrar of Companies

National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019
India

Listing

The Equity Shares of our Company are listed on the NSE and the BSE. Applications have been made to the Stock Exchanges to use their respective names in this Red Herring Prospectus and for permission to deal in and for an official quotation of the Equity Shares offered in the Fresh Issue. The NSE through its letter dated November 14, 2013 and the BSE through its letter dated November 14, 2013 granted approval for the use of their respective names in this Red Herring Prospectus. NSE will be the Designated Stock Exchange, with which the basis of allocation will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in reliance of this Red Herring Prospectus. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under SEBI ICDR Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case. The Selling Shareholder shall reimburse our Company for any interest payments made by our Company on behalf of the Selling Shareholder in this regard, in the proportion of the Equity Shares offered by the Selling Shareholder in the Offer.

Other than listing fees in respect of the Equity Shares offered in the Fresh Issue, advertising and marketing expenses, which will be paid by our Company, all expenses with respect to the Offer will be shared between the Selling Shareholder and our Company, in proportion to the number of Equity Shares offered and sold by them in the Offer.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 12 Working Days of the Bid/Offer Closing Date. The Selling Shareholder undertakes to provide such reasonable support and extend reasonable cooperation as may be requested by our Company, to the extent such support and cooperation is required from such Party to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges. Further, the Selling Shareholder shall reimburse our Company for any interest paid by it, on behalf of the Selling Shareholder, in proportion to the Equity Shares offered for sale by the Selling Shareholder in the Offer, in so far as any delays pertain to the Equity Shares offered for sale by the Selling Shareholder.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who –

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act, 2013, includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, the Statutory Auditors, members of the Syndicate, Registrar to the Offer, Bankers to the Offer, Domestic Legal Counsel to our Company and the Selling Shareholder, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Offer, Bankers to our Company, lenders to our Company (where such consent is required), the Monitoring Agency and project appraising entities with respect to the respective Identified Projects, where applicable, each as referred to in this Red Herring Prospectus, in their respective capacities, have been obtained and have been filed along with a copy of this Red Herring Prospectus with the RoC and will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

S.K. Mehta & Co., Chartered Accountants, Chatterjee & Co., Chartered Accountants and Sagar & Associates, Chartered Accountants, have agreed to provide their written consent to the inclusion of their report on the financial statements and the statement of tax benefits dated November 12, 2013 and November 12, 2013, respectively, in the form and context in which they appear in this Red Herring Prospectus, and such consent and report will not be withdrawn up to the time of delivery of the Prospectus to the RoC.

Expert opinion

Except for the report of our Auditors on the financial statements and the statement of tax benefits included in this Red Herring Prospectus, our Company has not obtained any expert opinion.

Offer related expenses

The estimated Offer expenses are as under:

Activity Expense	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the Book Running Lead Managers	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]

Fees payable to the Registrar	[●]	[●]	[●]
Underwriting commission, fees payable to the Bankers to the Offer, brokerage and selling commission, as applicable	[●]	[●]	[●]
Brokerage and selling commission payable to Registered Brokers			
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate and Registered Brokers and submitted with the SCSBs	[●]	[●]	[●]
Others (legal fees, listing fees etc.)			
Total	**[●]**	**[●]**	**[●]**

**Will be incorporated at the time of filing of the Prospectus.*

Processing fees payable to SCSBs

In relation to Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant branches of the SCSBs at the Specified Locations for processing, up to 5% of the selling commission payable to the members of the Syndicate for such Bid cum Application Forms will be available for distribution as processing fee to the relevant SCSBs (the "**Syndicate ASBA Processing Fee**"). The Syndicate ASBA Processing Fee will be divided by the total number of Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant branches of the SCSBs at the Specified Locations, including the Bid cum Application Forms procured by the members of the Syndicate in the QIB Category, for processing, to arrive at the per application Syndicate ASBA Processing Fee ("**Per Application Syndicate ASBA Processing Fee**"), which will be subject to a cap of ₹ 10 per Bid cum Application Form. Each SCSB will receive a product of the Per Application Syndicate ASBA Processing Fee, and the number of Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant SCSBs at the Specified Locations for processing. The remaining selling commission in relation to Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant branches of the SCSBs at the Specified Locations for processing, after deducting the Syndicate ASBA Processing Fee, will be payable to the members of the Syndicate.

In relation to Bid cum Application Forms procured by the Registered Brokers and submitted to the relevant branches of the SCSBs at the Broker Centres for processing, up to 5% of the selling commission payable to the Registered Brokers for such Bid cum Application Forms will be available for distribution as processing fee to the relevant SCSBs in proportion to the Bid cum Application Forms processed subject to a cap of ₹ 10 per Bid cum Application Form.

Commission payable to the Registered Brokers

Subject to the cap as mentioned below, the commission payable to the Registered Brokers (the "**Registered Broker Commission**") shall be as follows:

Size of the Bid cum Application Form	Commission Payable
Up to ₹ 100,000	₹ 10 per Bid cum Application Form which is considered eligible for Allotment in the Offer
Greater than ₹ 100,000	₹ 15 per Bid cum Application Form which is considered eligible for Allotment in the Offer

The total Registered Broker Commission to be paid to the Registered Brokers for the Bid cum Application Forms procured by them which are considered eligible for Allotment in the Offer ("**Eligible Bid cum Application Forms**") calculated as per the table above, shall be capped at 0.35%, 0.15% and 0.25% of the product of the number of Equity Shares Allotted to Retail Individual Investors, Non-Institutional Investors and Eligible Employees bidding in the Employee Reservation Portion, respectively, and the Offer Price in relation to the Eligible Bid cum Application Forms procured by them (the "**Maximum Brokerage**").

In case the total Registered Broker Commission payable to the Registered Brokers exceeds the Maximum Brokerage, then the commission paid to the Registered Brokers per Eligible Bid cum Application Form as per the table above would be proportionately adjusted such that the total Registered Broker Commission payable to them does not exceed the Maximum Brokerage.

The terminal from which the Bid has been uploaded will be taken into account in order to determine the commission payable to the relevant Registered Broker. The Registered Broker Commission payable to Registered Brokers shall be inclusive of all taxes.

Other than listing fees, advertising and marketing expenses in respect of the Equity Shares offered in the Fresh Issue, which will be borne by our Company, the above-mentioned Offer expenses will be borne by our Company and the Selling Shareholder, in proportion to the number of Equity Shares offered and sold by them in this Offer in the Fresh Issue and the Offer for Sale, respectively.

Fees, Brokerage and Selling Commission

The details of fee, underwriting and selling commission and brokerage payable to the members of the Syndicate will be as stated in the engagement letters with the BRLMs, issued by our Company, copies of which will be made available for inspection at our Corporate Office from 10.00 am to 4.00 pm during the Bid/Offer Period.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated November 12, 2013 signed among our Company, the Selling Shareholder and the Registrar to the Offer, a copy of which will be made available for inspection at our Corporate Office from 10.00 am to 4.00 pm during the Bid/Offer Period. Adequate funds will be provided to the Registrar to the Offer to enable them to send refund orders or Allotment Advice by registered post/speed post (subject to postal rules).

Particulars regarding Public or Rights Issues during the last five years

In 2010, our Company made a further public issue of 841,768,246 Equity Shares for cash at a price of ₹ 90 per Equity Share (including a premium of ₹ 80 per Equity Share) aggregating to approximately ₹ 74,423.4 million, through a prospectus dated November 16, 2010. The further public issue comprised a fresh issue of 420,884,123 Equity Shares and an offer for sale of 420,884,123 Equity Shares by our Promoter, acting through the MoP. Further, the further public issue comprised a net issue of 838,378,646 Equity Shares to the public and a reservation of 3,389,600 Equity Shares for subscription by certain eligible employees. The further public issue opened on November 9, 2010 and closed on November 12, 2010. Allotment of Equity Shares and dispatch of refunds pursuant to the further public issue was made on November 23, 2010. The actual issue expenses for the further public issue aggregated to ₹ 367.7 million. Our Company's share of the proceeds of the further public issue, after deducting issue expenses and the proceeds of the offer for sale, aggregated to approximately ₹ 36,916.3 million. The listing of our Equity Shares pursuant to the further public issue took place on November 25, 2010. The objects of the further public issue in 2010 were to meet capital requirements for implementation of certain identified transmission projects. Of these identified transmission projects, the following have been completed:

	Name of Project	Date of Completion
1.	Western Region System Strengthening Scheme-II	December 20 12
2.	Strengthening of East-West Transmission Corridor	June 2011
3.	Western Region Strengthening Scheme - IX	November 2011
4.	Transmission System associated with Sasan UMPP	September 2013
5.	Southern Region Strengthening Scheme – X	June 2012
6.	Western Region Strengthening Scheme – X	March 2012
7.	Northern Region Strengthening Scheme – XIII	August 2012
8.	Transmission System for Barh Generation Project	June 2012
9.	Transmission System associated with Korba – III Generation Project	June 2011
10.	Transmission System for Mouda Generation Project	May 2012
11.	765 KV System For Central Part Of Northern Grid-Part-II	May 2013
12.	765 KV System For Central Part Of Northern Grid-Part-I	May 2013

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in "***Capital Structure***" on page 35, our Company has not issued any Equity Shares for consideration other than cash.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

The aggregate of underwriting, brokerage and selling commissions paid in relation to the initial public issue of our Company was ₹ 282.1 million. The aggregate of underwriting, brokerage and selling commissions paid in relation to the further public issue of our Company was ₹ 115.34 million, which was included in the total issue expenses mentioned above.

Performance vis-à-vis Objects

Our Company made an initial public offering of 573,932,895 Equity Shares for cash at a price of ₹ 52 per Equity Share (including a premium of ₹ 42 per Equity Share) aggregating to approximately ₹ 29,844.5 million, through a prospectus dated September 19, 2007. Subsequently, in 2010, our Company made a further public issue of 841,768,246 Equity Shares for cash at a price of ₹ 90 per Equity Share (including a premium of ₹ 80 per Equity Share) aggregating to approximately ₹ 74,423.4 million, through a prospectus dated November 16, 2010.

The objects of the IPO were to (a) achieve the benefits of listing the equity shares on the stock exchanges, (b) meet capital requirements for implementation of certain identified transmission projects, and (c) for general corporate purposes. The amount raised from the IPO has been fully utilized by our Company for the aforesaid objects, as stated in the prospectus dated September 19, 2007.

The objects of the further public issue in 2010 were to meet capital requirements for implementation of certain identified transmission projects. The amount raised from the further public issue has been utilized by our Company for the aforesaid objects, as stated in the prospectus dated November 16, 2010. Our Company has pursuant to a board resolution dated February 8, 2011, amended the schedule of implementation and deployment of funds as stated in the prospectus dated November 16, 2010, pursuant to which the deployment of issue proceeds towards capital expenditure for the identified transmission projects in fiscal 2011 was increased from ₹ 9,906.8 million to ₹ 16,000.0 million. Further, our Company, pursuant to a shareholder resolution dated February 24, 2012, conducted through postal ballot, rescheduled the deployment of the unutilized proceeds of the further public issue and approved deployment in (i) eight additional identified transmission projects; and (ii) in such other projects as the Board of Directors may from time to time deem appropriate, in addition to the transmission projects identified in the prospectus dated November 16, 2010.

Promise v/s performance - Last One Issue of Subsidiaries, Associate Companies

None of our subsidiaries has made any public issue of its equity shares.

Outstanding Debentures or Bond Issues or Preference Shares

Except as stated in "***Financial Indebtedness***" on page 320, our Company has no outstanding debentures or bonds as on date of this Red Herring Prospectus.

Outstanding Preference Shares

There are no outstanding preference shares issued by our Company.

Partly Paid-up Shares

There are no partly paid up Equity Shares of our Company.

Stock Market Data of the Equity Shares

See "***Stock Market Data for Equity Shares of our Company***" on page 338.

Other Disclosures

The Selling Shareholder and our Directors have not purchased or sold or financed any purchase or sale of securities of our Company, during a period of six months preceding the date of this Red Herring Prospectus.

SEBI has not initiated any action against any entity related to the securities market, with which our Directors are associated.

Status of Investor Complaints

Our Company received a total of 6,054 investor complaints in the three years preceding the date of this Red Herring Prospectus. All investor complaints received by our Company since the IPO have been appropriately disposed of. For the quarter ended September 30, 2013, there were a total of 57 complaints received against our Company, which were subsequently attended to and suitably disposed off and there were no complaints pending for more than 30 days. The average time taken for redressal of routine investor grievance is 10 Working Days from the date of receipt of the complaint. As on date of this Red Herring Prospectus, there are a total of three complaints pending against our Company.

Mechanism for Redressal of Investor Grievances

The agreement dated November 12, 2013 between the Registrar to the Offer and our Company provides for retention of records with the Registrar to the Offer for a period of at least three year from the last date of dispatch of letters of Allotment or demat credit or refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Investors may contact the BRLMs for any complaint pertaining to the Offer. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer for redressal of routine investor grievances will be 10 Working Days from the date of receipt of the complaint and the Registrar to the Offer shall ensure that the first response shall be sent to the investors within three Working Days after receipt of complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Ms. Divya Tandon as the Compliance Officer and, in case of any pre-Offer or post-Offer related problem, she may be contacted at the following address:

Ms. Divya Tandon
Power Grid Corporation of India
'Saudamini'
Plot No. 2, Sector 29
Gurgaon
Haryana 122 001, India
Telephone: + 91 (124) 2571 968
Facsimile: + 91 (124) 2571 891
E-mail: investors@powergridindia.com

Disposal of investor grievances by listed companies under the same management as our Company

There is no listed company under the same management as our Company.

Change in Auditors in the past three years

Name of Auditor	Date of Change	Reason
S.K. Mehta & Co., Chartered Accountants	August 12, 2011	Appointment as Auditor from fiscal 2012
Chatterjee & Co., Chartered Accountants	August 12, 2011	Appointment as Auditor from fiscal 2012
Sagar & Associates, Chartered Accountants	August 12, 2011	Appointment as Auditor from fiscal 2012
A.R. & Company, Chartered Accountants	August 11, 2011	Resignation
Umamaheshwara Rao & Co., Chartered Accountants	August 11, 2011	Resignation
S R I Associates, Chartered Accountants	August 11, 2011	Resignation

Capitalization of Reserves or Profits

Our Company has not undertaken any capitalization of reserves or profits since incorporation.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – OFFER RELATED INFORMATION

OFFER STRUCTURE

The Offer of 787,053,309 Equity Shares of face value ₹ 10 each, at an Offer Price of ₹ [●] for cash, including a premium of ₹ [●] per Equity Share, aggregating ₹ [●] million is being made through the Book Building Process. The Offer comprises a Fresh Issue of 601,864,295 Equity Shares by our Company and an Offer for Sale of 185,189,014 Equity Shares by the Selling Shareholder. The Offer comprises a Net Offer of 784,053,309 Equity Shares to the public and a reservation of 3,000,000 Equity Shares for Eligible Employees bidding in the Employee Reservation Portion. The Offer will constitute 15.04% of the post-Offer equity share capital of our Company and the Net Offer will constitute 14.99% of the post-Offer equity share capital of our Company.

	Eligible Employees	QIBs	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation*	3,000,000 Equity Shares	392,026,655 Equity Shares, or Net Offer less allocation to Non-Institutional Investors and Retail Individual Investors	Not less than 117,607,996 Equity Shares or Net Offer less allocation to QIBs and Retail Individual Investors	Not less than 274,418,658 Equity Shares or Net Offer less allocation to QIBs and Non-Institutional Investors
Percentage of Offer size available for allocation	Approximately 0.38% of the Offer. The Employee Reservation Portion comprises approximately 0.06% of our Company's post-Offer paid-up Equity Share capital	50% of the Net Offer will be available for allocation to QIBs. However, 5% of the QIB Category, will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation portion will also be eligible for allocation in the remaining QIB Category. The unsubscribed portion in the Mutual Fund portion will be available for allocation to QIBs	Not less than 15% of the Net Offer or Net Offer less allocation to QIBs and Retail Individual Investors	Not less than 35% of the Net Offer or the Net Offer less allocation to QIBs and Non-Institutional Investors
Basis of Allotment if respective category is oversubscribed	Proportionate	Proportionate as follows: (a) 19,601,333 Equity Shares will be available for allocation on a proportionate basis to Mutual Funds; and (b) 372,425,322 Equity Shares will be available for allocation on a proportionate basis to QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For details, see "***Offer Procedure***" on page 422.
Mode of Bidding	Both the ASBA process and the non-ASBA process are available to Eligible Employees	Through ASBA process only	Through ASBA process only	Both the ASBA process and the non-ASBA process are available to Retail Individual Investors
Minimum Bid	[●] Equity Shares	Such number of Equity Shares in multiples of [●] Equity Shares so that	Such number of Equity Shares in multiples of [●] Equity Shares so that	[●] Equity Shares

	Eligible Employees	QIBs	Non-Institutional Investors	Retail Individual Investors
		the Bid Amount exceeds ₹ 2,00,000	the Bid Amount exceeds ₹ 2,00,000	
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form			
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter			[●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Category
Trading Lot	One Equity Share			
Who can Apply**	Eligible Employees applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000	Public financial institutions specified in Section 2(72) of the Companies Act, 2013, FIIs (and their sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds, venture capital funds, FVCIs, Alternative Investment Fund registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority ("**IRDA**"), provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, insurance funds set up and managed by the army, navy and air force of the Union of India and the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of GoI published in the Gazette of India and insurance funds set	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, Eligible QFIs, scientific institutions societies and trusts and any FII sub-account registered with SEBI, which is a foreign corporate or foreign individual for Equity Shares such that the Bid Amount exceeds ₹ 200,000 in value	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value

	Eligible Employees	QIBs	Non-Institutional Investors	Retail Individual Investors
		up and managed by the Department of Posts, India		
Terms of Payment	The entire Bid Amount will be payable at the time of submission of the Bid cum Application Form to the Syndicate or the Designated Branch or the member of the Syndicate at the Specified Location or the Registered Broker at the Broker Centre, as the case may be. In case of ASBA Bidders, the SCSB will be authorized to block funds equivalent to the Bid Amount in the relevant ASBA Account as detailed in the Bid cum Application Form.			

* *This Offer is being made through the Book Building Process where 50% of the Net Offer will be allocated on a proportionate basis to QIBs. Further, 5% of the QIB Category will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories (including the Employee Reservation Portion), as applicable, on a proportionate basis, subject to applicable laws.*

** *If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Retail Discount and Employee Discount

The Retail Discount and Employee Discount, if any, will be offered to Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion, respectively, at the time of making a Bid. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment at the Bid Amount (which will be less Retail Discount or Employee Discount, as applicable) at the time of making a Bid. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount or Employee Discount, as applicable, at the time of making a Bid. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion must ensure that the Bid Amount does not exceed ₹ 200,000. Please refer to "***Offer Procedure***" on page 422.

Withdrawal of the Offer

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Offer at any time after the Bid Opening Date but before Allotment. If our Company and the Selling Shareholder withdraw the Offer, our Company will issue a public notice within two days, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholder withdraw the Offer after the Bid Closing Date and thereafter determine that they will proceed with a further public offering of Equity Shares, they will file a fresh offer document with SEBI or the Stock Exchanges, as the case may be.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within 12 Working Days of the Bid Closing Date; and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Bid/Offer Period

BID/OFFER OPENS ON	December 3, 2013
BID/OFFER CLOSES ON	
(FOR QIBS)	December 5, 2013
(FOR NON-QIBS)	December 6, 2013
FINALISATION OF BASIS OF ALLOTMENT	On or about December 16, 2013
INITIATION OF REFUNDS	On or about December 17, 2013
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	On or about December 18, 2013
COMMENCEMENT OF TRADING	On or about December 20, 2013

This timetable, other than Bid/Offer Opening and Closing Dates, is indicative in nature and does not constitute any obligation or liability on our Company, the Selling Shareholder or the members of the Syndicate. While our Company and the Selling Shareholder will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within 12 Working Days of the Bid/Offer Closing Date, the timetable may be subject to change for various reasons, including extension of the Bid/Offer Period by our Company and the Selling Shareholder due to revision of the Price Band or any delays in receipt of final listing and trading approvals from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law.

Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding centres mentioned in the Bid cum Application Form, or in the case of ASBA Bidders, at the Designated Branches (a list of such branches is available at the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) or with the members of the Syndicate at the Specified Locations or with the Registered Brokers at the Broker Centres (a list of such Broker Centres is available at the websites of the Stock Exchanges), as the case may be, except that on the Bid/Offer Closing Date (which for QIBs is a day prior to the Bid/Offer Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. (Indian Standard Time) in case of Bids by Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion. On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges. Due to limitation of time available for uploading Bids on the Bid/Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. If a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. Our Company, the Selling Shareholder, the members of the Syndicate, the SCSBs and the Registered Brokers will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days.

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price as disclosed at least one Working Day prior to the Bid/Offer Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a press release and by indicating the change on the website of the members of the Syndicate and by intimation to SCSBs and the Registered Brokers.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

TERMS OF THE OFFER

The Equity Shares issued and allotted in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRR, the Memorandum of Association, the Articles of Association, the Equity Listing Agreements, the terms of this Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue and sale of capital and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued and allotted in the Offer will be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and will rank *pari passu* with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. See "***Main Provisions of the Articles of Association***" on page 463.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act, the Equity Listing Agreements, our Memorandum of Association and Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. See "***Dividend Policy***" on page 167.

Face Value and Price Band

The face value of each Equity Share is ₹ 10. At any given point of time there will be only one denomination for the Equity Shares.

The Price Band, the minimum Bid lot and the Rupee amount of the Retail Discount and the Employee Discount will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and published by our Company at least one Working Day prior to the Bid/Offer Opening Date, in all editions of the *Financial Express* (a widely circulated English national newspaper) and all editions of the *Jansatta* (a widely circulated Hindi national newspaper), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites.

Rights of the Equity Shareholder

Subject to applicable law, the equity shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Equity Listing Agreements and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "***Main Provisions of Our Articles of Association***" on page 463.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares will be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialized form. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

(i) Agreement dated June 27, 2007, between NSDL, our Company and the Registrar to the Offer;

(ii) Agreement dated May 31, 2007, between CDSL, our Company and the Registrar to the Offer.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [•] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Nomination Facility

In accordance with Section 109A of the Companies Act 1956, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 109A of the Companies Act 1956, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or Corporate Office or with the Registrar to the Offer.

In accordance with Section 109B of the Companies Act 1956, any person who becomes a nominee by virtue of Section 109A of the Companies Act 1956, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Bid/Offer Period

BID/OFFER OPENS ON	December 3, 2013
BID/OFFER CLOSES ON	
(FOR QIBS)	December 5, 2013
(FOR NON-QIBS)	December 6, 2013
FINALISATION OF BASIS OF ALLOTMENT	On or about December 16, 2013
INITIATION OF REFUNDS	On or about December 17, 2013
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	On or about December 18, 2013
COMMENCEMENT OF TRADING	On or about December 20, 2013

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue, including through the devolvement to the Underwriters, as applicable, within 60 days from the Bid/Offer Closing Date, our Company will refund the entire subscription amount received within 70 days from the Bid/Offer Closing Date. If such money is not repaid within eight days after we become liable to repay it, our Company and every officer in default will, on and from the expiry of such eight days, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under SEBI ICDR Regulations, the Companies Act, 2013 and applicable law. Further in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom the Equity Shares are Allotted in the Offer will be not less than 1,000.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of the Promoter's post-Offer equity shareholding, as detailed in *"**Capital Structure**"* on page 35 and as provided in our Articles as detailed in "***Main Provisions of our Articles of Association***" on page 463, there are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("**General Information Document**") included below under section titled " – **Part B - General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Offer.*

Our Company, the Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

This Offer is being made through the Book Building Process where 50% of the Net Offer will be allocated on a proportionate basis to QIBs. Further, 5% of the QIB Category will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. 3,000,000 Equity Shares shall be made available for allocation on a proportionate basis to the Eligible Employees bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price.

Any unsubscribed portion in the Employee Reservation Portion shall be added to the Net Offer to the public. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories (including the Employee Reservation Portion), as applicable, on a proportionate basis, subject to applicable laws.

Bid cum Application Form

There is a common Bid cum Application Form for ASBA Bidders as well as non-ASBA Bidders. Copies of the Bid cum Application Form will be available with the members of the Syndicate, the Registered Brokers at the Broker Centres, at our Registered Office and our Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. The Bid cum Application Forms for Eligible Employees will be available only at our Registered Office and our Corporate Office.

Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion may Bid through the ASBA process at their discretion. However, QIBs and Non Institutional Bidders must compulsorily use the ASBA process to participate in the Offer.

ASBA Bidders must provide bank account details in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such detail are liable to be rejected. In relation to non-ASBA Bidders, the bank account details shall be available from the depository account.

ASBA Bidders shall ensure that the Bids were submitted at the Bidding centres only on Bid cum Application Forms bearing the stamp of a member of the Syndicate or the Registered Broker or the SCSB, as the case may be, (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms not bearing such specified stamp maybe liable for rejection.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including FIIs, Eligible QFIs and Eligible NRIs, applying on a repatriation basis	Blue
Eligible Employee bidding in the Employee Reservation Portion**	Pink

** Excluding electronic Bid cum Application Forms*

***The Bid cum Application Forms for Eligible Employees will be available only at our Registered Office and our Corporate Office.*

Who can Bid?

In addition to the category of Bidders set forth under "- ***General Information Document for Investing in Public Issues - Category of Investors Eligible to Participate in an Offer***", the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

(i) Mutual Funds registered with SEBI. Bids by asset management companies or custodians of Mutual Funds should clearly indicate the name of the concerned scheme for which the Bid is submitted;
(ii) Eligible Employees bidding in the Employee Reservation Portion;
(iii) Venture Capital Funds and Alternative Investment Funds registered with SEBI;
(iv) Foreign Venture Capital Investors registered with SEBI;
(v) Eligible QFIs under the Non-Institutional Investors category;
(vi) State Industrial Development Corporations;
(vii) Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
(viii) Insurance companies registered with IRDA;
(ix) Provident funds and pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitutional documents to hold and invest in equity shares;
(x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
(xi) Insurance funds set up and managed by the army, navy or air force of the Union of India or by the Department of Posts, India;
(xii) Multilateral and bilateral development financial institutions; and
(xiii) Any other person eligible to Bid in the Offer under applicable laws.

Bids by Eligible NRIs

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment.

Eligible NRIs bidding on repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to the Non-Resident External ("**NRE**") or Foreign Currency Non Resident (Bank) ("**FCNR**") accounts maintained with authorised dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000 ("**Authorised Dealer**"). Eligible NRIs bidding on repatriation basis are advised to use the Bid cum Application Form for Non-Residents (Blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting the NRE or FCNR account, as the case may be.

Eligible NRIs bidding on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as the Non-Resident Ordinary Rupee Account ("**NRO**"). Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for Residents (White in colour).

Bids by FIIs

The total holding of Equity Shares by a single FII or a SEBI approved sub-account cannot exceed 10% of the post-Offer paid-up Equity Share capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account will not exceed 10% of our total paid-up equity share capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the portfolio investment scheme, the total holdings of all FIIs/sub-accounts cannot exceed 24% of the paid-up equity capital of a company, provided that the limit of 24% can be raised up to the sectoral cap or statutory limit for that company after approval of the board of directors and the shareholders of the company by way of a special resolution. Further a prior intimation of such increase in limit, along with a certificate from the company secretary, stating that all relevant provisions of the FEMA and the FDI Policy have been complied with, has to be submitted to the RBI. Currently, the limit of FII holding in our Company is 24% of our total issued and paid-up equity share capital. Pursuant to a resolution dated October 23, 2013, our Board has approved the increase in the limit of FII holding in our Company to up to 30% of our total issued and paid up equity share capital, subject to shareholder approval. In case of subscription by FIIs in the Offer which would result in the total FII shareholding in the Company exceeding, the specified 24% limit, Allotment to such FIIs will be done proportionately.

Bids by FIIs on a repatriation basis will be in the names of such FIIs only.

Pursuant to the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Offer. Any such offshore derivative instrument does not constitute any obligation or claim on or an interest in, our Company.

Bids by Eligible Qualified Foreign Investors

Eligible QFIs are permitted to invest in equity shares of Indian companies which are offered to the public in India in accordance with the SEBI ICDR Regulations, on repatriation basis, subject to certain terms and conditions. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital of the Indian company respectively. These limits are in addition to investment limits prescribed under the portfolio investment scheme for FIIs and Eligible NRIs. However, in case of those sectors which have composite foreign investment caps, QFI investment limits are required to be considered within such composite foreign investment cap. An Eligible QFI may make investments in equity shares of an Indian company through both the FDI route and the QFI route. However, aggregate holding of such Eligible QFI shall not exceed 5% of the paid-up capital of the Indian company at any point of time.

Eligible QFIs shall be eligible to Bid under the Non-Institutional Investors category. Further, SEBI in circular dated January 13, 2012 has specified eligible transactions for Eligible QFIs (which includes investment in equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their depository account through SEBI-registered brokers), manner of operation of depository accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors in various respects including margins, voting rights, public issues. Eligible QFIs shall open a single non-interest bearing Rupee account with an Authorised Dealer for routing payment for transactions relating to purchase of equity shares (including investment in equity shares in public issues) subject to conditions prescribed by RBI from time to time.

Eligible QFIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (Blue in colour). Eligible QFIs are required to Bid through the ASBA process to participate in the Offer. Under current regulations, Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the "**SEBI VCF Regulations**") and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the "**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than $1/3^{rd}$ of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will, after registering this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of the *Financial Express* (a widely circulated English national newspaper) and all editions of the *Jansatta* (a widely circulated Hindi national newspaper).

Payment into Escrow Accounts for Bidders other than ASBA Bidders

The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

(i) In case of Resident Retail Individual Investors: “Escrow Account – PGCIL Public Offer – R”

(ii) In case of Non-Resident Retail Individual Investors: “Escrow Account – PGCIL Public Offer – NR”

(iii) In case of Eligible Employees bidding in the Employee Reservation Portion: “Escrow Account – PGCIL Public Offer – Eligible Employees”

Undertakings by our Company

Our Company undertakes the following:

(i) That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(ii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Offer Closing Date;

(iii) That funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

(iv) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days from the Bid/ Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(v) That no further issue of Equity Shares shall be made until the Equity Shares issued in the Fresh Issue through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;

(vi) That adequate arrangements shall be made to collect all Bid cum Application Forms in relation to ASBA and to consider them similar to non-ASBA applications while finalizing the basis of allotment; and

(vii) That our Company shall not have recourse to the Offer Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Undertakings by the Selling Shareholder

(i) The Equity Shares available in the Offer for Sale have been held by the Selling Shareholder for a period of more than one year prior to the date of this Red Herring Prospectus, and are free and clear of any liens or encumbrances, and will be transferred to the successful Bidders within the specified time;

(ii) The Selling Shareholder will not have recourse to the proceeds of the Offer For Sale, until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;

(iii) The Selling Shareholder will not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares available in the Offer for Sale; and

(iv) The Selling Shareholder will take all such steps as may be required to ensure that the Equity Shares are available for transfer in the Offer for Sale.

The Promoter has authorized the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Utilization of Offer Proceeds

Our Board certifies that:

(i) all monies received from the Fresh Issue shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013;

(ii) details of all monies utilised out of the Fresh Issue referred to in sub item (i) shall be disclosed and continue to be disclosed until the time any part of the Offer proceeds remains unutilised, under an appropriate separate head in the balance-sheet of the Issuer indicating the purpose for which such monies had been utilised;

(iii) details of all unutilised monies out of the Fresh Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested;

(iv) the utilization of monies received from the Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilized; and

(v) the details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutilized monies have been invested.

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PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 1956, as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations, 2009**").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("**RHP**")/ Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956, *as amended or replaced by the Companies Act, 2013*,the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

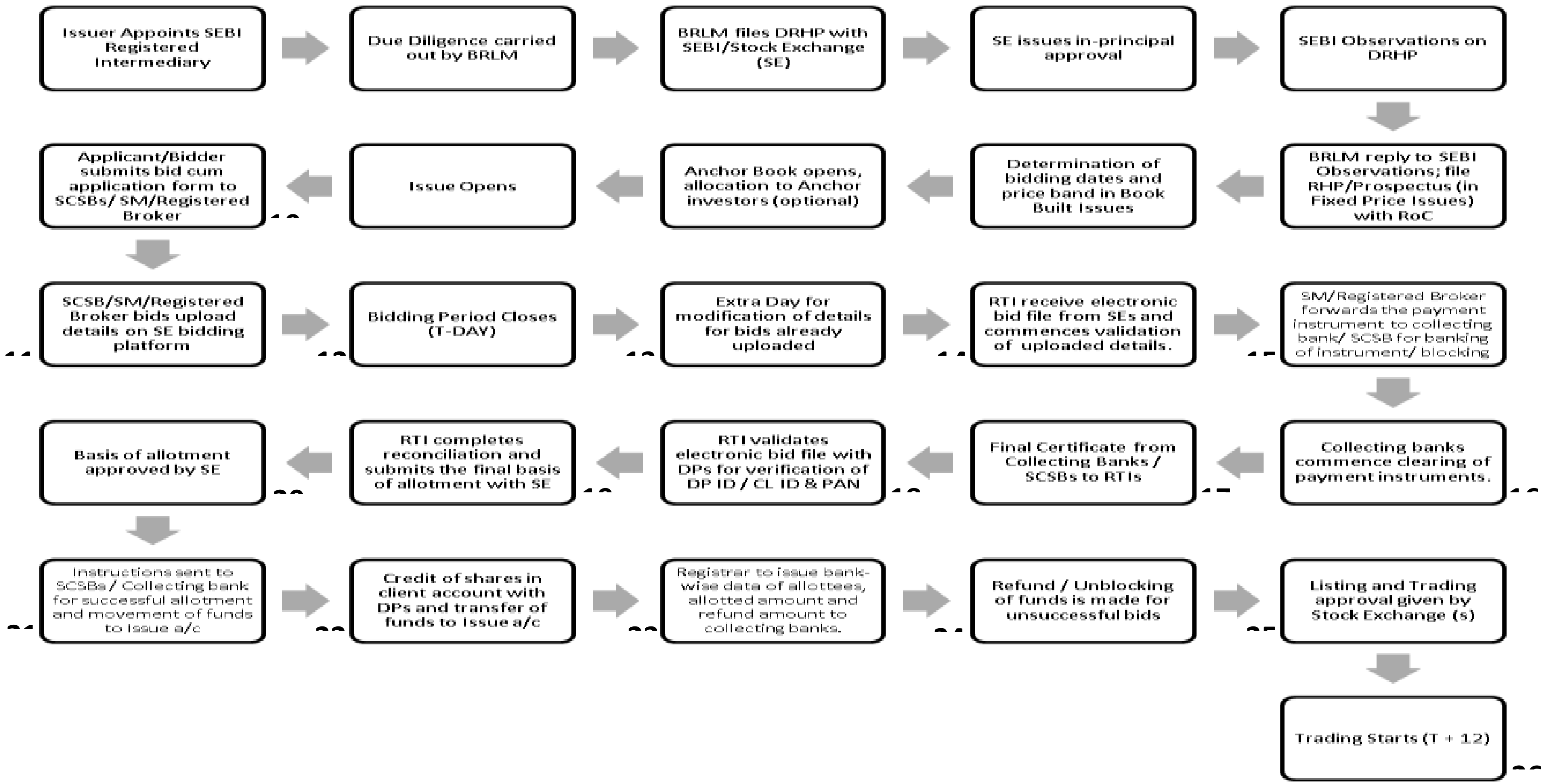
The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
    i. Step 7 : Determination of Issue Date and Price
    ii. Step 10: Applicant submits ASBA Application Form with Designated Branch of SCSB and Non-ASBA forms directly to collection Bank and not to Broker.
    iii. Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform
    iv. Step 12: Issue period closes
    v. Step 15: Not Applicable


Issuer Appoints SEBI Registered Intermediary
Due Diligence carried out by BRLM
BRLM files DRHP with SEBI/Stock Exchange (SE)
SE issues in-principal approval
SEBI Observations on DRHP
BRLM reply to SEBI Observations; file RHP/Prospectus (in Fixed Price Issues) with RoC
Determination of bidding dates and price band in Book Built Issues
Anchor Book opens, allocation to Anchor investors (optional)
Issue Opens
Applicant/Bidder submits bid cum application form to SCSBs/ SM/Registered Broker
SCSB/SM/Registered Broker bids upload details on SE bidding platform
Bidding Period Closes (T-DAY)
Extra Day for modification of details for bids already uploaded
RTI receive electronic bid file from SEs and commences validation of uploaded details.
SM/Registered Broker forwards the payment instrument to collecting bank/ SCSB for banking of instrument/ blocking
Collecting banks commence clearing of payment instruments.
Final Certificate from Collecting Banks / SCSBs to RTIs
RTI validates electronic bid file with DPs for verification of DP ID / CL ID & PAN
RTI completes reconciliation and submits the final basis of allotment with SE
Basis of allotment approved by SE
Instructions sent to SCSBs / Collecting bank for successful allotment and movement of funds to Issue a/c
Credit of shares in client account with DPs and transfer of funds to Issue a/c
Registrar to issue bank-wise data of allottees, allotted amount and refund amount to collecting banks.
Refund / Unblocking of funds is made for unsuccessful bids
Listing and Trading approval given by Stock Exchange (s)
Trading Starts (T + 12)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law ;
- Qualified Foreign Investors subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified cum Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants bidding/applying in the reserved category	[As specified by the Issuer]

Securities Issued in an IPO of Issue size equal to rupees ten crores or more can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - R

FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE

IN

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S/AGENT'S STAMP & CODE
ESCROW BANK / SCSB BRANCH STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE
BANK BRANCH SERIAL NO.	REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	7 6 5 4 3 2 1	Bid Price 4 3 2 1	Discount, if any 4 3 2 1	Net Price 4 3 2 1	"Cut-off" (Please tick)
Option 1					
(OR) Option 2					
(OR) Option 3					

5. Category

Retail Individual

Non-Institutional

QIB

6. Investor Status

- Individual(s) - IND
- Hindu Undivided Family* - HUF
- Bodies Corporate - CO
- Banks & Financial Institutions - FI
- Mutual Funds - MF
- Non-Resident Indians - NRI (Non-Repatriation basis)
- National Investment Fund - NIF
- Insurance Funds - IF
- Insurance Companies - IC
- Venture Capital Funds - VC
- Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS: Full Payment / Part Payment

Amount Paid (₹ in figures) (₹ in words)

(A) CHEQUE/ DEMAND DRAFT (DD)

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

(B) ASBA

Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (For ASBA option ONLY)	BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
Date : ________, 2011	1) 2) 3)	

TEAR HERE

XYZ LIMITED — Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures) | Bank & Branch | Stamp & Signature of Banker

Cheque / DD/ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

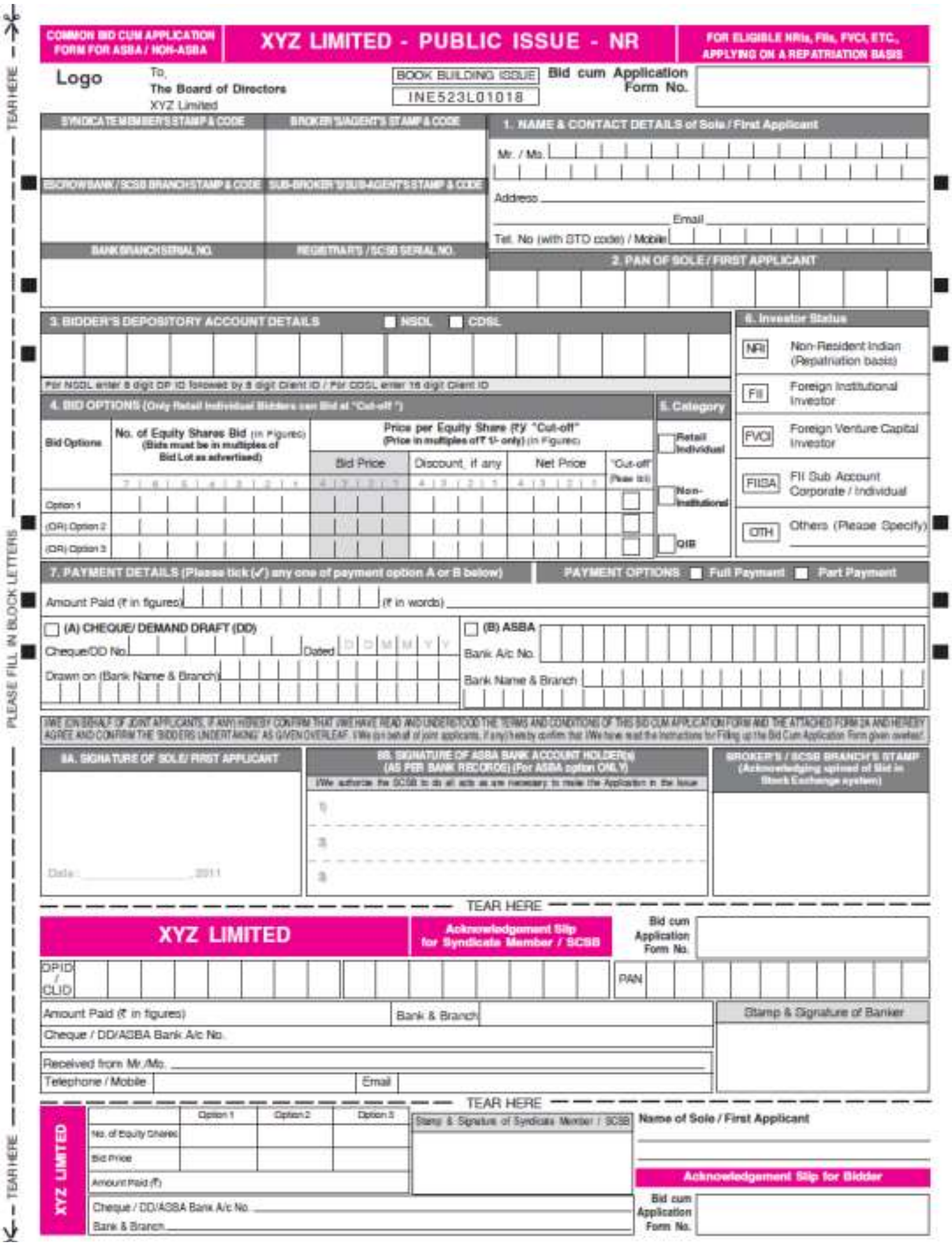
Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE



COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - NR

FOR ELIGIBLE NRIs, FIIs, FVCI, ETC., APPLYING ON A REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE

INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE

BROKER'S/AGENT'S STAMP & CODE

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

ESCROW BANK / SCSB BRANCH STAMP & CODE

SUB-BROKER'S/SUB-AGENT'S STAMP & CODE

BANK BRANCH SERIAL NO.

REGISTRAR'S / SCSB SERIAL NO.

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
Option 1					
(OR) Option 2					
(OR) Option 3					

5. Category: Retail Individual; Non-Institutional; QIB

6. Investor Status

- NRI Non-Resident Indian (Repatriation basis)
- FII Foreign Institutional Investor
- FVCI Foreign Venture Capital Investor
- FIISA FII Sub Account Corporate / Individual
- OTH Others (Please Specify)

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS Full Payment Part Payment

Amount Paid (₹ in figures) (₹ in words)

(A) CHEQUE/ DEMAND DRAFT (DD)

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

(B) ASBA

Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT

Date: ________ 2011

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures)

Bank & Branch

Stamp & Signature of Banker

Cheque / DD/ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications(including refund orders and letters notifying the unblocking of the bank accounts of

ASBA Bidders/Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders All payments may be made out in favor of the Bidder/Applicant whose name appears in the Bid cum Application Form/Application Form or the Revision Form and all communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"Any person who –
(d) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or
(e) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(f) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,
shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 109A of the Companies Act, 1956. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT

(a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs.15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed Rs. 200,000.

In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to Rs. 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding Rs. 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least Rs. 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 30% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Issue size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category.
ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 FIELD NUMBER 5 : CATEGORY OF BIDDERS

(a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.

(b) Upto 30% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 FIELD NUMBER 6: INVESTOR STATUS

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FIIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) All Bidders are required to make payment of the full Bid Amount (net of any Discount, as applicable) along-with the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.

(c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.

(d) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").

(e) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for non-ASBA Bidders:**

(a) Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange. The details of Broker Centres along with names and contact details of the Registered Brokers are provided on the websites of the Stock Exchanges.

(b) **For Bids made through a member of the Syndicate**: The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the members of the Syndicate at Specified Locations.

(c) **For Bids made through a Registered Broker:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the Registered Broker.

(d) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.

(e) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(f) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date.

(g) Bidders are advised to provide the number of the Bid cum Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.1.7.2 **Payment instructions for ASBA Bidders**

(a) ASBA Bidders may submit the Bid cum Application Form either

i. in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account, or
ii. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
iii. in physical mode to a member of the Syndicate at the Specified Locations or
iv. Registered Brokers of the Stock Exchange

(b) ASBA Bidders may specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) **ASBA Bidders bidding through a member of the Syndicate** should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified locations. ASBA Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified locations may not be accepted by the Member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

(g) **ASBA Bidders bidding through a Registered Broker** should note that Bid cum Application Forms submitted to the Registered Brokers may not be accepted by the Registered Broker, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms.

(h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 12 Working Days of the Bid/Issue Closing Date.

4.1.7.3 **Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by a member of the Syndicate, Registered Broker or SCSB, as applicable, for submission of the Bid cum Application Form.

(b) Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.

(c) All communications in connection with Bids/Applications made in the Issue should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.

ii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.

iv. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker

v. Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.

(d) The following details (as applicable) should be quoted while making any queries -

i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
ii. name and address of the member of the Syndicate, Registered Broker or the Designated Branch, as the case may be, where the Bid was submitted or
iii. In case of Non-ASBA bids cheque or draft number and the name of the issuing bank thereof
iv. In case of ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

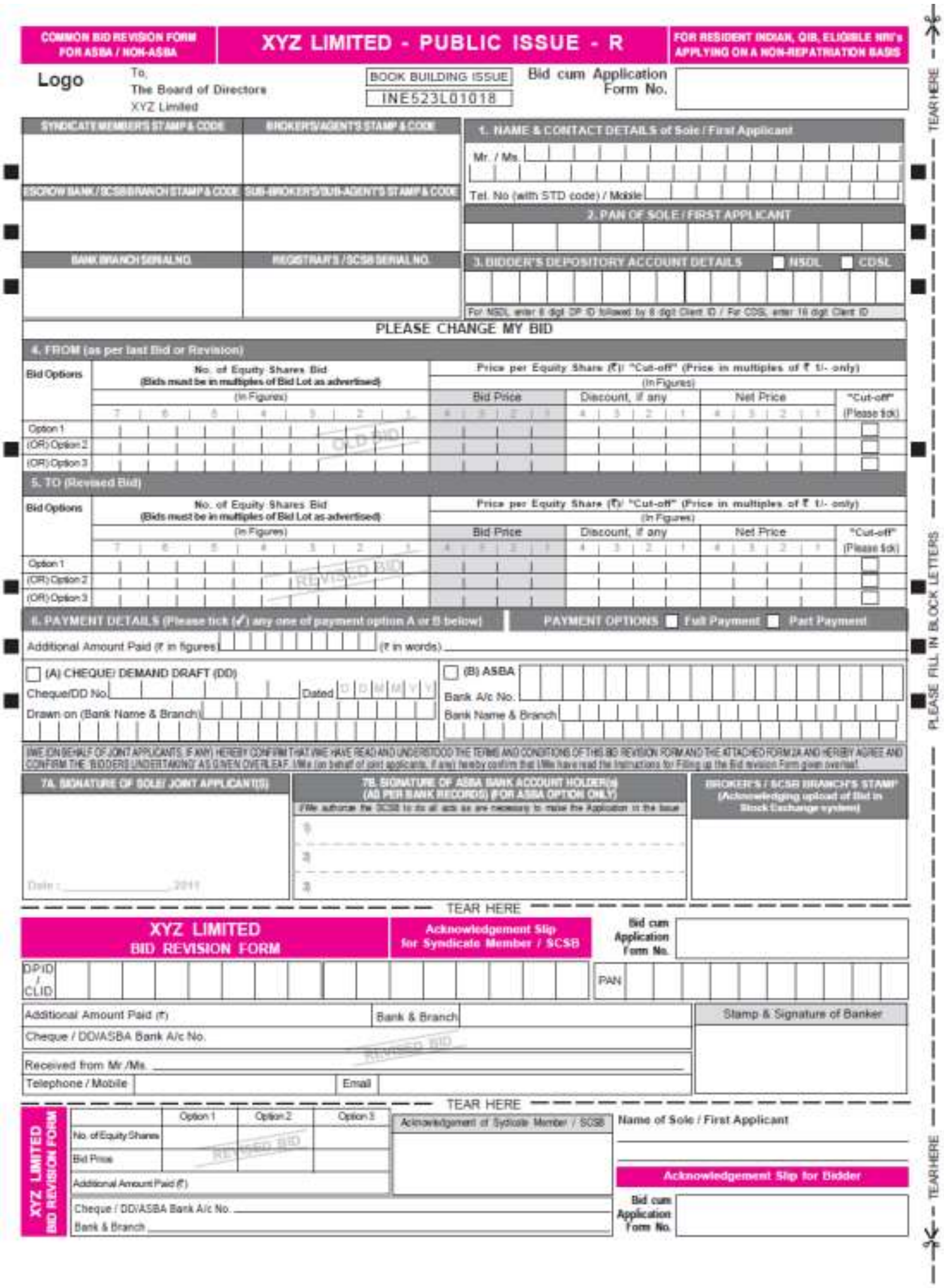
(a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:


COMMON BID REVISION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - R

FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE

INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKERS/AGENTS STAMP & CODE

ESCROW BANK / SCSB BRANCH STAMP & CODE | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE

BANK BRANCH SERIAL NO. | REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (as per last Bid or Revision)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
Option 1					
(OR) Option 2					
(OR) Option 3					

OLD BID

5. TO (Revised Bid)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
Option 1					
(OR) Option 2					
(OR) Option 3					

REVISED BID

6. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS Full Payment Part Payment

Additional Amount Paid (₹ in figures) (₹ in words)

(A) CHEQUE/ DEMAND DRAFT (DD)

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

(B) ASBA

Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid revision Form given overleaf.

7A. SIGNATURE OF SOLE/ JOINT APPLICANT(S)

Date : ________ 2011

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED
BID REVISION FORM

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Additional Amount Paid (₹)

Bank & Branch

Stamp & Signature of Banker

Cheque / DD/ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED BID REVISION FORM

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Acknowledgement of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders or refunded from the Escrow Account in case of non-ASBA Bidder.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) With respect to the Bids, other than Bids submitted by ASBA Bidders/Applicants, any revision of the Bid should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the Bid.

(b) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(c) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.

(e) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(f) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders/Applicants or refunded from the Escrow Account in case of non-ASBA Bidder/Applicant.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs.15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed Rs. 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Issue size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:

i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 FIELD NUMBER 5 : CATEGORY OF APPLICANTS

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 FIELD NUMBER 6: INVESTOR STATUS

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 FIELD 7: PAYMENT DETAILS

(a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.

(b) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").

(c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

4.3.5.1 Instructions for non-ASBA Applicants:

(a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).

(b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).

(c) If the cheque or demand draft accompanying the Application Form is not made favoring the Escrow Account, the form is liable to be rejected.

(d) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.

(f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.3.5.2 **Payment instructions for ASBA Applicants**

(a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.

(b) ASBA Applicants may specify the Bank Account number in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) ASBA Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

4.3.5.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-

Mode of Application	Submission of Bid cum Application Form
Non-ASBA Application	1) To members of the Syndicate at the Specified Locations mentioned in the Bid cum Application Form 2) To Registered Brokers
ASBA Application	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres (b) To the Designated branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should not submit the bid cum application forms/ Revision Form directly to the escrow collection banks. Bid cum Application Form/ Revision Form submitted to the escrow collection banks are liable for rejection.

(b) Bidders/Applicants should submit the Revision Form to the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid.

(c) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(d) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Issue Period, ASBA Bidders/Applicants may approach the members of the Syndicate at the Specified Cities or any of the Registered Brokers or the Designated Branches to register their Bids. Non-ASBA Bidders/Applicants who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or any of the Registered Brokers, to register their Bid.

(b) Non-ASBA Bidders/Applicants (RIIs, Employees and Retail Individual Shareholders) bidding at Cut-off Price may submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount less discount (if applicable) based on the Cap Price with the members of the Syndicate/ any of the Registered Brokers to register their Bid.

(c) In case of ASBA Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the ASBA Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable). ASBA Bidders/Applicants may approach the members of the Syndicate or any of the Registered Brokers or the Designated Branches to register their Bids.

(d) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Syndicate, the Registered Brokers and the SCSBs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, the Registered Brokers and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Issue Closing Date, the Syndicate, the Registered Broker and the Designated Branches of the SCSBs may upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The members of the Syndicate, the Registered Brokers and the SCSBs are given up to one day after the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Syndicate, Registered Brokers and the SCSBs may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Issue Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/Issue Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until finalization of Basis of Allotment. In case a RII applying through the ASBA process wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned SCSB or the Syndicate Member or the Registered Broker, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) In case a RII wishes to withdraw the Bid after the Bid/Issue Period, the same can be done by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The members of the Syndicate, the Registered Broker and/or SCSBs are individually responsible for the acts, mistakes or errors or omission in relation to

i. the Bids accepted by the members of the Syndicate, the Registered Broker and the SCSBs,
ii. the Bids uploaded by the members of the Syndicate, the Registered Broker and the SCSBs,
iii. the Bid cum application forms accepted but not uploaded by the members of the Syndicate, the Registered Broker and the SCSBs, or
iv. With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the (i) authorised agents of the BRLMs, (ii) Registered Brokers, or (iii) SCSBs, or (iv) Collection Bank(s), or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications by OCBs; and

(c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

(e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(h) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(k) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(l) Bids/Applications at Cut-off Price by NIIs and QIBs;

(m) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids/Applications by ASBA Bidders, the amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(o) In relation to ASBA Bids/Applications, submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(p) Bids/Applications for a Bid/Application Amount of more than Rs. 200,000 by RIIs by applying through non-ASBA process;

(q) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(s) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(t) With respect to ASBA Bids/Applications, inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;

(u) Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

(v) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;

(w) Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);

(x) ASBA Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;

(y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in Retail category is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.

(c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 20 to Rs. 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., Rs. 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below Rs. 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Syndicate Members/SCSB and/or Bankers to the Issue or Registered Broker.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer subject to compliance with the following requirements:

   i. not more than 30% of the QIB Portion will be allocated to Anchor Investors;

   ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

   iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

   - a maximum number of two Anchor Investors for allocation up to Rs. 10 crores;
   - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than Rs. 10 crores and up to Rs. 250 crores subject to minimum allotment of Rs. 5 crores per such Anchor Investor; and
   - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than Rs. 250 crores subject to minimum allotment of Rs. 5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity

Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within 12 Working Days of the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Bid/Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, the Issuer may forthwith, without interest refund the entire subscription amount received. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at the rate prescribed under the SEBI ICDR Regulations, the Companies Act, 2013 and other applicable laws.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.

(b) **In case of Non-ASBA Bid/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Bidders/Applicants and also for any excess amount paid on Bidding/Application, after adjusting for allocation/ allotment to Bidders/Applicants.

(c) **In** case of non-ASBA Bidders/Applicants, the Registrar to the Issue may obtain from the depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders/Applicants in their Bid cum Application Forms for refunds. Accordingly, Bidders/Applicants are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Bidders/Applicants' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Bidders/Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

(d) In the case of Bids from Eligible NRIs and FIIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants

The payment of refund, if any, may be done through various modes as mentioned below:

(e) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;

(f) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Bidders/Applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Bidders/Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(g) **Direct Credit**—Bidders/Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

(h) **RTGS**—Bidders/Applicants having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

(i) For all the other Bidders/Applicants, including Bidders/Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc Bidders/Applicants may refer to RHP/Prospectus.

8.3.2 Mode of making refunds for ASBA Bidders/Applicants

In case of ASBA Bidders/Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 30% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder

ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA
Banker(s) to the Issue/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid /Issue Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Closing Date
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Lead Manager(s)/Lead Manager/ LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account

Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996

Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than Rs. 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least two working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 1956 after the Pricing Date, containing the Issue Price ,the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
Qualified Foreign Investors or QFIs	Non-Resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis

Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/ Categories	Categories of persons eligible for making application/bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than Rs. 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than Rs. 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available at the website of the SEBI (www.sebi.gov.in) and updated from time to time
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Issue (excluding Bids from ASBA Bidders/Applicants)
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday on which commercial banks are open f business, except with reference to announcement of Price Band and Bid/Issue Period, whe working day shall mean all days, excluding Saturdays, Sundays and public holidays, whi are working days for commercial banks in India

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act 1956 and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restriction on transfer and transmission of Equity Shares or debentures and/or their consolidations/splitting as detailed below. Please note that each provision below is numbered as per the corresponding article number in the Articles of Association.

CAPITAL AND SHARES		
Table A not to apply	2.	The Regulations in Table 'A' in the First Schedule to the Act, shall not apply to the Company except so far as the same are repeated or contained in or expressly made applicable by these Articles or by the Act.
Share Capital	4.	The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital and divide the shares in the capital of the Company for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights including as to voting, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act.
Allotment of Shares	5A(i).	Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and subject to the provisions of Section 77A of the Act with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or at premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or subject to the provisions of Section 79A of the Act for any services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid–up shares and if so issued shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
Calls on Shares/Debentures	5A(ii)	The Board of Directors may from time to time, make calls upon the members or debenture-holders or holders of securities issued by the Company in respect of any moneys unpaid on their shares or debentures or securities and specify the time or times of payments and each member or debenture holder or the holder of the securities shall pay to the Company at the time or times so specified the amount called on his shares/debentures/securities. Provided however that the Directors may from time to time at their discretion extend the time fixed for the payment of any call.

When interest on calls Payable	5A(iii)	If the sum payable in respect of any call be not paid on or before the day appointed for payment thereof, the holder for the time being or allottee of the share/debenture/securities in respect of which a call shall have been made, shall pay interest on the same at such rate as the Board of Directors shall fix, from the day appointed for the payment thereof to the day of actual payment, but the Board of Directors may waive payment of such interest wholly or in part.
Calls paid in advance	5A(iv)	The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as may be decided by Directors provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by them until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures and other securities of the Company.
Sums deemed to be call	5A(v)	Any sum which by the terms of issue of a share/debenture/security becomes payable on allotment or at any fixed date, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non – payment all the relevant provisions of these Articles as to payment of interest and forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
Partial payment not to preclude forfeiture	5A(vi)	Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member/debenture holder/holder of securities to the Company in respect of his shares/debentures/securities, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares/debentures/securities as provided in these Articles.
	CERTIFICATES	
Right of Members or Debenture holders to certificates	6.	Subject to the requirements of Listing Agreement and the bye laws of the Stock Exchanges where the securities issued by the Company are listed for trading, every member/debenture holder shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares/debentures of each class or denomination registered in his name, or if the Directors so approve (upon paying such fees as the Directors may from time to time determine) to several certificates, each for one or more of such shares/debentures and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment unless the

		conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares/debentures, as the case may be. Every certificate of shares/debentures shall be under the seal of the Company and shall specify the number and distinctive numbers of shares/debentures in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of shares/debentures held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares/debentures to one of several right holders shall be sufficient delivery to all such holders. Provided that in case of securities held by the Member/Debenture holder in dematerialized form, no Share/Debenture Certificate(s) shall be issued.
Issue of new certificates in place of one defaced, lost or destroyed	7.	Subject to the requirements of the Act or the Securities Contracts (Regulation) Act, 1956 and the Rules or Regulations made thereunder or the Listing Agreement and the bye laws of the Stock Exchanges where the securities issued by the Company are listed for trading, or any other applicable law, if a security certificate is defaced, lost or destroyed, torn, mutilated, worn out or where the pages on reverse for recording transfers have been utilized, a new certificate shall be issued free of charge, and if any such certificate be lost or destroyed, then on such terms, evidence and indemnity and payment of expenses incurred by the Company, as the Directors may think fit.
Company's lien on shares or debentures	7(A)	The Company shall have a first and paramount lien -
	i)	On every share or debenture (not being a fully paid share or debenture), for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share or debenture; and
	ii)	On all shares or debentures (not being fully paid up) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Company.
	iii)	On all shares or debentures for which the allotment money (whether in full or part) was deferred or kept as term deposit, as a condition of subscription by allottee to the shares or debentures. Provided that the Board of Directors may at any time declare any share or debenture to be wholly or in part exempt from the provisions of this Article.
	iv)	The Company's lien, if any, on a share or debenture shall extend to all dividends, bonus or interest payable thereon.
	v)	The Company's lien, if any, on a share or debenture shall extend to the proceeds of the sale of any such shares/debentures provided that no equitable interest in any share shall be created except upon the condition that this Article will have full effect. Unless otherwise agreed, the registration of a transfer of shares/ debentures shall operate as a waiver of the Company's lien, if any, on such shares/debentures.

	7(B)	The Company may sell, in such manner as the Board thinks fit, any shares or debentures on which the Company has a lien provided that no sale shall be made
	i)	Unless a sum in respect of which the lien exists is presently payable, or
	ii)	Until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or debenture or the person entitled thereto by reason of his death or insolvency.
	7 (C) (i)	To give effect to any such sale, the Board may uthorize some person to transfer the shares or debentures sold to the purchaser thereof.
	(ii)	The purchaser shall be registered as the holder of the shares or debentures comprised in any such transfer.
	7 (D) (i)	The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
	(ii)	The residue, if any, shall subject to a like lien for sums not presently payable as existed upon the shares or debentures before the sale, be paid to the person entitled to the shares or debentures at the date of the sale.
Forfeiture of shares or debentures	7 I (i)	If a member or debenture-holder fails to pay any call or the allotment money which was deferred or kept as term deposit as a condition of subscription or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or allotment money or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
	(ii)	The notice aforesaid shall:
		(a) Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and (b) state that, in the event of non-payment on or before the day so named, the shares or debentures in respect of which the call was made will be liable to be forfeited. (c) If the requirements of any such notice as aforesaid are not complied with, any shares or debenture in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
	(iii)	A forfeited share or debenture may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
	(iv)	At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
	7(F) (i)	A person whose share or debenture have been forfeited shall cease to be a member or holder in respect of the forfeited shares or debentures, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the

		date of forfeiture, were presently payable by him to the Company in respect of the share or debenture.
	(ii)	The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares or debentures.
	7(G) (i)	A duly verified declaration in writing that the declarant is a Director, Manager or the Secretary of the Company, and that a share or debenture in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated, as against all persons claiming to be entitled to the shares or debentures.
	(ii)	The Company may receive the consideration, if any, given for the share or debenture on any sale or disposal thereof and may execute a transfer of the share or debenture in favour of the person to whom the share or debenture is sold or disposed of.
	(iii)	The transferee shall thereupon be registered as the holder of the share or debenture.
	(iv)	The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share or debenture.
	(v)	The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the term of issue of a share or debenture, becomes payable at a fixed time, whether on account of the nominal value of the share or debentures by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Company may buy back its own Securities	7H.	Notwithstanding any provision to the contrary in these Articles, the Company may buy back its own securities subject to the provisions contained in Sections 77A, 77AA and 77B of the Act, as amended from time to time.
Surrender of Shares/ Debentures/Securities	7I.	Subject to applicable provisions of the law, the Board may accept from any shareholder/Debenture/security holder on such terms and conditions as shall be agreed a surrender of all or any of his shares/debentures/securities.
Register and Index of Members/Debenture Holders	7J.	The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members/Debenture holders (the Register) in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, with the details of shares/debentures held in physical and dematerialized form in any medium as may be permitted by law including any form of electronic medium. The Register and Index of Beneficial Owner maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also deemed to be the Register and Index of Members/Debenture holders for the purpose of the Companies Act and any amendment or re-enactment thereof. The Company shall have power to keep in any State or Country outside India, a Register of Members/Debenture holders for the resident in that State or Country.
TRANSFER AND TRANSMISSION OF SHARES OR DEBENTURES OR OTHER SECURITIES		
Transfer and transmission of shares or debentures or other securities	8(i)	The Company shall register the transfer of securities subject to the applicable provisions of the Act, Depositories Act, Listing Agreements with the Stock Exchanges where the securities of

		the Company are listed and any other applicable law from time to time. Further, the Board may, at its own absolute and uncontrolled discretion, but subject to applicable law and further subject to the right of appeal, and by giving reasons, decline to register or acknowledge any transfer of shares/debentures/other securities, whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures/other securities in whatever lot shall not be refused. The instrument of transfer in case of shares/debentures/ other securities held in physical form shall be in writing and all provisions of Section 108 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares/debentures/other securities and registration thereof. A common form of transfer of shares or debentures or other securities as the case may be, shall be used by the Company. Further, the Board may, subject to applicable law and these Articles and further subject to the right of appeal, decline to register: a) the transfer of a share or debentures not being fully-paid, to a person of whom they do not approve; b) any transfer of shares or debentures on which the Company has a lien, or when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor; c) when the transferor objects to the transfer, provided he serves on the Company within a reasonable time a prohibitory order of a Court of competent jurisdiction.
No fees to be charged	8. (ii)	No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.
Register of Transfers	9.	The Company shall, if the Shares/Debentures/Securities of the Company are not in dematerialized form, keep a Register of Transfer of Shares (and Debentures or other securities) and therein enter the particulars of several transfers or transmission of any shares or debentures or other securities.
Execution of transfers	10. (i)	The instrument of transfer of any share or debenture or other securities in the Company shall be executed both by the transferor and the transferee, and the transferor shall be deemed to remain holder of the share or debenture or security

		until the name of the transferee is entered in the Register of Members or Debenture holders/other Security holders in respect thereof.
Closing of Registers of Members and Debenture/ Other Security holders	10. (ii)	The Register of Members/Debenture/Securities holders may be closed for any period or periods not exceeding 45 days in each year but not exceeding 30 (thirty) days at any one time after giving not less than 7 days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated.
Transmission of shares	11.	Nothing contained in Article 8(i) shall prejudice any power of Company to register as share holder (or debenture holder) any person to whom the right to any shares (or debentures) in the Company has been transmitted by operation of Law.
DEMATERIALIZATION OF SECURITIES		
Dematerialization/ Rematerialization of Securities	11A. (i)	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialize its securities held in the Depositories and/or offer its fresh securities in dematerialized form pursuant to the provisions of the Depositories Act, 1996 and the rules framed thereunder, if any.
	(ii)	Every person subscribing to or holding securities of the Company shall have the option to receive security's certificates or to hold the securities with the Depository. Such person who is the Beneficial Owner of the securities can at any time opt out of the Depository, if permitted by law, in respect of any security in the manner and within the time prescribed. If a person opts to hold his securities with Depository, the Company shall intimate such Depository, the details of allotment of the security and in receipt of the information, the Depository shall enter in its record the name of the allottees as the Beneficial Owner of the securities.
Securities in Depository to be in Fungible Form	(iii)	All securities in depository shall be dematerialized and be in fungible form. Nothing contained in Section(s) 153, 372A and such other provisions of the Act as may be applicable, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners. In such event the right(s) and obligation(s) of the shareholder(s)/debenture holder(s) and the matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, 1996 or any statutory modification thereto or re-enactment thereof.
Rights and Liabilities of Beneficial Owner(s)	(iv)	(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owners. (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the Security(ies) shall not have any voting right(s) or any other right(s) in respect of the security(ies) held by it. (c) The Beneficial Owner of securities shall be entitled to all the right(s) and benefit(s) and be subject to all the liabilities in respect of Security(ies), which are held by a Depository.
Service of Documents	(v)	Notwithstanding anything to the contrary contained in the Act or Articles, where Security (ies) are held in a Depository, the records of the Beneficial Ownership may be served by such

		Depository on the Company by means of electronic mode by delivery of floppies or discs.
Provisions of Articles not to apply to security (ies) held in Depository	(vi)	Nothing contained in Section 108 of the Act or Articles 6 to 11 of the Articles of Association, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
Allotment of Securities to be dealt within a Depository	(vii)	Where securities are to be dealt with by the Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
Distinctive number of securities held in dematerialized form	(viii)	Nothing contained in the Act or the Articles regarding the necessity of having distinctive numbers on securities issued by the Company shall apply to securities held with a Depository.
Trading of securities in Demat Mode	(ix)	Notwithstanding anything contained in these Articles, the Company shall have the right to issue Securities in a public offer in dematerialized form as required by applicable laws and subject to the provisions of applicable law, trading in the Securities of the Company post-listing shall be in the demat segment of the relevant Stock Exchange(s) where the securities issued by the Company are listed for trading, in accordance with the directions of SEBI, the Stock Exchanges and in terms of the listing agreements to be entered into with the said Stock Exchange(s).
Nomination	11B. (i)	Every share/debenture/security holder and a depositor under the Company's Public Deposit Scheme (Depositor) of the Company may at any time, nominate in the prescribed manner, a person to whom his shares/ debentures/securities or deposits in the Company standing in his name shall vest in the event of his death.
	(ii)	Where the Shares or Debentures or Securities or Deposits in the Company are held by more than one person jointly, the joint holder may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures or securities or deposits in the Company, as the case may be, shall vest in the event of death of all the joint holders.
	(iii)	Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such shares/debentures, securities or deposits in the Company, where a nomination made in the prescribed manner purport to confer on any person the right to vest the shares/debentures/securities or deposits in the Company, the nominee shall on the death of the share/debenture/security holder or a depositor or on the death of the joint holders as the case may be, become entitled to all the rights in such shares/ debentures/security or deposits, as the case may be, all the joint holders in relation to such shares/debentures/ security or deposits, to the exclusion of all persons, unless the nomination is varied, cancelled in the prescribed manner.
	(iv)	Where the nominee is a minor, it shall be lawful for the holder of the shares/debentures/security or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares/debentures/securities or deposits in the Company, in the event of his death, during the minority.
Transmission of Securities by Nominee	11C.	A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided,

		elect, either-
	(i)	To be registered himself as holder of the share/ debenture/security or deposits, as the case may be; or
	(ii)	To make such transfer of the share/debenture/security or deposits, as the case may be, as deceased share/ debenture/security holder or depositor could have made.
	(iii)	If the nominee elects to be registered as holder of the share/debenture/security or deposits, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased share/debenture/ security holder or depositor, as the case may be;
	(iv)	A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the shares/debentures/ securities or deposits except that he shall not, before being registered as a member in respect of his share/ debenture/security or deposits be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company or the meetings of the holders of the debenture/security or deposits.
		Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares/debentures/ securities or deposits, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other money(s) payable or right(s) accruing in respect of the shares/debentures/ securities or deposits, until the requirements of the notice have been complied with.
INCREASE, REDUCTION AND ALTERATION OF CAPITAL		
Increase of Capital	12. (i)	Subject to the provisions of the Act, the Company in General Meeting, may increase the share capital by such sum to be divided into shares of such amount, as the Resolution shall prescribe.
Terms of issue of Debentures/Other Securities	12. (ii)	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
On what condition new shares may be issued	13.	New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation whereof shall direct.
Further Issue of Shares	13A. 1.	Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the un –issued capital or out of the increased share capital then:
		(a) Such further shares shall be offered to the persons who at

		the date of the offer, are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid-up on those shares at the date. (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined. (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in sub-clause (b) hereof and shall contain a statement of this right, provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him. (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
	2.	Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof in any manner whatsoever:
		(a) If a special resolution to that effect is passed by the Company in General Meeting, or (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
	3.	Nothing in sub-clause (c) of (1) hereof shall be deemed:
		a) to extend the time within which the offer should be accepted; or b) to uthorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
	4.	Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
		(i) to convert such debentures or loans into shares in the Company; or (ii) to subscribe for shares in the Company (whether such

		option is conferred in these Articles or otherwise) Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term: a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf; and b) in the case of debentures or loans or other than debentures issued to or loans obtained from the Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.
When to be offered to existing members	14.	The new shares (resulting from an increase of capital as aforesaid) may be issued or disposed of in accordance with the provisions of Article 5A(i) to 5A(vi).
Same as original capital	15.	Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.
Reduction of capital	16.	Subject to the provisions of Section 100-104 of the Act, the Company may from time to time, by special resolution, reduce the capital by paying off capital or cancelling capital which has been lost or is unrepresented by available assets or is superfluous or by reducing the liability on the shares or otherwise as may deem expedient, and capital may be paid off upon the footing that it may be called upon, again or otherwise.
Sub-Division and consolidations of shares	17.	Subject to the provisions of the Act, the Company in a General Meeting may from time to time sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by sub-section (i) (a) to I of Section 94 of the Act, and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.
BORROWING POWERS		
Power to borrow	18.	Subject to the provisions of Section 58A, 292 and 293 of the Act, and Government Guidelines issued from time to time, the Board may by means of a resolution passed at the meeting of the Board, from time to time, borrow or secure the payment of any sum or sums of the money for the purpose of the Company on such terms and conditions as may be approved by the Board, subject, however, that the Board shall not without the sanction of the Company in a General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the Paid up Capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.
Issue at discount etc. or with special privileges	19.	Subject to Section 79 and 117 of the Act, any debentures may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings and allotment of shares.

GENERAL MEETINGS		
Notice of General Meeting	20.	At least Twenty one clear days' notice in writing, specifying the place day and hour of General Meetings, with a statement of the business to be transacted at the meeting shall be served on every member in the manner provided by the Act but with the consent, in writing, of all the members entitled to receive notice of the same, any General Meeting may be convened by such shorter notice and in such manner as those members may think fit.
Omission to give notice not to invalidate a resolution passed	21.	The accidental omission to give notice to or the non-receipt thereof by any member shall not invalidate any resolution passed at any such meeting.
Quorum	22.	Five Members present in person or by duly uthorized representative shall be quorum for a General Meeting of the Company.
Chairman of General Meeting	23.	The Chairman of the Board of Directors or in his absence the Vice-Chairman shall be entitled to take the Chair at every General Meeting but if neither the Chairman nor the Vice-Chairman is to be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and, if no Director shall be present or if all the Directors present declined to take the chair, then the Members present shall choose one of their Members to be Chairman.
Chairman's decision Conclusive	24.	The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
VOTES OF MEMBERS		
Votes	25. (i)	Every Member entitled to vote and present in person or by proxy shall have one vote on a show of hands and upon a poll one vote for each share held by him.
Postal Ballot	25. (ii)	Notwithstanding anything contained in the Articles of the Company, the Company may in respect of any business but shall in respect of the businesses prescribed in the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 in respect of the matters specified in said Rules as modified from time to time, adopt the mode of passing resolutions by the members of the Company by means of Postal Ballot (which includes voting by electronic mode) instead of transacting such business in a General Meeting of the Company subject to compliances with the procedure for such Postal Ballot and/ or other requirements prescribed in the aforesaid rules in this regard.
Vote in respect of shares of deceased members	26. (i)	Any person entitled under the Transmission clause to transfer any share may vote at a General Meeting in respect thereof as if he was registered holder of such shares provided that at least 72 hours before the time of holding the Meeting or adjourned Meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.
No member to vote unless calls are paid up	26. (ii)	No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
BOARD OF DIRECTORS		

Company to be managed by a Board of Directors	29.	The business of the Company shall be managed by the Board of Directors subject to the compliance of conditions stipulated in Department of Public Enterprises Office memorandum No. DPE/11 (2)/97-Fin dated 22nd July, 1997 as modified from time to time.
Number of Directors	30.	The President shall from time to time determine the number of Directors of the Company which shall not be less than 4 (four) and not more than 18 (eighteen). These Directors may either be whole time Directors or part-time Directors.
Appointment of Board of Directors	31.(i)(a)	The Chairman shall be appointed by the President. All other members of the Board of Directors including Vice-Chairman shall be appointed by the President in consultation with the Chairman of the Company. No such consultation will be necessary in case of appointment of Directors representing the Government and Nominee Directors appointed by Financial Institutions/Banks.
	(b)	The President may, from time to time, appoint the Chairman or any of the Directors to the Office of Managing Director(s) of the Company for such term and such remuneration (whether by way of salary or otherwise) as he may think fit and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places in accordance with the provision of Article 32. Any such Chairman/Director appointed to any such office shall, if he ceases to hold the office of Chairman/Director from any cause, ipso facto, immediately cease to be Managing Director(s).
	(c)(i)	The Directors shall be paid such salary and/or allowances as the President may, from time to time determine subject to the provisions of Section 314 of the Act, such reasonable additional remuneration as may be fixed by the President may be paid to any one or more of the Directors for extra or special services rendered by him or them or otherwise.
	(ii)	The Chairman will be appointed subject to such terms and conditions as may be determined by the President.
	(iii)	Two-thirds (any fraction to be rounded off to the next number) Directors of the Company shall be persons whose period of office shall be liable to determination by rotation and save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting. At every Annual General Meeting of the Company held next after the date of General Meeting in which first Directors are appointed, in accordance with Section 255 of the Act, one-third of such Directors for the time being liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office. Directors to retire by rotation at every Annual General Meeting shall be those (other than the Chairman cum Managing Director of the Company and such other non-retiring Directors, if any) who have been longest in office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, unless otherwise agreed among themselves, be determined by lot. A retiring Director shall be eligible for re-election. The Company at the Annual General Meeting in which Director

		retires, may fill-up the vacated office by appointing the retiring Director or some other person thereto. If the place of retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, at the same time and place, and if at the adjourned meeting also, the place of retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meeting, unless: (i) at that meeting or at the previous meeting, a resolution for the re-appointment of such director has been put to the meeting and lost; (ii) the retiring director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his un-willingness to be so re-appointed; (iii) he is not qualified or disqualified for appointment; (iv) a resolution, whether, Special or Ordinary, is required for his appointment by virtue of any provisions of the Act; (v) the proviso to sub-section (2) of Section 263 is applicable to the case.
	(iv)	A Director representing a Ministry of the Government of India shall retire on his ceasing to be an official of that Ministry.
	(v)	The President may from time to time remove any part-time Director, from office at his absolute discretion. Chairman and whole – time Directors may be removed from office in accordance with the terms of appointment or if no such terms are specified, on the expiry of 3 months notice issued in writing by the President or with immediate effect on payment of the pay in lieu of the notice period.
	(vi)	The President shall have the right to fill any vacancy in the office of the Directors caused by removal, resignation, death or otherwise.
Additional Directors	31A	Subject to the provisions of Section 260 of the Act, the Board shall have power, at any time and from time to time to appoint a person/s appointed / recommended for appointment by the President of India as an additional director/s on the Board, but such that the total number of directors shall not at any time exceed the maximum number fixed by the articles. Any director so appointed shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for re-appointment.
Alternate Director	32.	In place of a Director who is out of India or is about to go out of India or who expects to be absent for not less than three months from the State in which meetings of the Directors are ordinarily held, the President may appoint, in consultation with the Chairman of the Company any person to be an Alternate Director during his absence out of India or his absence of not less than three months from the State in which the meetings of the Board are ordinarily held and such appointee, whilst he holds office as an Alternate Director,

		shall be entitled to notice of Meetings of the Board and to attend and to vote thereat accordingly.
Matters reserved for the President	34.	Without prejudice to the generality of the other provisions contained in these Articles, the Board shall reserve for the decision of the President any matter relating to:
	(i)	The Company's revenue budget in case there is an element of deficit which is proposed to be met by obtaining funds from the Government
	(ii)	The Annual and Five –Year Annual Plans for Development.
	(iii)	Winding up of the Company
	(iv)	Sale, lease, disposal or otherwise of the whole or substantially the whole of the undertaking of the Company
	(v)	Any other matter which in the opinion of the Chairman and Managing Director be of such importance as to be reserved for the approval of the President.
Powers of President to issue directives	35.	Notwithstanding anything contained in all these Articles, the President may from time to time issue such directives or instructions as may be considered necessary in regard to conduct of business and affairs of the company and in like manner, may vary and annul any such directive or instruction. The Directors shall give immediate effect to the directives or instructions so issued. In particular, the President will have the powers:
	(i)	To give directives to the Company as to the exercise and performance of its functions in matters involving national security or substantial public interest
	(ii)	To call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time.
	(iii)	To determine in consultation with the Board annual, short and long term financial and economic objectives of the Company.
		Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall except where the President considers that the interest of national security requires otherwise, incorporate the contents of directives issued by the President in the annual report of the Company and also indicate its impact on the financial position of the Company.
	36.	No action shall be taken by the Company in respect of any proposal or decision of the Directors reserved for the approval of the President until his approval to the same has been obtained. The President shall have the power to modify such proposal or decision of the Directors.
Quorum	40A	The quorum necessary for the transaction of business at the meeting of the Board of Directors shall be one-third of the total strength of Directors (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher as provided in Section 287 of the Act.
Board may set up Committee	41.	The Board may, subject to the provisions of Section 292 of the Act, delegate any of their powers to Committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors. The proceedings of such a Committee shall be placed before the Board of Directors at the next Board Meeting or in a

		subsequent meeting of the Board held within a period of three months.
Specific Powers given to the Board	45.	Subject to the provisions of the Act and without prejudice to the general power conferred by these Articles, the Board shall have the following powers, that is to say, powers:-
To make bye-laws	(a)	To make, vary and repeal from time to time bye-laws for the regulation of the business of the Company, its officers and servants;
To pay & charge interests, etc.	(b)	To pay and charge to the capital account of the Company any interest lawfully payable thereat under the provisions of the Act;
To acquire property	(c)	To purchase, take on lease or otherwise acquire for the Company property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit;
To pay for property in debentures	(d)	To pay for any property or rights acquired by or services rendered to the Company, either wholly etc. or partially in cash or in shares, bonds, debentures, debenture stock or in shares that may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon or any part of the property of the Company and its uncalled capital or not so charged;
To secure contracts by Mortgage	(e)	To secure the fulfillment of any contracts or engagements entered into, the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they think fit;
To refer to arbitration	(f)	To refer any claim or demand by or against the Company to arbitration and observe and perform the awards;
To invest money	(g)	To invest and deal with any of the moneys of the Company in any currency not immediately required for the purposes thereof, upon such securities and in such manner as they may think fit and from time to time to vary or realise such investment, subject to compliance of RBI and Government guidelines as issued from time to time.
To give bonus, to create provident fund	(h)	To provide for the welfare of employees or ex-employees of the Company or of its predecessors in business and the wives, widows and families of the dependents or connections of such employees or ex-employees by building or contributing to building of houses, dwellings or chawls or by grants of money allowances, bonuses, profit sharing bonuses, or benefit of any other kind or by creating and from time to time subscribing or contributing to provident and other association, institution funds, profit sharing or other schemes or trusts or by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and any other form of assistance, welfare or relief as the Directors shall think fit;
To subscribe to other funds	(i)	To subscribe or otherwise to assist or to guarantee money to scientific institutions or objects;
To create depreciation & other funds	(j)	To set aside before recommending any dividend out of the profit of the Company such sums as they may think proper for depreciation or to Depreciation Fund, Reserve or to Reserve Fund to meet contingencies or Insurance Fund or any special or other fund to meet contingencies or to repay Redeemable Preference Share, and for special dividends and for equalizing

		dividends and for repairing, replacements, improving, extending and maintaining any part of the properties of the Company and for such other purposes (including the purposes referred to in the sub - clause (i) as the Director may in their absolute discretion think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to restrictions imposed by the Act) as the Directors may think fit; and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit for the Company; in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the Reserve Fund into such special funds as the Directors may think fit and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Redeemable Preference Shares and that without being bound to keep the same separate from the other assets and without being bound to pay or allow interests on the same, with power, however, to the Directors at their discretion to pay or allow to credit such fund interest at such rate as the Director may think proper, not exceeding 6% per annum;
To create posts	(k)(i)	To create such posts, other than those to which appointment is made by the President, as they may consider necessary for the efficient conduct of the Company's affairs and to determine the scale of pay and other terms thereof;
	(ii)	To structure and implement schemes relating to Personnel and Human Resource Management Training, Voluntary or Compulsory Retirement Scheme etc.;
To appoint officers	(l)	To appoint and at their discretion remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants from permanent, temporary or special service, as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments and require security in such instances and such amounts as they may think fit and also without prejudice as aforesaid from time to time to provide for the management and transaction of the affairs of the Company in specified locality in India in such manner as they think fit;
	(m)	Subject to Section 292 of the Act, to sub-delegate all or any of the powers, authorities and discretion for the time-being vested in the Directors, subject however, to the ultimate control and authority being retained by them;
Authority to sub-delegate powers	(n)	Any such delegate or attorney as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them;
To lend money	(o)	To lend money to subsidiaries and associated organisations, on such terms and conditions as they may consider desirable.
Creation of joint venture(s)/ subsidiaries and disinvestment of shareholding of Joint Venture and Subsidiaries	(p)	To establish joint venture(s) and subsidiary companies in India or abroad, and to transfer assets, and divest shareholding in joint ventures and subsidiaries, subject to compliance of Government Guidelines issued from time to time.

To comply with the NLDO Licensing Agreement with DOT	45A.	The Company acknowledges compliance with the National Long Distance Operator (NLDO) Licence Agreement entered into with Department of Telecommunication (DOT) and agrees that any violation of the licence agreement shall automatically disable the Company to carry on the business of National Long Distance Operator (NLDO).
DIVISION OF PROFITS AND DIVIDEND		
Division of profits	47. (i)	The profits of the Company available for payment of division of profits or dividend subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of the Act and these presents as to the reserve fund and amortisation of capital shall be divisible among the members in proportion to the amount of capital paid-up by them respectively. Provided always that unless the terms of issue otherwise provide, any capital paid-up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.
	(ii)	No dividend shall be declared or paid by the Company for any financial year except out of profits of the Company for that year arrived after providing for the depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of profits of the Company for any previous financial year or years arrived after providing for the depreciation in accordance with applicable laws and remaining undistributed or out of both or out of moneys provided by the Government for the payment of dividend in pursuance of a guarantee given by the Government. No dividend shall carry interest against the Company.
	(iii)	For the purpose of the last preceding Article, the declaration by the directors as to the amount of the profits of the Company shall be conclusive.
	(iv)	Subject to the provisions of Section 205 of the Act as amended, no dividend shall be payable except in cash.
	(v)	A transfer of shares shall not pass the right to any dividend declared thereon after transfer and before the registration of the transfer.
	(vi)	Any one of the several persons, who are registered as the joint holders of any share, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.
	(vii)	Unless otherwise directed any dividend may be paid by cheque or demand draft or warrant or such other permissible means to the registered address of the member or person entitled or in the case of joint holding, to the registered address of that one whose name stands first in the Register in respect of the joint holding and every cheque, demand draft or warrant so sent shall be made payable to the member or to such person and to such address as the shareholder or the joint shareholders in writing may direct.
The Company in General Meeting may declare a dividend	48.	The Company in General meeting may declare a dividend to be paid to the members according to their respective right and interest in the profits and may fix the time for payment but no dividend shall exceed the amount recommended by the Board.
Interim dividend	49.	The Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the

		Company justifies.
Unpaid or Unclaimed Dividend	49A.	Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called the "Power Grid Corporation of India Limited Unpaid Dividend Account." Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a Fund known as Investor Education and Protection Fund established under Section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board.
Capitalisation	49B. (1)	The Company may in a General Meeting, upon the recommendation of the Board, resolve that it is desirable to capitalize the whole or any part of any moneys standing to the credit of the Share Premium Account or Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits of the Company (including profits or surplus moneys realised on sale of capital assets of the Company) standing to the credit fund or reserve of the Company or in the hands of the Company and available for dividend:-
		(a) By the issue and distribution, among the holders of the shares of the Company or any of them on the footing that they become entitled thereto as capital in accordance with their respective rights and interests and in proportion to the amount paid or credited as paid thereon of paid up shares, bonds or other obligations of the Company; or (b) By crediting shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid thereon respectively, with the whole or any part of the same remaining unpaid thereon. (c) By increasing the par value of the shares which have been issued by the Company.
	(2)	The Board shall give effect to such resolution passed by the Company pursuant to this Article, provided that
	(i)	no such distribution or payment shall be made unless recommended by the Board and if so recommended, such distribution and payment shall be accepted by such shareholders in full satisfaction of their interest in the paid capitalized sum.
	(ii)	any sum standing to the credit of a Securities Premium Account or a Capital Redemption Reserve Fund shall not be paid in cash but may only, in accordance with the applicable provisions of the Companies Act, for the purposes of these Articles, only be applied in or towards:
		(a) Paying up any amount for the time being unpaid on any shares held by such Members; (b) Paying up in full un-issued shares of the Company to be allotted, distributed and credited as fully paid up;

		(c) Partly in the way specified in sub-clause (a) and partly in the way specified in sub-clause (b) above. Provided that the Company in a General Meeting may resolve that any surplus money arising from the realization of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company, be distributed among the Members.
	(3)	For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and generally may make such arrangements for the acceptance, allotment and sale of such shares, bonds or otherwise as they may think fit, and may make cash payment to any holders of shares, on the footing of the value so fixed in order to adjust rights and may vest any shares, bonds or other obligations in trustees upon such trust for adjusting such rights as may seem expedient to the Board.
	(4)	In cases where some of the shares of the Company are fully paid and others are partly paid, only such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares and the partly paid shares, the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares is in direct proportion to the amounts than already paid or credited as paid on the existing fully paid and partly paid shares respectively.
	(5)	Where deemed requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, such appointment shall be effective.
	WINDING UP	
Distribution of assets	57.	If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up, on the shares held by them respectively. And if in a winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the paid up capital, such assets shall be distributed amongst the members in proportion to the original paid up capital as the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of share issued upon special terms and conditions.
	INDEMNITY AND RESPONSIBILITY	
Directors' and others' right to indemnity	59 (i)	Subject to the provisions of Section 201 (i) of the Companies Act, every Director, Manager, Auditor, Secretary or other Officer or Employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which any such

		Director, Manager, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him or them as such Director, Manager, Officer or Servant or in any other way in the discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all other claims
	(ii)	Subject as aforesaid, every Director, Manager or Officer of the Company shall be indemnified against any liability incurred by him or them in defending any proceedings whether civil or criminal in which judgment is given in his or their favour or in which he is or they are acquitted or in connection with any application under Section 633 of the Act in which relief is given to him or them by the Court.

SECTION IX – OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material, have been entered into or are to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder may be inspected at our Corporate Office at "Saudamini", Plot No. 2, Sector 29, Gurgaon 122 001, Haryana, India, from 10.00 am to 4.00 pm during the Bid/Offer Period.

Material Contracts

1. Engagement Letters each dated September 30, 2013 for the appointment of SBI Capital Markets Limited, Citigroup Global Markets India Private Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited and UBS Securities India Private Limited, respectively, as BRLMs.
2. Offer Agreement dated November 12, 2013, among our Company, the Selling Shareholder and the BRLMs.
3. Registrar's Agreement dated November 12, 2013, among our Company, the Selling Shareholder and the Registrar to the Offer.
4. Escrow Agreement dated November 12, 2013, among our Company, the Selling Shareholder, the members of the Syndicate, the Escrow Collection Banks, and the Registrar to the Offer.
5. Syndicate Agreement dated November 12, 2013, among our Company, the Selling Shareholder, the members of the Syndicate and the Registrar to the Offer.
6. Underwriting Agreement dated [●], among our Company, the Selling Shareholder and the members of the Syndicate.

Material Documents

1. Our Memorandum and Articles of Association, amended until date.
2. Our certificate of incorporation dated October 23, 1989.
3. Resolution of the Board dated August 1, 2013 authorizing the Fresh Issue.
4. Copies of annual reports of our Company for the past two financial years.
5. Letter (F. No. 11/39/2013-PG) dated November 12, 2013, issued by the President of India acting through the MoP, granting approval for the Offer including the Offer for Sale.
6. Resolution dated September 19, 2013 passed at the annual general meetings of shareholders authorizing the Fresh Issue and related matters, under Section 81(1A) of the Companies Act 1956.
7. Report of the Auditors dated November 12, 2013 prepared as per Indian GAAP and mentioned in the "***Financial Statements***" on page 168.
8. The statement of tax benefit dated November 12, 2013 prepared by the Auditors as mentioned in "***Statement of Tax Benefits***" on page 59.
9. Letter (No. CFD/DIL/SK/PHV/OW/27755/2013) dated October 29, 2013 issued by SEBI.
10. Consents of S.K. Mehta & Co., Chartered Accountants, Chatterjee & Co., Chartered Accountants and Sagar & Associates, Chartered Accountants, for the inclusion of their report on the financial statements and the statement of tax benefits, in the form and context in which they appear in this Red Herring Prospectus.
11. Consents in writing of the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, members of the Syndicate, Registrar to the Offer, Bankers to the Offer, Domestic Legal Counsel to our Company and the Selling Shareholder, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Offer, Bankers to our Company and lenders to our Company (where such consent is required), the Monitoring Agency and project appraising entities with respect to the respective Identified Projects, where applicable, each as referred to in this Red Herring Prospectus, in their respective capacities.
12. Resolution of the FPO Committee dated November 15, 2013, approving this Red Herring Prospectus.
13. Due diligence certificate dated November 15, 2013, to SEBI from SBI Capital Markets Limited,

Citigroup Global Markets India Private Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited and UBS Securities India Private Limited.

14. NSE and BSE letters each dated November 14, 2013, granting approval to use their names in this Red Herring Prospectus.
15. Copies of the letters by the MoP, GoI for appointment of our Directors.
16. Resolution of the Board dated [●], approving the Prospectus.
17. Memorandum of Understanding between our Company and the MoP for the year 2013-2014.
18. Shareholders' Agreement dated July 4, 2003, among our Company, Tata Power and PTL, amended by a Supplementary Agreement dated August 29, 2008.
19. Implementation Agreement dated July 4, 2003, between our Company and PTL, revised by an amended and restated Implementation Agreement dated April 8, 2004.
20. Transmission Service Agreement dated July 4, 2003, between our Company and PTL, amended by an amended and restated Transmission Service Agreement dated April 8, 2004.
21. Shareholders' Agreement dated June 15, 2006, among our Company, Torrent and TPL, amended by a Shareholders' Agreement dated February 23, 2007.
22. Implementation Agreement and Transmission Services Agreement among our Company, TPL and Torrent, both dated June 15, 2006, amended by the Implementation Agreement and Transmission Services Agreement, both dated February 23, 2007.
23. Shareholders' Agreement dated February 22, 2007, among our Company, Jaiprakash and JPL, amended by a Supplementary Shareholders' Agreement dated March 25, 2010.
24. Implementation Agreement dated February 22, 2007, between JPL and JKHCL.
25. Transmission Services Agreement dated February 22, 2007, between JKHCL and JPL.
26. Shareholders' Agreement dated November 23, 2007, among our Company, RIL and PKTCL.
27. Implementation Agreement dated November 23, 2007, between our Company and PKTCL.
28. Operations Interface Agreement dated November 23, 2007, between our Company and PKTCL.
29. Shareholders' Agreement dated August 6, 2008, among our Company, TUL and TVPTL.
30. Implementation Agreement dated August 6, 2008, between TUL and TVPTL.
31. Transmission Services Agreement dated August 6, 2008, between TUL and TVPTL.
32. Shareholders' Agreement dated February 3, 2009, among our Company, OTPC, GoT and NETCL.
33. Implementation and Transmission Service Agreement dated February 3, 2009, entered into by NETCL with Assam Electricity Grid Corporation Limited, Tripura State Electricity Corporation Limited, Meghalaya SEB, Electricity Department (Government of Manipur), Department of Power (Government of Nagaland), Power & Electricity Department (Government of Mizoram), Department of Power (Government of Arunachal Pradesh) and OTPC.
34. Joint Venture Agreement dated April 8, 2009 as supplemented by an agreement dated May 3, 2011, among our Company, NTPC, NHPTL, NHPC and DVC and as supplemented by a supplementary joint venture agreement dated February 15, 2012, executed among our Company, NHPTL, NHPC, NTPC, DVC and CPRI.
35. Joint Venture Agreement dated November 19, 2009, among our Company, NTPC, PFC and REC.
36. Shareholders' Agreement dated July 9, 2012, among our Company, SJVN, IEDCL, NEA and CPTCL.
37. Implementation and Transmission Service Agreement dated December 13, 2011, among NEA, CPTCL and PTCN for TLP-India.
38. Shareholders' Agreement dated July 9, 2012, among our Company, IEDCL, NEA and PTCN.
39. Implementation and Transmission Service Agreement dated December 13, 2011, among NEA, PTCN and CPTCL for TLP-Nepal.
40. Shareholders' Agreement dated December 29, 2012, between our Company and BSPCL.
41. Implementation and Transmission Service Agreement dated January 5, 2013, between BGCL and BSPCL.
42. Shareholders' Agreement dated January 4, 2013, among our Company, KBPNPL and OPTCL.
43. Implementation and Transmission Service Agreement dated January 5, 2013, between KBPNPL and GRIDCO.
44. Memorandum of Understanding dated March 19, 2013, between our Company and SAIL.
45. Memorandum of Understanding dated July 31, 2013, between our Company and RITES.
46. Memorandum of Understanding dated July 27, 2012, between our Company and RINL.
47. Memorandum of Understanding dated July 14, 2004, between our Company and REC.
48. Memorandum of Understanding dated December 14, 2011, between our Company and RINL.
49. Memorandum of Understanding dated October 19, 2011, between our Company and NALCO.

50. Prospectus dated November 16, 2010 issued by our Company for the further public offering of 841,768,246 Equity Shares in fiscal 2011.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance with applicable law.

DECLARATION

We certify and declare that all relevant provisions of the Companies Act, and the rules, regulations and guidelines issued by the GoI, or the regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules, regulations and guidelines issued thereunder, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Mr. R.N. Nayak
Designation: Chairman and Managing Director (Whole-time)

Mr. I.S. Jha
Designation: Director (Projects) (Whole-time)

Mr. Ravi P. Singh
Designation: Director (Personnel) (Whole-time)

Mr. R.P. Sasmal
Designation: Director (Operations) (Whole-time)

Ms. Rita Acharya
Designation: Government Nominee Director

Mr. Pradeep Kumar
Designation: Government Nominee Director

Mr. Santosh Saraf
Designation: Independent Director

Ms. Rita Sinha
Designation: Independent Director

Mr. R. K. Gupta
Designation: Independent Director

Dr. K. Ramalingam
Designation: Independent Director

Mr. R. Krishnamoorthy
Designation: Independent Director

Mr. Mahesh Shah
Designation: Independent Director

Mr. Ajay Kumar Mittal
Designation: Independent Director

AND

Mr. Mr. R. T. Agarwal
Director (Finance) (Whole-time)

Place: New Delhi
Date: 15.11.2013

On behalf of the Selling Shareholder, I certify that the statements and undertakings made in this Red Herring Prospectus about or in relation to the Selling Shareholder and the Equity Shares offered pursuant to the Offer for Sale are true and correct.

Signed on behalf of the Selling Shareholder

1.

Authorised Signatory of the President of India, acting through the MoP
Name:
Designation:

Date: 15.11.2013

Place: New Delhi