



PTC INDIA FINANCIAL SERVICES LIMITED

Our Company was incorporated on September 8, 2006 as a public limited company, in the name of "PTC India Financial Services Limited" under the Companies Act, 1956 ("Companies Act") with the Registrar of Companies, National Capital Territory of Delhi and Haryana. There have been no changes in the name and registered office of our Company since incorporation.

Registered Office: Second Floor, NBCC Tower, 15, Bhikaji Cama Place, New Delhi 110 066, India.

Website: www.ptcfinancial.com **Company Secretary and Compliance Officer:** Mr. Vishal Goyal;

Tel: +91 11 4159 5122; **Fax:** +91 11 4165 9144; **Email:** complianceofficer@ptcfinancial.com

PROMOTER OF THE COMPANY: PTC INDIA LIMITED		
PUBLIC ISSUE OF 156,700,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF PTC INDIA FINANCIAL SERVICES LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●]* PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING ₹ [●] MILLION** (THE "ISSUE") CONSISTING OF A FRESH ISSUE OF 127,500,000 EQUITY SHARES BY THE COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF 29,200,000 EQUITY SHARES BY MACQUARIE INDIA HOLDINGS LIMITED (THE "SELLING SHAREHOLDER") ("OFFER FOR SALE"). THE ISSUE WILL CONSTITUTE 27.88% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY. <i>*Discount of ₹ [●] to the Issue Price will be offered to Retail Individual Bidders ("Retail Discount")</i> <i>**Assuming full subscription in all the categories at the Issue Price and considering Retail Discount that will be offered</i>		
THE PRICE BAND, THE MINIMUM BID LOT AND THE RETAIL DISCOUNT WILL BE DECIDED BY THE COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND CO BOOK RUNNING LEAD MANAGER AND ADVERTISED IN THE FINANCIAL EXPRESS (BEING THE ENGLISH NATIONAL DAILY NEWSPAPER) AND JANSATTA (BEING THE HINDI NATIONAL DAILY NEWSPAPER AS WELL AS THE REGIONAL LANGUAGE DAILY NEWSPAPER), EACH HAVING WIDE CIRCULATION AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.		
In case of any revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after such revision of the Price Band, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Self Certified Syndicate Banks ("SCSBs"), the National Stock Exchange of India Limited (the "NSE") and the Bombay Stock Exchange Limited (the "BSE"), by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and Co Book Running Lead Manager and at the terminals of the other members of the Syndicate.		
In terms of Rule 19(2) (b) (i) of the Securities Contracts (Regulations) Rules, 1957 ("SCRR"), as amended, this is an issue for at least 25% of the post-Issue capital. The Issue is being made through 100% Book Building Process wherein up to 50% of the Issue will be allocated to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"). 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Company and the Selling Shareholder will allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis (the "Anchor Investor Portion") out of which one-third shall be reserved for domestic Mutual Funds. Potential investors (except Anchor Investors) may participate in this Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details see the section titled "Issue Procedure" on page 285		
RISKS IN RELATION TO FIRST ISSUE		
This being the first public issue of the Issuer, there has been no formal market for our Equity Shares. The face value of the equity shares of our Company is ₹ 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as determined by our Company and the Selling Shareholder, in consultation with Book Running Lead Managers and Co Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process and as stated in the section titled "Basis for the Issue Price" on page 79) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.		
GENERAL RISKS		
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the 'risk factors' carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page 14.		
IPO GRADING		
This Issue has been graded by Credit Analysis and Research Limited, ICRA Limited and CRISIL Limited and has been assigned the following IPO grades i.e. "CARE IPO Grade 4/5" indicating above average fundamentals; "ICRA IPO Grade 4/5" indicating above average fundamentals; and "CRISIL IPO Grade 3/5" indicating average fundamentals, respectively ("IPO Grading"). For more information on IPO Grading, see the sections titled "General Information", "Other Regulatory and Statutory Disclosures" and "Material Contracts and Documents For Inspection" on pages 52, 264 and 355, respectively.		
ISSUER'S ABSOLUTE RESPONSIBILITY		
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, 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 inquiries accepts responsibility for and confirms that the information relating to the Selling Shareholder contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect.		
LISTING		
The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received in-principle approvals from the NSE and the BSE for listing of the Equity Shares pursuant to their letters, both dated January 14, 2011. For the purposes of this Issue, NSE shall be the Designated Stock Exchange.		
BOOK RUNNING LEAD MANAGERS		
 SBI Capital Markets Limited 202, Maker Tower, 'E' Cuffe Parade Mumbai 400 005 Tel: +91-022-2217 8300 Fax: +91-022-2218 8332 E-mail: pfs.ipo@sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Prayag Mohanty, Ms. Anshika Malviya SEBI Registration No: INM000003531	 JM Financial Consultants Private Limited 141, Maker Chambers III Nariman Point, Mumbai 400 021, India Tel: + (91 22) 6630 3030 Fax: + (91 22) 2204 7185 E-mail: pfs.ipo@jmfinancial.in Investor Grievance E-mail: grievance.ibd@jmfinancial.in Website: www.jmfinancial.in Contact Person: Ms. Lakshmi Lakshmanan SEBI Registration No.: INM000010361	 ICICI Securities Limited ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, Maharashtra, India Telephone: + 91 22 2288 2460 Facsimile: + 91 22 2282 6580 E-mail: pfs.ipo@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Mrigesh Kejriwal / Mr. Sumanth Rao SEBI Registration No.: INM000011179
BOOK RUNNING LEAD MANAGERS	CO BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 Almondz Global Securities Limited 2 nd Floor, 3 Scindia House, Janpath, New Delhi - 110 001 Tel: +91 11 41514666-69 Fax: +91 11 41514665 E-mail: pfs.ipo@almondz.com Investor Grievance ID: complaint@almondz.com Website: www.almondzglobal.com Contact Person: Mr. Puneet Arora SEBI Registration No: INM000000834	 Aventus Capital Private Limited IL&FS Financial Center, B Quadrant, 5 th floor, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, Maharashtra, India Tel: +91 22 6648 0050 Fax: +91 22 6648 0040 Email: pfs.ipo@avendus.com Website: www.avendus.com Investor Grievance ID: investorgrievance@avendus.com Contact Person: Ms. Aditi Gupta SEBI Registration No.: INM000011021	 Karvy Computershare Private Limited Plot No. 17 to 24, Vithalrao Nagar Madhapur, Hyderabad 500 086 Andhra Pradesh, India Telephone: +91 40 2342 0815-0820, Telephone (toll free): 1-800-345 4001 Facsimile: +91 40 2342 0814 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person: Mr. Murali Krishna SEBI Registration number: INR000000221
BID/ISSUE PROGRAMME		
BID/ISSUE OPENS ON MARCH 16, 2011*		BIDDING/ISSUE CLOSES ON MARCH 18, 2011

* The Company in consultation with the Selling Shareholder, the BRLMs and the Co-BRLM will consider participation by Anchor Investors. The Bid/Issue Period for Anchor Investors shall be one Working Day prior to the Bid/Issue Opening Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates requires or implies, the following terms shall have the following meanings in this Red Herring Prospectus and any references to any statutes, regulations or policies shall include references to any amendments or re-enactments made from time to time.

Company Related Terms

Term	Description
“Articles” or “Articles of Association” or “our Articles”	The articles of association of our Company, as amended.
Associate Companies	Our associate companies are as follows: (i) Indian Energy Exchange Limited; (ii) Ind-Barath Energy (Utkal) Limited; (iii) R.S. India Wind Energy Limited; (iv) Meenakshi Energy Private Limited; (v) Ind-Barath Powergencom Limited; (vi) East Coast Energy Private Limited; (vii) Varam Bioenergy Private Limited; and (viii) PTC Bermaco Green Energy Systems Limited.
Auditor	The statutory auditor of our Company, being Deloitte Haskins & Sells.
“Board” or “Board of Directors” or “our Board”	The board of directors of our Company or committees constituted by it from time to time.
“Company” or the “Issuer” or “we” or “us” or “our”	PTC India Financial Services Limited, a public limited company incorporated under the Companies Act.
Director(s)	The director(s) on our Board.
ESOP Scheme 2008	The employee stock option plan of our Company for grant of options for 21,729,166 Equity Shares to permanent employees and Directors (whether whole time or not) of the Company and employees of our Promoter i.e. PTC India Limited, but not the Promoter.
Group Companies	Such entities as mentioned in the section titled “ <i>Our Promoter and Group Companies</i> ” on page 166.
“Memorandum” or “Memorandum of Association” or “our Memorandum” or “MoA”	The memorandum of association of our Company, as amended from time to time.
Promoter	The promoter of our Company, being PTC India Limited.
Promoter Group	In addition to our Promoter, includes such entities constituting our promoter group pursuant to Regulation 2(zb) of the ICDR Regulations namely: 1. Athena Energy Ventures Private Limited; 2. Teesta Urja Limited; 3. Krishna Godavari Power Utilities Limited; and 4. PTC Energy Limited.
Registered Office	The registered and corporate office of our Company, presently situated at Second Floor, NBCC Tower 15, Bhikaji Cama Place, New Delhi 110 066, India.
SHA Amendment Agreement	Agreement dated December 17, 2010 amending the shareholders agreement dated December 28, 2007 between the Company, GS Strategic Investments Limited, Macquarie India Holdings Limited and PTC India Limited.

Issue Related Terms

Term	Description
“Allot” or “Allotment” or “Allotted”	The allotment/ transfer of Equity Shares to the successful Bidders pursuant to this Issue.
Allottee	A successful Bidder to whom Equity Shares are being/have been Allotted.
ALMONDZ GLOBAL	Almondz Global Securities Limited.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has

Term	Description
	bid for an amount of at least ₹ 100 million.
Anchor Investor Bid	Bid made by Anchor Investor.
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/ Issue Opening Date.
Anchor Investor Bid/Issue Period	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.
Anchor Investor Portion	Up to 30% of the QIB Portion, which will be allocated to Anchor Investors by the Company and the Selling Shareholder in consultation with the BRLMs and Co-BRLM, on a discretionary basis, out of which one-third shall be reserved for and allocated to domestic Mutual Funds applying at or above Anchor Investor Price.
Anchor Investor Price	The price at which Allotment is made to Anchor Investors in terms of the Red Herring Prospectus, which shall be higher than or equal to the Issue Price, but not higher than the Cap Price.
ASBA/ Application Supported by Blocked Amount	The application (whether physical or electronic) used by a Bidder (other than Anchor Investors) to make a Bid authorising the SCSB to block the Bid Amount in a specified bank account maintained with the SCSB.
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder.
ASBA Bid cum Application Form / ASBA Form	The application form, whether physical or electronic, used by the ASBA Bidder to make a Bid and which contains an authorisation to block the Bid Amount in an ASBA Account, which will be considered as an application for the Allotment for the purposes of the Red Herring Prospectus.
ASBA Bidder	Any Bidder (other than Anchor Investors) applying through ASBA facility.
ASBA Revision Form	The form used by ASBA Bidders to modify the number of Equity Shares or the Bid Price in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s).
AVENDUS CAPITAL	Avendus Capital Private Limited.
“Bankers to the Issue” or “Escrow Collection Banks”	The banks which are clearing members and registered with the SEBI and bankers to the Issue with whom the Escrow Account will be opened, in this case being Yes Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited, HDFC Bank Limited, Punjab National Bank, Oriental Bank of Commerce and Union Bank of India.
Basis of Allotment	The basis on which the Equity Shares will be allocated as described in the section titled “ Issue Procedure ” on page 285
Bid	An indication by a Bidder to make an offer to subscribe for Equity Shares in terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus.
Bid Amount	The highest Bid Price indicated in the Bid cum Application Form, payable by the Bidders on submission of the Bid in the Issue.
Bid cum Application Form	The form in terms of which the Bidder (other than an ASBA Bidder) makes a Bid and which will be considered as the application for Allotment.
Bid Price	The prices indicated within the optional Bids in the Bid cum Application Form.
Bid/Issue Opening Date	Except in relation to Anchor Investors, the date on which the members of the Syndicate and SCSBs shall start accepting Bids, which shall be the date notified in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), each with wide circulation.
Bid/Issue Closing Date	Except in relation to Anchor Investors, the date after which the members of the Syndicate and SCSBs will not accept any Bids, which shall be notified in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), each with wide circulation and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which Bidders, other than Anchor Investors, can submit their Bids, inclusive of any revision thereof.
Book Building Process	The book building process as described in Part A of Schedule XI of the SEBI Regulations.
“Book Running Lead Managers” or “BRLMs”	Book running lead managers to this Issue, being SBI Capital Markets Limited, JM Financial Consultants Private Limited, ICICI Securities Limited, and Almondz Global

Term	Description
	Securities Limited.
“Co Book Running Lead Manager” or “Co-BRLM”	Avendus Capital Private Limited.
“CAN” or “Confirmation of Allocation Note”	Except in relation to the Anchor Investors, the note or advice or intimation sent to the successful Bidders confirming the number of Equity Shares allocated to such Bidders after discovery of the Issue Price. In relation to Anchor Investors, the note or advice or intimation sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Price, including any revisions thereof.
Cap Price	The higher end of the Price Band above which the Issue Price will not be finalised and above which no Bids will be accepted, including any revisions thereof.
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time.
Cut-Off Price	Any price within the Price Band finalised by our Company and the Selling Shareholder in consultation with the BRLMs and Co-BRLM. A Bid submitted at the Cut-off Price is a valid Bid at all price levels within the Price Band. Only Retail Individual Bidders are entitled to bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to bid at the Cut-off Price.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details.
“Depository Participant” or “DP”	A depository participant as defined under the Depositories Act.
Designated Branch(es)	Such branches of the SCSBs which shall collect the ASBA Forms and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which the Escrow Collection Banks and the SCSBs transfer the funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Issue Account, in terms of the Red Herring Prospectus.
“Designated Stock Exchange”	National Stock Exchange of India Limited.
“Draft Red Herring Prospectus” or “DRHP”	The draft red herring prospectus dated December 21, 2010 filed with SEBI on December 22, 2010 and issued in accordance with the SEBI Regulations.
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Equity Shares	The equity shares of our Company of face value of ₹ 10 each.
Escrow Account(s)	An account to be opened with the Escrow Collection Bank(s) for this Issue and in whose favour the Bidder (including Anchor Investors and excluding ASBA Bidders) will issue cheques or drafts or RTGS instructions in respect of the Bid Amount.
Escrow Agreement	An agreement to be entered among our Company, the Selling Shareholder, the Registrar to the Issue, the Escrow Collection Banks, the Book Running Lead Managers, the Co Book Running Lead Manager and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Form or ASBA Revision Form, as the case may be.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted and which shall not be lesser than the face value of the Equity Shares, including revisions thereof.
ICICI SECURITIES	ICICI Securities Limited.
IPO Grading Agencies	Credit Analysis and Research Limited, ICRA Limited and CRISIL Limited, the IPO grading agencies appointed by our Company and the Selling Shareholder for grading this Issue.
Issue	Issue to the public of 156,700,000 Equity Shares at the Issue Price consisting of a Fresh Issue of 127,500,000 Equity Shares by the Company and an Offer For Sale of 29,200,000 Equity Shares by the Selling Shareholder.
Issue Price	The final price (net of Retail Discount as applicable) at which Allotment will be made, as determined by our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers and Co Book Running Lead Manager.
JM FINANCIAL	JM Financial Consultants Private Limited.

Term	Description
Key Management Personnel	The personnel listed as key management personnel in the section titled “ <i>Our Management – Key Management Personnel</i> ” on page 164.
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares, available for allocation to Mutual Funds on a proportionate basis.
Net Proceeds	Net proceeds of the Fresh Issue after deducting the Issue related expenses of our Company
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares allocated to the Anchor Investors, being a minimum of [●] Equity Shares to be allotted to QIBs on a proportionate basis.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
Non-Institutional Bidders	All Bidders (including Sub-Accounts which are foreign corporates or foreign individuals) that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than ₹ 200,000.
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of 23,505,000 Equity Shares, available for allocation to Non-Institutional Bidders.
Offer for Sale	The Offer for Sale by the Selling Shareholder of 29,200,000 Equity Shares of ₹ 10 each at the Issue Price
Pay-in Date	With respect to Anchor Investors, shall be a date not later than two days after the Bid Closing Date, in case the Issue Price is higher than the Anchor Investor Price.
Pay-in Period	With respect to Anchor Investors, commencing on the Anchor Investor Bidding Date and extending till the last date specified in the CAN, which shall not be later than two days after the Bid Closing Date.
Price Band	The price band between the Floor Price and Cap Price.
Pricing Date	The date on which the Issue Price is finalised by our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers and the Co-BRLM.
Prospectus	The prospectus of our Company to be filed with the RoC for this Issue post the Pricing Date in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Public Issue Account	The bank account opened with the Bankers to the Issue by our Company and the Selling Shareholder under Section 73 of the Companies Act to receive money from the Escrow Accounts on the Designated Date and where the funds shall be transferred by the SCSBs from the ASBA Accounts.
“QIBs” or “Qualified Institutional Buyers”	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), registered with SEBI, VCFs, scheduled commercial banks, Mutual Funds, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million and the NIF, multilateral and bilateral development financial institutions, insurance funds setup and managed by army, navy or air force of the Union of India and insurance funds setup and managed by the Department of Posts in India, eligible for bidding in this Issue.
QIB Portion	The portion of the Issue being upto 50% of the Issue or 78,350,000 Equity Shares to be Allotted to QIBs, including the Anchor Investor Portion.
“Red Herring Prospectus” or “RHP”	The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least three days before the Bid Opening Date and will become a Prospectus after filing with the RoC after the Pricing Date
Refund Account(s)	The account opened with the Refund Banker(s), from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refund Banker	The Bankers to the Issue with whom the Refund Accounts will be opened, in this case being HDFC Bank Limited.
Registrar to the Issue	Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible NRIs) who have not Bid for Equity Shares for an amount more than ₹ 200,000 in any of the bidding options in the Issue.
Retail Discount	The difference of ₹ [•] between the Issue Price and the differential lower price at which our Company and the Selling Shareholder will decide to Allot the Equity Shares to Retail Individual Bidders.
Retail Portion	The portion of the Issue being not less than 35% of this Issue, consisting of 54,845,000 Equity Shares, available for allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders, to modify the quantity of their Bids or their Bid Price.

Term	Description
SBI CAP	SBI Capital Markets Limited.
“Self Certified Syndicate Bank” or “SCSB”	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offers services in relation to ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time.
Selling Shareholder	Macquarie India Holdings Limited
Stock Exchanges	The NSE and the BSE.
Syndicate Agreement	The agreement to be entered into among our Company, the Selling Shareholder and members of the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders).
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being SBICAP Securities Limited, Reliance Securities Limited and Avendus Securities Private Limited.
“Syndicate” or “members of the Syndicate”	The Book Running Lead Managers, the Co Book Running Lead Manager and the Syndicate Members.
“Transaction Registration Slip” or “TRS”	The slip or document issued by any of the members of the Syndicate, or the SCSBs, as the case may be, upon demand to a Bidder as proof of registration of the Bid.
Underwriters	The Book Running Lead Managers, the Co Book Running Lead Manager and the Syndicate Members.
Underwriting Agreement	The agreement to be entered into between the Underwriters, our Company and the Selling Shareholder on or immediately after the Pricing Date.
Working Days	All days other than a Sunday and a public holiday (except during the Bidding Period, where a Working Day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in India are open for business.

Conventional/General Terms, Abbreviations and References to Other Business Entities

Abbreviation	Full Form
A/c	Account.
AGM	Annual general meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited.
CDSL	Central Depository Services (India) Limited.
Companies Act	The Companies Act, 1956, as amended.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, as amended.
DIN	Director’s identification number.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Govt.
DP ID	Depository Participant’s Identity.
ECB	External commercial borrowings.
EGM	Extraordinary general meeting.
EPS	Earnings per share i.e. profit after tax for a Fiscal/period divided by the weighted average number of equity shares/potential equity shares during that Fiscal/period.
ESI Act	Employees State Insurance Act, 1948
ESOP	Employee stock option plan.
ESOP Guidelines	SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended.
FCNR Account	Foreign currency non-resident account.
FDI	Foreign direct investment, as understood under applicable Indian regulations.
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended.
FII	Foreign Institutional Investor, as defined in and registered under the FII Regulations.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
FVCI	Foreign Venture Capital Investor as defined in and registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors)

Abbreviation	Full Form
	Regulations, 2000, as amended.
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, GoI.
Fiscal or Financial Year or FY	A period of twelve months ended March 31 of that particular year, unless otherwise stated.
GDR	Global depository receipts.
GBP	Great Britain Pound
GIR Number	General index registry number.
GoI or Government of India	Government of India.
HUF	Hindu undivided family.
Indian GAAP	Generally accepted accounting principles in India.
IFRS	International financial reporting standards.
IPO	Initial public offering.
IRDA	The Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999, as amended.
IT	Information technology.
IT Act	The Income Tax Act, 1961, as amended.
Ltd.	Limited.
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended
MICR	Magnetic ink character recognition.
MoEF	Ministry of Environment and Forests.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
N.A.	Not applicable.
Net Worth	The aggregate of the share capital, reserve and surplus, surplus/ deficit in profit and loss account and outstanding ESOP.
NCD	Non convertible debentures
NECS	National electronic clearing system.
NEFT	National electronic fund transfer service.
NRE Account	Non-resident external account.
“Non Residents” or “NRs”	Persons resident outside India, as defined under FEMA, including Eligible NRIs and FIIs.
NRO Account	Non-resident ordinary account.
“Non Resident Indian” or “NRI”	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
“Overseas Corporate Body” or “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 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 FEMA.
Owned Fund	Paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any as defined under the Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
p.a.	Per annum.
PAN	Permanent Account Number allotted under the IT Act.
P/E Ratio	Price/earnings ratio.
Pvt.	Private.
RBI	Reserve Bank of India.
Regulation S	Regulation S under the U.S. Securities Act.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana
RoNW	Return on Net Worth.
Rs., ₹ or Rupees	Indian Rupees.

Abbreviation	Full Form
RTGS	Real time gross settlement.
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Regulations/ ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Sec	Section.
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended.
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended from time to time.
TAN	Tax Account Number
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
TRA	Trust and Retention Account.
TRAI	Telecom Regulatory Authority of India
U.S. or US or U.S.A or US\$	The United States of America, including its territories and possessions, any state of the United States of America and the District of Columbia.
USD	U.S. Dollar
U.S. GAAP	Generally accepted accounting principles in the United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
VCFs	Venture Capital Funds and foreign venture capital investors as defined in and registered with SEBI under the VCF Regulations.
VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended
Yen	Japanese Yen

Industry/ Business Related Terms, Definitions and Abbreviations

Abbreviation	Full Form
AGPL	Asian Genco Pte. Ltd.
AIPL	Asian Infrastructure Pte. Ltd.
BESCOM	Bangalore Electricity Supply Company Limited
BESL	Bermaco Energy Systems Limited
BTG	boiler, turbine, generator
BU	billion units
CER	Certified Emission Reductions
CERC	Central Electricity Regulatory Commission
CPSUs	central public sector undertakings
CRAR	capital to risk-weighted asset ratio
CRR	cash reserve ratio
DEG	Deutsche Investitions - UND Entwicklungsgesellschaft MBH
East Coast	East Coast Energy Private Limited
ESA	equity subscription agreement
GS	GS Strategic Investments Limited
GW	gigawatt
ICRA	ICRA Limited
IEP	Integrated Energy Policy
IEX	Indian Energy Exchange Limited
IFC	Infrastructure Finance Companies
Ind Barath Power	Ind-Barath Power Infra Limited
Ind Barath Utkal/ IBEUL	Ind-Barath Energy (Utkal) Limited
IREDA	Indian Renewable Energy Development Agency Limited
kWh	kilowatt-hour
MPPs	merchant power plants
MQ	Macquarie India Holdings Limited
MS	Morgan Stanley
MSEDCL	Maharashtra State Electricity Distribution Company Limited
Mtoe	million tonnes of oil equivalent
MU	million units

Abbreviation	Full Form
MW	Megawatt
NBFC	Non- Banking Financial Institution
NCDEX	National Commodities & Derivatives Exchange Limited
NCDs	non-convertible debentures
NHPC	NHPC Limited
NPAAs	non-performing assets
NTP	National Tariff Policy
NTPC	National Thermal Power Corporation
PFC	Power Finance Corporation Limited
PLF	plant load factor
Power Grid	Power Grid Corporation of India Limited
PPAs	power purchase agreements
PTC	PTC India Limited
PXIL	Power Exchange India Limited
REC	Rural Electrification Corporation
RES	renewable energy sources
SEBs	state electricity boards
SERC	State Electricity Regulatory Commissions
SLR	statutory liquidity ratio
SSIA	Share Swap and Investment Agreement
Suzlon	Suzlon Energy Limited
Varuna	Varuna Investments, a private company incorporated under the laws of Mauritius.

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 “**US**”, “**USA**” or “**United States**” are to the United States of America.

Financial Data

Unless indicated otherwise, the financial data in this Red Herring Prospectus has been derived from the Company's audited and restated financial statements, as of March 31, 2007, 2008, 2009 and 2010 and as of December 31, 2010 and for the period September 8, 2006 to March 31, 2007, for the years ended March 31, 2008, 2009 and 2010 and for the nine months ended December 31, 2010, prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the ICDR Regulations.

The Company's fiscal year commences on April 1 and ends on March 31, and unless otherwise specified or the context otherwise requires, all references to a particular fiscal 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 therein are due to rounding-off.

Our financial statements and reported earnings could be different in a material manner from those which would be reported under IFRS or U.S. GAAP. There are significant differences between Indian GAAP, IFRS and U.S. GAAP. This Red Herring Prospectus does not contain a reconciliation of our financial statements to IFRS or U.S. GAAP nor does it include any information in relation to the differences between Indian GAAP, IFRS and U.S. GAAP. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. See the section titled “*The proposed adoption of IFRS could result in our financial condition and results of operations appearing materially different than under Indian GAAP*” on page 31.

Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP and restated in accordance with the SEBI Regulations, included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian standards and accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Issue and the financial information relating to our Company. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Unless otherwise specified or the context otherwise requires, all references to “**India**” in this DRHP are to the Republic of India, together with its territories and possessions and all references to the “**US**”, the “**USA**”, the “**United States**” or the “**U.S.**” are to the United States of America, together with its territories and possessions.

Currency and Units of Presentation

All references to “**Rupees**”, “**₹**” or “**Rs.**” are to Indian Rupees, the official currency of the Republic of India. All references to “**US\$**” or “**USD**” or “**U.S. Dollar**” are to United States Dollars, the official currency of the United States of America. All references to “**Euro**”, “**EUR**” or “**€**” are to the official currency of the member states of European Union. All references to “**Yen**” are to the Japanese Yen, the official currency of Japan. All references to “**GBP**” or “**£**” are to Great Britain Pounds, the official currency of the United Kingdom, its Crown Dependencies (the Isle of Man and the Channel Islands) and the British Overseas Territories of South Georgia and the South Sandwich Islands, British Antarctic Territory and Tristan da Cunha.

The Rupee equivalent of USD wherever mentioned in this Red Herring Prospectus has been derived on the basis of the conversion rate as on December 31, 2010.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

This data has not been prepared or independently verified by us or the BRLMs or any of their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "**Risk Factors**" on page 14. Accordingly, investment decisions should not be based on such information.

In accordance with the SEBI Regulations, we have included in the section titled "**Basis for the Issue Price**" on page 79 information relating to our peer group companies. Such information has been derived from publicly available sources and our Company has not independently verified such information.

Exchange Rates

This Red Herring Prospectus contains translations of 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 Regulations. It should not be construed as a representation that such 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 31, 2007, March 31, 2008, March 31, 2009, December 31, 2009, March 31, 2010 and December 31, 2010 are provided below.

Currency	Exchange Rate as on (in ₹)					
	December 31, 2010	March 31, 2010	December 31, 2009	March 31, 2009	March 31, 2008	March 31, 2007
1 USD *	44.81	45.14	46.68	50.95	39.97	43.59
1 GBP*	69.28	68.03	75.03	72.86	79.53	85.53
1 EURO*	59.81	60.56	67.02	67.48	63.09	58.14
1 YEN*	55.06	48.44	50.51	51.87	40.08	37

*Source: www.rbi.org.in

NOTICE TO INVESTORS

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 may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on 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 recommended by any U.S. federal or state securities commission or regulatory authority. Any representation to the contrary is a criminal offence in the United States.

This Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each relevant Member State. Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which is the subject of the placement contemplated in this Red Herring Prospectus should only do so in circumstances in which no obligation arises for our Company, Selling Shareholder or any of the BRLMs and Co-BRLM to produce a prospectus for such offer. None of our Company, the Selling Shareholder and the BRLMs and Co-BRLM has authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the BRLMs and Co-BRLM which constitute the final placement of Equity Shares contemplated in this Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

All statements contained in this Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements.” Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability and other matters discussed in this Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Industry” and “Our Business”.

The forward-looking statements contained in this Red Herring Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

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. Our Company, the Selling Shareholder, the BRLMs, the Co-BRLM, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend 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, the Company, the BRLMs and the Co-BRLM will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges. The Selling Shareholder will ensure that investors are informed of material developments in relation to statements about the Selling Shareholder in this Red Herring Prospectus, Red Herring Prospectus and Prospectus until the time of the grant of listing and trading permission by the stock exchanges.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any 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 our Equity Shares could decline, and you may lose all or part of your investment. These risks and uncertainties are not the only risks that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are risk factors the potential effect of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved.

Unless otherwise stated, the financial information of our Company used in this section is derived from our restated unconsolidated financial statements.

INTERNAL RISKS

1. We are significantly dependent on PTC, our Promoter, for the growth of our business.

We are a subsidiary of PTC, and depend significantly on PTC for growing and supporting our business. PTC is the market leader for power trading solutions in India (*Source: Central Electricity Regulatory Commission ("CERC") monthly report on short term transactions of electricity (December, 2010) ("CERC Report")*). We believe we benefit from the power sector expertise, network and relationships of PTC and its affiliates, which provide us with early access to business opportunities. We have in the past received many of our principal investment and debt financing opportunities from references made by PTC. For example, most of the ten principal investments that our Board has approved, particularly in the initial stages of our operations, developed out of initial references made by PTC. In addition, five of our 32 debt finance projects for which debt commitments have been approved by our Board as of December 31, 2010 also involve power purchase agreements executed with PTC and developed out of initial references made by PTC. In the event that PTC ceases to be a significant shareholder in our Company and refrains from participating in the growth of our business, our business prospects, financial condition and results of operations may be materially and adversely affected.

2. Volatility in interest rates affects our lending and treasury operations, which could cause our net interest income to decline and adversely affect our return on assets and profitability. In fiscal 2010 and in the nine months ended December 31, 2010, interest income represented 51.44% and 70.19%, respectively, of our total income in such periods.

Our business is significantly dependent on interest income from our lending and treasury operations. In fiscal 2010 and in the nine months ended December 31, 2010, interest income represented 51.44% and 70.19%, respectively, of our total income in such periods. Interest income from our lending operations contributed 25.38% and 65.58 % of our total income in fiscal 2010 and in the nine months ended December 31, 2010, respectively, while interest income from treasury operations contributed approximately 26.06% and 4.61 % of our total income in fiscal 2010 and in the nine months ended December 31, 2010, respectively. Accordingly, we are affected by volatility in interest rates in our lending and treasury operations. Our policy is to attempt to balance the proportion and maturity of our interest-earning assets with our interest-bearing liabilities. Almost all of our loan assets are at floating interest rates with approximately 84.88% of our loan financing as of December 31, 2010 related to loans made at floating interest rates. A majority of our liabilities, such as our secured non-convertible debentures, and short term borrowings carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate. Approximately 41.90% of our total loan funds as of December 31, 2010 related to borrowings availed was at fixed rates while the remaining was at floating rates. There can be no assurance that we will be able to adequately manage our interest rate risk in the future and be able to effectively balance the proportion and maturity of our interest earning assets and interest bearing liabilities in the future. Further, despite this balancing, changes in interest rates could affect the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities in different ways.

Thus, our results of operations could be affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the re-pricing of our assets.

Being a non-deposit taking NBFC, we are exposed to greater interest rate risk compared to banks or deposit taking NBFCs, as a result of our relatively higher cost of funds. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. When interest rates decline, we are subject to greater re-pricing and prepayment risks as borrowers may take advantage of the attractive interest rate environment. If interest rates rise we may have greater difficulty in maintaining a low effective cost of funds compared to our competitors which may have access to low-cost deposit funds. Fluctuations in interest rates may also adversely affect our treasury operations. In addition, the value of any interest rate hedging instruments we may enter into in the future may be affected by changes in interest rates. Our inability to effectively and efficiently manage interest rate variations may adversely affect our result of operations and profitability.

3. *Our Promoter PTC, Directors and related entities may have business interests similar to ours, which may result in conflicts of interest that may adversely affect future financing opportunity referrals.*

Our Promoter, Directors and related entities have interests in other companies, which are in businesses similar to ours, which may result in potential conflicts of interest. Although PTC Energy Limited, an affiliate company, undertakes co-development of energy projects with private project developers and is not directly in competition with us, it also has access to PTC for equity financing opportunities that contemplate a co-developer role. As specified in Article 114.5 of our Articles of Association and pursuant to the terms of the shareholders agreement dated December 28, 2007 (“SHA”) among our Company, GS Strategic Investments Limited (“GS”), Macquarie India Holdings Limited (“MQ”) and PTC, we have established procedures for the identification and resolution of potential conflicts of interest situations between us and PTC. For further information on such conflict resolution procedures, see section titled “**Material Agreements**” on page 140. However, pursuant to the SHA Amendment Agreement, the SHA shall terminate with effect from the date of filing of the Prospectus with the RoC. Accordingly, the aforesaid article 114.5 shall also cease to have effect from such date.

In addition, PTC has entered into an agreement with the Ashmore group to establish an energy sector fund and an asset management company (the “PTC Ashmore Fund”) to manage the fund. Pursuant to such agreement, PTC is restricted from referring any equity financing opportunities above ₹ 1,000 million to us. Under such agreement, PTC has agreed with Ashmore certain principles of cooperation (“Principles of Cooperation”) with respect to our Company. The Company is not a party to such agreement, and such agreement is not binding on the Company. However, pursuant to a Board resolution dated June 21, 2010, the Board of Directors of the Company has noted certain terms of such agreement, and have in-principle agreed to enter into a definitive cooperation agreement with the PTC Ashmore Fund in accordance with the terms of the Principles of Cooperation. Although the terms of such definitive cooperation agreement are under discussion, no such definitive agreement has been entered into as of the date of this Red Herring Prospectus. The Principles of Cooperation contemplate that we shall refer all energy sector equity financing opportunities in India in excess of ₹ 1,000 million to the PTC Ashmore Fund, while the PTC Ashmore Fund shall refer to us all energy sector equity financing opportunities of a value of ₹ 1,000 million or lower, as well as all debt financing and convertible debt financing opportunities (as defined in the terms of such Principles of Cooperation). For further information relating to the Principles of Cooperation, see the section titled “**History and Certain Corporate Matters- Cooperation Agreement**” on page 138.

We have developed significant business independent of PTC, and there can be no assurance that PTC will not enter into similar arrangements in the future with other third parties or that PTC will continue to refer business or investment opportunities to the Company.

Further, our Chairman and Managing Director, Mr. Tantra Narayan Thakur is also a director of our group company, Ashmore PTC India Energy Infrastructure Advisors Private Limited, whose memoranda of association permits it to engage in the business of providing financial or other assistance, which is similar to the business of our Company. For further information with respect to directorships of certain of our directors, see section titled “**Our Management**” on page 153. Also, the memorandum of association of two of our other group companies i.e. Ashmore PTC India Energy Infrastructure Trustee Private Limited and Barak Power Private Limited permits such companies to engage in the business similar to the business of our Company. For further information with respect to such conflict of interest, see section titled “**Our Promoter and Group Companies- Common Pursuits**” on page 173.

Accordingly, potential conflicts of interest may arise out of common business objectives shared by us, our Promoter, our Directors and our group companies. There can be no assurance that these or other conflicts of interest will be resolved in an impartial manner.

4. *We may not achieve our investment objectives and targeted returns from our principal investments, which may adversely affect our business, financial condition and results of operations.*

There can be no assurance that our principal investments will achieve their investment objectives or targeted returns, or that we will be able to fully invest our capital commitments. We may not be able to fully ascertain the risks involved in the projects we invest in due to limited information. The value of these principal investments depends on the success and continued viability of these businesses. We may not be able to realize gains from our principal investments, and any gains that we do realize on the disposition of any of our principal investments may not be sufficient to offset any other losses we experience. Write-offs or write-downs in respect of our equity investments may adversely affect our financial performance and the price of our Equity Shares. We also may be unable to realize any value in a principal investment company if we are unable to sell our equity interest in such investee company due to various internal or external factors. In addition, the ability of these investee companies to make dividend payments is subject to applicable laws and regulations in India relating to payment of dividends.

In the event of a bankruptcy, liquidation or reorganisation of an investee company, our claim in the assets of such investee company as a shareholder remains subordinated to the claims of lenders and other creditors. Lenders to the investee companies also typically have a floating charge over all assets of the investee company, including dividend payments by, and all cash of, these investee companies, effectively providing the lenders to such investee companies a first priority lien over any distribution upon the occurrence of an event of default under the financing arrangements.

5. *If we are unable to timely exit our principal investments due to illiquidity of investments, our business prospects, financial condition and results of operations may be adversely affected.*

Infrastructure investments, particularly investments in power generation projects, are generally less liquid and involve a longer holding period than traditional private equity investments, which are themselves often considered illiquid and long-term. Even if an investment is successful, we may not be able to realize financial returns as anticipated. Furthermore, investments in power generation companies may not have any readily ascertainable market value and the value of investments reflected in our financial statements may be higher than the values obtained by us upon the sale of such investments. An infrastructure investment may be illiquid on account of, among other reasons, lack of an established market for such asset or company, scarcity of disposal options and/or potential acquirers, or legal, tax, regulatory or contractual restrictions associated with the disposal of such investment. Our investments may also be subject to contractual, legal and other restrictions, such as pre-emption rights and the requirement to obtain consents and approvals on resale. The illiquidity of these investments may make it difficult to sell investments even if we determine that the sale is in our interest. Although we may enter into contractual terms with the promoter and other shareholders of our investee companies that enable us to require such promoter and other shareholders to purchase our shareholding in the investee company, such agreement may be subject to certain conditions, and there can be no assurance that we will be able to secure such contractual arrangements with respect to any of our future investments or that we will be able to enforce such contractual terms with respect to any of our current or future investments.

Although there is no restriction on our making principal investments in public sector or private sector listed companies, historically we have made principal investments in only unlisted private sector companies. Substantially all of these securities are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if required. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded our investments. As on December 31, 2010, our Principal Investments accounted for 63.00% of our networth and all our Principal Investments have been made in eight unlisted private sector companies. We may also face other restrictions on our ability to liquidate an investment in an investee company to the extent that we have material non-public information regarding such company.

6. *We have recorded negative cash flows from operations in recent periods. There is no assurance that such negative cash flows from operations shall not recur in future fiscal periods.*

Our outward cash flows relating to loans and advances we disburse (net of any repayments we receive) and our principal investments are reflected in our cash flow from operating activities whereas the inward cash flows from external funding we procure (net of any repayments of such funding) to disburse these loans and advances are reflected in our cash flows from financing activities. We had negative net cash flow from operating activities of ₹ 317.82 million, ₹ 1,115.25 million, ₹ 4,414.70 million and ₹ 3,006.72 million in fiscal 2008, 2009 and 2010 and in the nine months ended December 31, 2010, respectively, as a result of increases in our lending operations and our principal investments. For further information on our cash flows, see the section titled **“Management's Discussion and Analysis of Financial Condition and Result of Operations-Cash Flows”** on page 231.

7. Our Promoter is involved in a number of legal and arbitration proceedings.

Our Promoter PTC India Limited is a party to various legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory, authorities/ other judicial authorities, and if determined against our Promoter, could have an adverse impact on the business financial condition and results of operations of our Promoter.

For further details of outstanding litigation against our Promoter, see the section titled **“Outstanding Litigation and Material Developments- Litigations involving our Promoter”** on page 255 of this Red Herring Prospectus.

No assurances can be given as to whether these legal proceedings will be decided in our Promoter's favour or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims.

Litigations against our Promoter

S No.	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in ₹ million)
1.	Civil Cases	6*	₹ 778.8 million is ascertainable as the approximate aggregate amount involved for one of the cases, for the 5 other civil cases, the approximate aggregate amount is unascertainable.

. For further details of outstanding litigation against our Promoter, see the section titled **“Outstanding Litigation and Material Developments- Litigations involving our Promoter”** on page 255 of this Draft Red Herring Prospectus.

Litigations by our Promoter

S No.	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in ₹ million)
1.	Civil Cases	4	₹ 160.96 million is ascertainable as the approximate aggregate amount involved for 2 cases, for the 2 other civil cases, the approximate aggregate amount is unascertainable.
2.	Arbitration matter	3	Not Ascertainable

8. Our funding requirements and the proposed deployment of a portion of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution and may be revised from time to time. Further, we have not entered into any definitive arrangements to utilise the Net Proceeds of this Issue.

Our funding requirements and the deployment of the Net Proceeds are based on management estimates and have not been appraised by any bank, financial institution or other independent institution. Our management will have discretion in the application of the Net Proceeds and investors will not have the opportunity, as part of their investment decision, to assess whether we are using the proceeds in a manner that they believe enhances our market value. We intend to utilize the Net Proceeds to augment our capital base to meet the future capital requirements arising out of growth in our assets, primarily our loan and investment portfolio and for other general corporate purposes. However, we have not entered into any definitive agreements for utilization of the Net Proceeds of this Issue. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and, consequently, our funding requirements may also change. For further details in this regard, see the section titled **“Objects of the Issue”** on page 76.

9. *Our Promoter will continue to retain majority control in our Company following the completion of the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval.*

Upon completion of the Issue, our Promoter will control, directly or indirectly, approximately 60.00% of our outstanding Equity Shares. As a result, our Promoter will continue to exercise significant control over us, including matters relating to any sale or all or substantially all of our assets, timing and distribution of dividends and controlling the composition of our Board and determining matters requiring shareholder approval or approval of our Board. Our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising its control, our Promoter could delay, defer or cause a change of our control or a change in our capital structure, or a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. In addition, for as long as the Promoter continues to exercise control over the Company, it may influence the material policies of our Company in a manner that could conflict with the interest of our other shareholders. The Promoter may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders may not agree.

10. *Certain other shareholders have the right to approve certain significant corporate actions. Certain affiliates of these shareholders may invest in our competitors.*

A share subscription agreement dated December 28, 2007 (“SSA”) was entered into between our Company, GS, MQ and PTC. Under the related SHA dated December 28, 2007, there are certain restrictive covenants relating to the rights of the parties to such SHA, including that (i) the parties to the SHA are entitled to a right of first offer with respect to all equity shares that any party may wish to transfer to a person or entity other than its associate(s), in the manner provided in the SHA; and (ii) without obtaining the prior consent each of GS and MQ, PTC shall not, directly or indirectly, establish any other company, fund, partnership or enter into any joint venture (whether incorporated or not) for engaging in any activity which would compete with the business of the Company. Certain of our existing shareholders have the power to control matters requiring the approval of majority of our shareholders pursuant to the terms of SSA. Pursuant to the SSA, the shareholders have the right to appoint one director for every block of 20.00% of the total paid up equity share capital of the Company held by it. Further, these shareholders have the right to approve significant actions at the Board and the shareholder meetings, including the issue of equity shares and dividend payments, the approval of business plans, merger, amalgamation, de-merger, re-organisation or voluntary winding up of the Company, consolidation or sale of all or substantially all of the Company's assets or any amendment to the MoA or AoA of the Company. However, pursuant to the SHA Amendment Agreement, the SHA shall terminate with effect from the date of filing of the Prospectus with the RoC.

There can be no assurance that any of these shareholders will not have any conflicts of interests with the other shareholders or with us. Any such circumstances may adversely affect our ability to execute our business strategy or to operate our business. This may also result in a delay or prevention of significant corporate actions, which could be beneficial for our other shareholders or us.

For further information, see the section titled “**Material Agreements**” beginning on page 140 of this Red Herring Prospectus.

11. *The companies in which we make principal investments may not perform and we may not be able to control the non-performance of such companies.*

As of December 31, 2010, we had principal investments aggregating to ₹ 4,186.23 million. We generally do not take majority equity positions in the investee companies in which we make principal investments and do not manage, operate or control such companies. Although we may seek to obtain board representation or other similar rights in connection with our investments in such companies, there can be no assurance that these rights, if sought, will be obtained. Furthermore, even in the cases where we have certain rights to be represented on the board of directors of the investee companies in which we invest or to participate in certain significant business decisions or have other similar rights, we do not expect to have an active role in the operations of those investee companies. As of December 31, 2010, of the seven principal investments that involve power generation projects, aggregating 3,221.45 MW capacity, one project has commenced operations at full capacity while two projects have commenced operations for part of their respective capacities, representing, in the aggregate, approximately

175.6 MW capacity currently under operation. These investments will be subject to the risk that such companies may, when they commence commercial operations, make business, financial or management decisions with which we do not agree, or that the majority shareholders or the management of such companies may take business decisions that may be adverse to, or otherwise act in a manner that does not serve, our interest. For further information on our principal investments and the status of the relevant projects, see ***"Our Business - Principal Investments"*** commencing on page 106. The success or failure of our investments will depend to a significant extent on the specific management team of the relevant investee company. The actions taken by the management of such investee companies may adversely affect our financial performance.

12. We may not be able to identify attractive investments that meet our investment criteria or make investments in such identified opportunities and this may adversely affect our results of operations.

There can be no assurance that we will be able to identify suitable energy project investments that meet our investment criteria, or make investments in such identified opportunities. The activity of identifying attractive investment opportunities is highly competitive and making such investments may be subject to various factors beyond our control. We compete for investments with many other sources of capital, including financial institutions focused on power sector investments, infrastructure funds, private equity funds, public and private companies and hedge funds. Similarly, these entities may seek to sell infrastructure assets at the same time as us, thereby resulting in a decline in the value of such assets. The power sector investment landscape in India is rapidly evolving and other financial services companies and investment funds with similar objectives have been or may be formed. The large number of competitors compared to the limited number of attractive investment opportunities in the Indian power sector may increase the price at which investments may be made and reduce potential profits. We may also incur significant expenses identifying, investigating and seeking to acquire potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, extended competitive bidding processes, legal expenses and the fees of other third-party advisors.

We compete for investments with other NBFCs and investment funds as well as traditional financial services companies such as commercial banks. Many of our competitors are substantially larger and have considerably greater financial, technical, and marketing resources than we do. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessment criteria. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships, and offer better pricing and more flexible financing structures than us. We may lose investment opportunities if we do not match our competitors' pricing, terms, and financing structure. If we are forced to match our competitors' pricing, terms, and financing structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition, and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities.

13. Energy projects, particularly power generation projects, carry certain risks that, to the extent they materialize, could adversely affect our business, financial condition, results of operations and the price of our Equity Shares.

Our business mainly consists of making principal investments in, and lending to, companies engaged in energy sector projects in India, particularly to power generation projects. Power sector projects have long gestation periods before they become operational and carry project-specific as well as general risks. These risks are generally beyond our control and include:

- political, regulatory, fiscal, monetary and legal actions and policies that may adversely affect the viability of projects we finance;
- changes in government and regulatory policies relating to the power sector;
- delays in the construction and operation of projects we finance;
- adverse changes in demand for, or the price of, power generated or distributed by the projects we finance;
- the willingness and ability of consumers to pay for the power produced by projects we finance;
- shortages of, or adverse price developments for, raw materials and key inputs for power production such as coal and natural gas;
- increased project costs due to environmental challenges and changes in environmental regulations;
- potential defaults under financing arrangements of project companies and their equity investors;
- failure of co-lenders with us under consortium lending arrangements to perform on their contractual obligations;

- failure of third parties such as contractors, fuel suppliers, sub-contractors and others to perform on their contractual obligations in respect of projects we finance;
- adverse developments in the overall economic environment in India;
- adverse fluctuations in interest rates or currency exchange rates;
- economic, political and social instability or occurrences such as natural disasters, armed conflict and terrorist attacks, particularly where projects are located or in the markets they are intended to serve;
- delay in obtaining/renewing regulatory or environmental clearances; and
- delay in acquisition of land for projects we finance.

The development of energy projects in India requires various environmental clearances that may be difficult to obtain in a timely manner or at all. Even if such environmental clearances are obtained, projects may be suspended if they do not comply with the conditions stipulated in such environmental clearances. Although an environmental clearance was received from the MoEF on April 9, 2009 subject to certain conditions prescribed therein, for a project developed by East Coast (one of the companies in which we have invested), on March 1, 2011, the GoI, through the MoEF, ordered the suspension of on-going construction work related to the project on the basis of several representations received by the MoEF that East Coast had not complied with the order, dated August 30, 2010, of the National Environment Appellate Authority, and that the project was being developed on wetlands which is not permitted. East Coast is required to submit a report by March 6, 2011 to demonstrate that the project complies with the conditions stipulated in the environmental clearance, and to respond to allegations of violations of environmental laws, including that the project is located in the wetlands. In the event that East Coast is prevented from operating this project, is delayed in implementation of the project or is required to pay heavy penalties, our returns from this project may be adversely affected, thereby materially adversely affecting our results of operations and financial position.

The long-term profitability of power project investments, once they are constructed, is partly dependent on the efficiency of their operation and maintenance of their assets. Delayed implementation, teething troubles, inefficient operations and maintenance and similar factors may reduce the profitability of the investment, adversely affecting our returns or, in the case of projects we have lent to, the ability of these projects to repay our loans. In addition, power projects may be exposed to unplanned interruptions caused by catastrophic events such as floods, earthquakes, fires, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, could adversely affect the cash flows available from these projects. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in a permanent loss of customers, substantial litigation or penalties and/or regulatory or contractual non-compliance. Moreover, certain loss from such events may not be recoverable under the relevant insurance policies. Business interruption insurance is not always available or economically feasible to protect the project company from these risks. Further, on August 23, 2010, the RBI classified our Company as an Infrastructure Finance Company, or IFC. In order to maintain such status, we are required to keep a minimum percentage of total assets continuously deployed in infrastructure loans.

To the extent the risks mentioned above or other risks relating to the power projects we finance materialize, the quality of our asset portfolio and our results of operations may be adversely affected. Furthermore, as we continue to expand our operations, our investment in, or loans to individual projects may increase, thereby increasing our exposure with respect to individual projects and the potential for adverse effects on our business, financial condition and results of operations and on the price of our Equity Shares.

14. We may avail foreign currency borrowings in the future, which will expose us to fluctuations in currency exchange rates, which could adversely affect our business, financial condition and results of operations.

While we currently do not have any foreign currency borrowings, we may avail foreign currency borrowings in the future. As an IFC, we are eligible to raise external commercial borrowings without prior RBI approval up to 50.00% of our Owned Funds and are likely to avail significant external commercial borrowings in the future. In October 2010, we have also entered into a loan agreement with Deutsche Investitions - und Entwicklungsgesellschaft mbH ("DEG") for an aggregate amount of US\$ 26.00 million (₹ 1165.06 million) for on-lending to renewable energy projects. We also have entered into a letter agreement with International Finance Corporation on January 20, 2011 for a proposed loan of US\$ 50.00 million (₹ 2240.5 million) to support and expand our lending program to renewable energy projects. We therefore may be exposed to fluctuations in currency exchange rates in the future. Although we may enter into hedging transactions with respect to our foreign currency borrowings, there can be no assurance that any such measure will be effective or that we will enter into effective hedging with respect to any new foreign currency borrowings. Volatility in

currency exchange rates could adversely affect our business, financial condition and results of operations and the price of our Equity Shares.

15. *Some of our associate companies have availed unsecured loans which can be recalled anytime by the lenders*

Two of our associate companies viz. Meenakshi Energy Private Limited and Ind-Barath Powergencom Limited have availed unsecured loans of ₹ 1,200.00 million and ₹ 736.67 million respectively, as of December 31, 2010, which can be recalled anytime by the lenders. In the event such loans are recalled, our associate companies may not be able to pay the same which may adversely impact their financial position.

16. *Lack of effective risk management systems and procedures may leave us exposed to unidentified risks or unanticipated levels of risk.*

We have established risk management policies and procedures. However, such policies and procedures we employ to identify, monitor and manage risks may not be fully effective. Our risk management systems are based among other considerations on the use of observed historical market behaviour, information regarding clients, and market knowledge. Consequently, these methods may not predict future risk exposures, which could be significantly greater than what the historical measures indicate. Further, the information available to us may not be accurate, complete, up-to-date or properly evaluated. The effectiveness, therefore, of our ability to manage risk exposure cannot be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments could have a material adverse effect on our results of operations and financial condition.

Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify transactions and events. There can be no assurance that our policies and procedures will effectively and accurately record and verify this information. Failure of our risk management systems or exposure to unanticipated risks could lead to losses.

17. *Our debt finance business is concentrated on a few borrowers in the power sector and if any of the loans to these borrowers become non-performing, the quality of our loan portfolio may be adversely affected. As of December 31, 2010, our Board had approved total debt commitments aggregating ₹ 22,567.30 million, of which documented, unfunded outstanding loan sanctions were ₹ 5,247.57 million, and our ten largest debt commitments approved by the Board represented 54.70% of our total debt commitments*

Our business and operations are focused on the power sector. There are a limited number of power projects and borrowers in this sector and our past exposure has been, and future exposure is anticipated to be, large with respect to these borrowers. As on December 31, 2010, our Board had approved total debt commitments aggregating ₹ 22,567.30 million. The single largest debt commitment as of December 31, 2010 was ₹ 1,394.00 million for Rukminirama Steel Rollings Private Limited, which also represented the single largest debt commitment approved by the Board for any single borrower group. This represented 6.18% of the total debt commitments approved by the Board as of December 31, 2010, and was also the largest unfunded debt commitment approved by the Board as of December 31, 2010. The ten largest debt commitments as of December 31, 2010 represented 54.70% of the total debt commitments approved by the Board as of December 31, 2010. As of December 31, 2010, our single largest borrowers in terms of loan financing outstanding were Thermal Powertech Corp. India Limited and Konaseema Gas Power Limited, each of which had loans financing outstanding of ₹ 1,000.00 million. Each of them accounted for 16.80% of our total outstanding loan financing as of December 31, 2010, and also represented the single largest loan financing outstanding as of December 31, 2010 for any borrower group. As on December 31, 2010, the ten largest borrowers in terms of loan financing outstanding accounted for 94.18% of our total outstanding loan financing as of such date. For further information, see the section titled “***Selected Statistical Information – Concentration of Outstanding Loans***” on page 240. In addition to our exposure to borrowers resulting from our outstanding debt finance, we may also have exposures to borrowers, including the ten individual borrowers and borrower groups referred to above, in the form of unfunded loan sanctions. As of December 31, 2010, we had documented, unfunded outstanding loan sanctions of ₹ 5,247.57 million.

Any negative trends or financial difficulties, particularly among the borrowers and borrower groups to whom we have the greatest exposure, could result in non-performing assets ("NPAs") in our portfolio and negatively impact our ability to service our outstanding indebtedness. Furthermore, as we continue to increase our exposure to power generation projects, our individual loan size is likely to increase in size. Credit losses on the individual

borrowers and borrower groups to whom, as well as the projects in respect of which, we have the greatest exposure could have a material adverse effect on our business, financial condition and results of operations as well as the price of our Equity Shares.

18. If we are unable to effectively manage our rapid growth or pursue our growth strategy, our business prospects, results of operations and financial condition may be adversely affected.

Our business has grown rapidly in the last three years as we commenced operations in 2007. Our net worth has increased steadily and as of March 31, 2008, 2009, 2010 and December 31, 2010 was ₹ 1,105.82 million, ₹ 6,093.45 million, ₹ 6,359.37 million and ₹ 6,644.74 million, respectively. Total income in fiscal 2008, 2009 and 2010 and in the nine months ended December 31, 2010 was ₹ 31.38 million, ₹ 116.00 million and ₹ 534.90 million, and ₹ 825.44 million, respectively. From fiscal 2008 to fiscal 2010, our net worth and total income increased at a compounded annual growth rate of 139.81% and 312.86%, respectively. While we intend to continue to grow our business rapidly, we may be required to enhance our human resources, source debt at competitive cost, process applications efficiently while maintaining stringent internal control measures, which may result in our inability to sustain historic growth levels. Our historic annual growth rates therefore are not representative or reliable indicators of our future performance.

As we continue to scale up our business, we believe that our growth could place significant demands on our operational, credit, financial and other internal risk controls. Our growth may also exert pressure on the adequacy of our capitalization, making management of asset quality increasingly important. Our asset growth will be primarily funded by the issuance of additional borrowings and occasionally, additional equity. We may have difficulty obtaining funding on suitable terms or at all. As we are a non-deposit taking NBFC and do not have access to public deposits, our liquidity and profitability are dependent on timely and adequate access to capital, including borrowings from banks. Increase in borrowings would lead to leveraging the balance sheet, exerting pressure on the financial covenants that we may be required to maintain under our various loan agreements. We cannot assure you that we will continue to be in compliance with conditions under our loan agreements. Any default under a loan agreement may lead to an adverse impact on our financial condition and results of operations. Further, our growth also increases the challenges involved in developing and improving our internal administrative infrastructure. Addressing the challenges arising from our growth entails substantial senior level management time and resources and would put significant demands on our management team and other resources. As we grow and diversify, we may not be able to implement, manage or execute our strategy efficiently in a timely manner or at all, which could adversely affect our business, prospects, results of operations, financial condition and reputation.

As we seek to expand our business operations, we will face the risk that some of our competitors may be more experienced in or have a deeper understanding of these businesses or have better relationships with potential clients; and diversified business operations may make forecasting revenue and operating results difficult, which impairs our ability to manage businesses and shareholders' ability to assess our prospects. If we are unable to overcome these obstacles and are unsuccessful in executing our growth strategy, our business, prospects, results of operations and financial condition could be adversely affected.

19. Financing for the energy sector, particularly financing for power projects in India, is becoming increasingly competitive and our growth will depend on our ability to compete effectively.

Competition in our industry depends on, among other factors, the ongoing evolution of Government policies relating to the industry, the entry of new participants into the industry and the extent to which there is consolidation among banks, financial institutions and NBFCs in India. Our primary competitors are public sector infrastructure finance companies, public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. Many of our competitors may have larger resources or balance sheet sizes than us and may have considerably greater financing resources than those available to us. Additionally, since we are a non-deposit accepting NBFC, we may have restricted access to capital in comparison to banks and deposit taking NBFCs. Our ability to compete effectively is dependent on our ability to maintain a low effective cost of funds. With the growth of our business, we are increasingly reliant on funding from the equity and debt markets and commercial borrowings. The market for such funds is competitive and our ability to obtain funds on acceptable terms or at all will depend on various factors including our ability to maintain and improve our credit ratings. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans to power projects. This is a significant challenge for us, as there are limits to the extent to which higher costs of funds can be passed on to borrowers, thus potentially affecting our net interest income. Also, some of our competitors may have greater technical and

other resources and greater experience in these businesses. Such competitors also compete with us for management and other human resources and operational resources and capital.

20. *Failure to recover the expected value of collateral when borrowers default on their obligations to us may adversely affect our financial performance.*

As of December 31, 2010, all our loans were secured by project assets. As of December 31, 2010, approximately 76% of our total loan financing outstanding related to syndicated loans. For debt provided on a senior basis, which accounted for 96.54% of our total loan financing outstanding as of December 31, 2010, we generally seek a first ranking *pari passu* charge on the project assets. For loans provided on a subordinated basis, which accounted for 4.46% of our total loan financing outstanding as of December 31, 2010, we generally seek to have a *pari passu* charge on the project assets. Although we seek to maintain a collateral value to loan ratio of at least 1.25:1 for our secured loans, an economic downturn or other project risks could result in a fall in collateral values. Moreover, foreclosure of such collateral may require court or tribunal intervention that may involve protracted proceedings and the process of enforcing security interests against collateral can be difficult. Additionally, the realizable value of our collateral in liquidation may be lower than its book value.

We cannot guarantee that we will be able to realize the full value of our collateral, due to, among other things, defects in the perfection of collateral, delays on our part in taking immediate action in bankruptcy foreclosure proceedings, stock market downturns, claims of other lenders, legal or judicial restraint and fraudulent transfers by borrowers. In the event a specialized regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed. In addition, to put in place an institutional mechanism for the timely and transparent restructuring of corporate debt, the RBI has devised a corporate debt restructuring system. Any failure to recover the expected value of collateral security could expose us to a potential loss. Apart from the RBI guidelines, we may be a part of a syndicate of lenders the majority of whom elect to pursue a different course of action than we would have chosen. Any such unexpected loss could adversely affect our business, prospects, results of operations and financial condition.

21. *Our business requires substantial capital and depends on our ability to access diversified funding sources, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition. As of December 31, 2010, our total borrowings was ₹ 4,773.69 million while our total networth was ₹ 6,644.74 million.*

Our liquidity and results of operations are in large part dependent upon our timely access to, and the costs associated with, raising capital. As of December 31, 2010, our total borrowings was ₹ 4,773.69 million, all of which was secured debt, while our total networth was ₹ 6,644.74 million, with share capital accounting for ₹ 4,345.83. Our funding requirements historically have been met from a combination of borrowings such as term loans, issuance of secured redeemable non-convertible debentures (“NCDs”) and equity. Our business therefore depends and will continue to depend on our ability to access diversified funding sources. In addition to the three tranches of NCDs issued by us, we have established lines of credit from various banks and a sanction of US\$ 26.00 million (₹ 1165.06 million) external commercial borrowing from DEG to augment our long term debt capital. In addition, we also propose to raise long term capital through the issuance of infrastructure bonds that has been launched in February 2011. For further information on our debt maturity profile, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosure about Market Risk – Liquidity Risk*” on page 234.

During periods of adverse economic and financial conditions, such as that we experienced in fiscal 2008 and fiscal 2009, it may become more difficult to renew loans and facilities as the potential lenders and counterparties may also face liquidity and capital concerns as a result of the stress in financial markets. Moreover, we are a non-deposit taking NBFC, and do not have access to public deposits. In case we are unable to raise funds at an effective cost or at all, our operations could be affected.

22. *We have made and expect to make principal investments in few companies engaged in a few energy projects and write-offs or write-downs or losses in any of these investments could adversely affect our results of operations and financial condition. Moreover, because our principal investments as of December 31, 2010 were in only eight companies in India, losses in any one of these investments could significantly adversely impact our financial condition and results of operations.*

As of December 31, 2010, the book value of our principal investments outstanding accounted for 35.83% of our total assets. The value of these investments depends on the success of the operations and management and

continued viability of the investee entities. We may have limited control over the operations or management of these entities and some of these investments are unlisted, offering limited exit options. Therefore, our ability to realize expected gains as a result of our principal investments is highly dependent on factors outside of our control. Write-offs or write-downs in respect of our equity portfolio could adversely affect our business, prospects, results of operations, financial condition and the trading price of the Equity Shares. Although there is no restriction on our making principal investments in public sector or private sector listed companies, historically we have made principal investments in only unlisted private sector companies. Moreover, because our equity investments as of December 31, 2010 are in only eight companies in India, losses in any one of these investments could significantly adversely impact our financial condition and results of operations.

23. *We are susceptible to risks relating to asset liability management, which could adversely affect our business, financial condition and results of operations. Our asset liability mismatch as of December 31, 2010 was positive ₹ 1,595.86 million.*

Although we have implemented stringent asset liability management processes and policies, we currently fund a part of our project finance business through use of borrowings that may have shorter maturities than some of our long term loan assets. As of December 31, 2010, we had long-term loans (which are typically of maturity period between five and 15 years) outstanding of ₹ 2,623.69 million, which constituted 54.96% of our outstanding loan assets. As of December 31, 2010, the average maturity period for our loans and liabilities as of December 31, 2010 was 4.54 years, and the average maturity period for our outstanding loan financing portfolio 5.20 years. Additionally, our other financial products may have maturities that exceed the maturities of our borrowings.

In the event we fund our business through the use of borrowings that on the whole have shorter maturities than the loan assets we disburse, our loan assets may not timely generate sufficient liquidity to enable us to repay our borrowings as they become due, and we may be required to obtain new borrowings to repay our existing indebtedness. There can be no assurances that new borrowings will be available on favourable terms or at all. Any inability to obtain new borrowings, on favourable terms or otherwise, may negatively impact the profitability and growth of our business, which could have an adverse affect on our business, financial condition, results of operations and the trading price of our Equity Shares.

Our asset-liability management policy categorizes all interest rate sensitive assets and liabilities into various time period categories according to contracted residual maturities or anticipated repricing dates, as may be relevant in each case. The difference between the value of assets and liabilities maturing, or being repriced, in any time period category provides the measure to which we are exposed to the risk of potential changes in the margins on new or repriced assets and liabilities. Despite the existence of such measures, our liquidity position could be adversely affected by the development of an asset-liability mismatch, which could have an adverse effect on our business, prospects, results of operations, financial condition and the trading price of the Equity Shares. Our asset liability mismatch as of December 31, 2010 was positive ₹ 1,595.86 million. For further information see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity Risk*” on page 234.

24. *Certain of our loan agreements and related security documents executed with respect to our issue of NCDs contain restrictive covenants that could adversely affect our business, the results of our operations and our financial condition.*

Our loan agreements contain restrictive covenants relating to, among other matters, availing loans from other banks, declaring dividends, expanding our business, extending financial guarantees, etc. There can be no assurance that we will be able to comply with or obtain waivers with respect to such covenants from our lenders.

Moreover under some of our loan agreements, the lender has the right to review and modify the rate of interest and other terms of the agreement. As of December 31, 2010, lenders representing an aggregate of ₹ 2,623.69 million in loans outstanding have the right to review and modify the rate of interest and other terms of the agreement. These loans represented 54.96% of our total loan funds as of December 31, 2010. In the event the lender exercises such rights, the modified terms of such agreements may not be favourable to us. Under some of our loan agreements, the lender also has the right to cancel the credit facility at anytime without assigning any reason therefore. In case of such an eventuality, our financial condition may be adversely affected.

Under the mortgage deeds executed in relation to our NCD issues, the Company is required to maintain a security cover of 1.25 times and 1.00 time of the outstanding issue size for the Series I and Series II NCD issues, respectively. In the event the Company fails to maintain such security cover, it shall amount to a breach of the

terms of the mortgage deed and may lead to compensation claims being made on the Company, which will adversely affect the financial condition of the Company. Further in the event of us committing a default under the mortgage deeds, the debenture holders shall be entitled to appoint their nominee director on our Board who shall not be liable to retire by rotation.

25. *If our investments in subordinate debt securities result in losses, our financial condition and results of operations may be adversely affected. As of December 31, 2010, 4.46% of our loan financing related to subordinated debt.*

We have in the past and expect to make in the future investments in subordinated or convertible debt instruments of power project companies which have previously incurred debt or assumed equity (or may be permitted to incur debt or issue equity) that have priority over our investments or debt instruments, as the case may be. As of December 31, 2010, 4.46% of our loan financing related to subordinated debt. Such instruments may allow such debt or equity holders to receive payments of dividends, interest or principal before any payments are made to us. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness. Other factors may affect the market price and yield of debt securities including investor demand, changes in the financial condition of issuers or securities, government fiscal policy and domestic or worldwide economic conditions. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of the entity in which an investment is made, holders of securities ranking senior to our investments would typically be entitled to receive payment in full before any distributions could be made to us, and the project company may not have sufficient assets left to make any distributions to us. The covenants provided by a project company in connection with its senior debt are normally extensive and detailed. If certain covenants are breached a project company its revenues from operations may be suspended and the senior lender may be entitled to appoint a third party to take responsibility for project company's rights and obligations under any relevant project agreement, resulting in losses for the project's investors.

26. *As a consequence of our being regulated as an NBFC and an IFC, we are required to adhere to certain individual and borrower group exposure limits under RBI regulations.*

We are a systemically important non-deposit taking NBFC and are subject to various regulations by the RBI as an NBFC. On August 23, 2010 our Company has been classified as an IFC by the RBI, which classification is subject to certain conditions including (i) a minimum of 75.00% of the total assets of such NBFC should be deployed in infrastructure loans (as defined under the Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007); (ii) net owned funds of ₹ 3,000.00 million or more; (iii) a minimum credit rating of "A" or an equivalent credit rating of CRISIL, FITCH, CARE, ICRA or equivalent rating by any other accrediting rating agencies; and (iv) a capital to risk-weighted asset ratio ("CRAR") of 15.00% (with a minimum Tier I capital of 10.00%). Tier I capital for such purposes mean Owned Funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the Owned Fund and perpetual debt instruments issued by an SI-NBFC-ND in each year to the extent it does not exceed 15% of the aggregate Tier I capital of such company as on March 31 of the previous accounting year.

The exposure limits as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are set below:

CONCENTRATION OF CREDIT / INVESTMENT	SI-NBFC-ND (% of its Owned Funds)	SI-NBFC-ND (Limits for infrastructure loan / investment) (% of its Owned Funds)	IFC (% of its Owned Funds)
LENDING LIMIT			
Lending to any single borrower	Up to 15.00%	Up to 20.00%	Up to 25.00%
Lending to any single group of borrowers	Up to 25.00%	Up to 35.00%	Up to 40.00%
INVESTING LIMIT			
Investing in shares of a company	Up to 15.00%	Up to 20.00%	—*
Investing in shares of a single group of companies	Up to 25.00%	Up to 35.00%	—*

LENDING AND INVESTING LIMIT			
Lending and investing to single borrower	Up to 25.00%	Up to 30.00%	Up to 30.00%
Lending and investing to single group of borrowers	Up to 40.00%	Up to 50.00%	Up to 50.00%

* In case of NBFC (% of its Owned Funds)- up to 15.00% -25.00% and in case of the NBFC (limits for infrastructure loans)- up to 20.00% - 35.00%

Any inability to continue being classified as an IFC may impact our growth and expansion plans by affecting our competitiveness in relation to our competitors. In the event that we are unable to comply with the exposure norms within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of our registration as an NBFC or IFC. There can be no assurance that we will not breach the exposure norms in the future. Any levy of fines or penalties or the cancellation of our registration as an NBFC or IFC by the RBI due to the breach of exposure norms may adversely affect our business, prospects, results of operations and financial condition. At present, certain of our business and expansion plans are contingent upon our IFC status, and could be affected in the event we are unable to maintain IFC status. Further, as an IFC, we will have to constantly monitor our compliance with the necessary conditions, which may hinder our future plans to diversify into new business lines. Pursuant to current regulations on prudential norms issued by the RBI, we are required to comply with other norms such as capital adequacy, credit concentration and disclosure norms along with reporting requirements. We cannot assure you that we will be able to continue to comply with such norms, and such non-compliance, if any, may subject us to regulatory action. Further, our ability to borrow from various banks may be restricted on account of guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs. Under RBI Master Circular No. RBI/2010-11/68 DBOD No.Dir.BC.14/13.03.00/2010-11 issued on July 1, 2010, the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC should not exceed 10.0% of the bank's capital funds as per its last audited balance sheet. Banks may, however, assume exposures on a single NBFC up to 15.00% of their capital funds provided the exposure in excess of 10.00% is on account of funds on-lent by the NBFC to the infrastructure sector. Further, banks exposure of a bank to IFCs should not exceed 15.00% of its capital funds as per its last audited balance sheet, with a provision to increase it to 20.00% if the same is on account of funds on-lent by the IFCs to the infrastructure sector. Banks may also consider fixing internal limits for their aggregate exposure to all NBFCs put together. This limits the exposure that banks may have on NBFCs such as us, which may restrict our ability to borrow from such banks and may increase our cost of borrowing, which could adversely impact our growth, margins and business operations.

27. We may fail to comply with the terms and conditions of our existing regulatory approvals and licenses which may have a material adverse effect on the continuity of our business and may impede our operations in the future.

NBFCs in India are subject to strict regulations and supervision by the RBI. These laws and regulations impose numerous requirements on us, including asset classifications and prescribed levels of capital adequacy, cash reserves and liquid assets. In addition to the numerous conditions required for the registration as a NBFC with the RBI, we are required to maintain certain statutory and regulatory permits and approvals for our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

Further, the RBI has not provided for any ceiling on interest rates that can be charged by non-deposit taking NBFCs. There may be future changes in the regulatory system or in the enforcement of the laws and regulations including policies or regulations or legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that could have an adverse effect on non-deposit taking NBFCs. Additionally, we are required to make various filings with the RBI, the RoC and other relevant authorities pursuant to the provisions of RBI regulations, Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied, in meeting these requirements, we may be subject to penalties. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses in complying with such laws and regulations, which could materially and adversely affect our business.

28. *Our success is dependent upon our management team and our ability to attract and retain skilled personnel.*

Our future performance will be affected by the continued service of our management team and our ability to attract and retain skilled personnel. We also face a continuing challenge of recruiting and retaining suitably skilled personnel, particularly as we depend on the experience of our management and their ability to identify risks and opportunities in our business, and grow our business activities. Our diversification strategy with an emphasis on principal investments, debt finance and financial advisory services, requires highly qualified and skilled personnel. There is significant competition in India for such personnel, and it may be difficult to attract, adequately compensate and retain the personnel we need in the future. We currently rely on our Promoter, PTC, to manage our administrative, human resources and technology support functions on the basis of a service agreement. Considering the small size of our management team, and the fact that we intend to develop such support functions internally, our ability to identify, recruit and retain our employees is critical. We do not maintain any key man insurance policy. Inability to attract and retain appropriate managerial personnel, or the loss of key personnel could adversely affect our business, prospects, results of operations, financial condition and the trading price of the Equity Shares.

29. *We are subject to credit, market and liquidity risks, and if any such risks were to materialize, our credit ratings and our cost of funds could be adversely affected.*

We may not be able to effectively mitigate our risk exposures in particular market environments or against particular types of risks. Our revenues and interest rate risk are dependent upon our ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of migrations in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or are not predictive of actual results, we could incur higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time and there can be no assurance that we may not experience such downgrade in the future. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions, particularly longer-term and derivatives transactions, or retain our customers. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition. In addition, as an IFC, banks' exposures to us are risk-weighted in accordance with the ratings assigned to the Company by the rating agencies registered with the SEBI and accredited by the RBI. Our classification as an IFC is dependent upon the credit rating we obtain and maintain. Although we believe that we have adequate risk management policies and procedures in place, we may be exposed to unidentified or unanticipated risks, which could lead to material losses.

30. *We may enter strategic partnerships, which may result in additional risks and uncertainties in our business.*

Part of our growth strategy includes pursuing strategic partnerships. However, there can be no assurance that we will be able to consummate alliances on terms acceptable to us, or at all. Such partnerships may be subject to regulatory approvals which may not be received in a timely manner, or at all. In addition, we cannot assure you that the expected strategic benefits or synergies of any future partnerships will be realized. Further, such investments in strategic partnerships may be long-term in nature and may not yield returns in the short to medium term.

31. *The security of our IT systems may fail and adversely affect our financial condition and reputation.*

We are dependent on the effectiveness of our information security policies, procedures and capabilities to protect our computer and telecommunications systems and the data such systems contain or transmit. An external information security breach, such as a hacker attack, a virus or worm, or an internal problem with information protection, such as failure to control access to sensitive systems, could materially interrupt our business operations or cause disclosure or modification of sensitive or confidential information. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to

unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Although we have data back-up systems in place, such a failure could result in material financial loss, regulatory actions, legal liability and harm to our reputation.

32. A decline in our capital adequacy ratio could restrict our future business growth.

We are required under applicable laws and regulations to maintain a capital adequacy ratio of at least 15.00% of our risk-weighted assets, with the minimum requirement of Tier I capital being 10.00%. Our capital adequacy ratio was 60.57% as of December 31, 2010, with Tier I capital comprising 60.42%. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us, and this may adversely affect the growth of our business.

33. If any of our portfolio assets become non-performing assets, our business will be adversely affected.

As of December 31, 2010, we did not have any non-performing loans. We have also not made any provisions for decline in value of our equity investments. If risks affecting a significant portion of our exposure were to materialize or general economic conditions deteriorate, we may have non-performing assets and may need to provide for such contingencies. We expect the size of our asset portfolio to continue to increase in the future, and we may have non-performing assets in the future, which could adversely affect our business, results of operations and financial condition.

34. Our borrowers' insurance of assets may not be adequate to protect them against all potential losses to which they may be subject, which could affect our ability to recover the loan amounts due to us.

The terms and conditions of our loan agreements require our borrowers to maintain insurance on their charged assets as collateral for the loan granted by us. Our borrowers may not have the required insurance coverage or the amount of insurance coverage may be insufficient to cover all financial losses that our borrowers may suffer as a result of any uninsured event. In the event the assets charged in our favor are damaged or our borrowers otherwise suffer a loss and there is insufficient insurance to offset the borrower's losses, it may affect our ability to recover the loan amounts due to us.

35. Our ability to access capital also depends on our credit ratings and any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital.

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Our long-term bank borrowings have been rated "LA+" (positive outlook) by ICRA, while our NCDs have been rated "LA+ (positive outlook)" by ICRA and "BWR AA" (stable outlook) by Brickwork. Our short-term borrowings have been rated "A1+" by ICRA, which is the highest credit quality rating provided by ICRA. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. While recent credit rating actions have been positive, any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

36. The failure on the part of the seller to deliver CERs to us under the agreement entered into with us, may lead to a default by us under the agreement entered into by us with third parties for onward sale of such CERs.

In March 2010, we commenced financing against CER entitlements, which involves purchase of future carbon credits from power project developers for sale to third parties. We have entered into separate parallel agreements, for purchase of CERs from one party and its onward sale to another party. We have made the entire payment for such purchase. Since the CERs are to be delivered to us in future, our funds will remain blocked and unavailable for any other purpose. We also face the risk of losing such funds in the event that the project from which the CERs are to be generated fails to perform as planned.

Moreover, in the event the seller fails to deliver the CERs, we would be in default under the agreement for onward sale of such CERs. Consequently, we will have to purchase the CERs from a third party, which may be at higher prices and may adversely affect our financial condition. Further, though the agreements to purchase

CERs are secured, we may not be able to realize an adequate amount from the sale of such securities for compensating the third party with whom we have entered into agreements for onward sale of such CERs.

37. *We may be subject to regulations in respect of provisioning for non-performing loans that are less stringent than in some other countries.*

RBI guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us in the future, in the event we have any non-performing loans, to reserve certain amounts which may be lower than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgements of management. If we have non-performing loans in the future, the level of our provisions may not be adequate to cover an increase in the amount of our non-performing loans or a decrease in the value of the underlying collateral. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if we are required to increase our provisions, this could have an adverse effect on our financial condition, liquidity and results of operations and may require us to raise additional capital.

38. *Our ability to assess, monitor and manage risks inherent in our business may not be effective in mitigating our risks.*

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our hedging strategies and other risk management techniques may not be effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and emerging financing institution standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or emerging market standards.

39. *We do not hold a trademark for our logo “PFS - PTC India Financial Services Limited”.*

We do not hold a trademark for the logo “PFS - PTC India Financial Services Limited” used by us. We have recently applied for the registration of this logo as a trademark in India. In the event of our failure to obtain registration of the trademark for such logo, or otherwise any liability to use such logo in the future, may result in the loss of any goodwill associated with such logo. For further information on the pending trademark applications, please see the section titled “*Government and Other Approvals*” on page 260 of this Red Herring prospectus.

40. *We have entered and may enter into certain transactions with related parties which may lead to conflicts of interest.*

We have entered and may enter into transactions with related parties, including our Promoter, Directors and Group Entities. There can be no assurance that we could not have achieved more favorable terms on such transactions had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into and any future transactions with related parties have involved or could potentially involve conflicts of interest. For further information related to our related party transactions, see Note 5 of Annexure V to our Financial Statements on page 209.

41. *Our insurance may not be adequate to protect us against all potential losses to which we may be subject.*

We maintain insurance for our wind farm assets and for our other assets. We do not have any significant fixed assets other than the wind farm assets. However, our other fixed assets are also covered by requisite insurance

contracts. Our wind farm assets represented 2.63% of our total assets as of December 31, 2010. However, the amount of our insurance coverage may be less than the replacement cost of such property and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

42. Our wind farm project is subject to a number of risks which could adversely affect our financial condition.

We operate a wind power generation facilities at Koppa and Kundur village, in the state of Karnataka that are subject to risks relating to dependence on a specific customer and the contractual relationship with the electricity grids, as well as to a number of risks inherent to wind power generation facilities, including sensitivity to changes in weather conditions and the costs of compliance with regulatory requirements. We have limited experience in operating such facilities.

The electricity produced by our wind farm is distributed to Bangalore Electricity Supply Company Limited ("BESCOM"). We have entered into two power purchase agreements with BESCOM for the supply of 1.5 MW and 4.5 MW, respectively, of electricity generated at our wind power facilities. There can be no assurance that, on the expiry or termination, we will be able to enter into new off-take arrangements on terms acceptable to us, or at all, which could adversely affect our business and results of operations.

Changing global environmental and weather conditions may affect wind power generation at our wind power project. The profitability of our wind power project is primarily dependent on the wind patterns at the site. Climatic weather patterns, whether seasonal or for an extended period of time, that result in lower, inadequate and/or inconsistent wind speed to propel the wind turbines may render our wind farm incapable of generating adequate, or any, electrical energy.

The operation of wind power projects is subject to regulation by various government agencies. Changes in the regulatory environment, and the actions of regulatory bodies, including delays in obtaining the required regulatory approvals, could affect our wind power generation operations. Environmental regulators may impose restrictions on our operations which would limit our ability to generate revenues. We may also be assessed for significant financial penalties for any environmental damage caused.

43. Our results of operations may vary from period to period as a result of various factors beyond our control and our results of operations for any particular fiscal period should not be relied upon as being indicative of our financial performance in future fiscal periods.

We could experience fluctuations in our operating results from fiscal period to fiscal period due to a number of factors, including our ability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we acquire, interest rates on our loans, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition and general economic conditions. As a result of these factors, our results of operations may vary from fiscal period to fiscal period and our results of operations for any particular fiscal period should not be relied upon as being indicative of our financial performance in future fiscal periods.

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

The amount of future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, terms and conditions of our indebtedness and capital expenditures. Dividend payments are subject to prior consent of our lenders. There can be no assurance that we will be able to pay dividends in the future.

45. Our Promoter, key management personnel and Directors may be interested in the Company to the extent of equity shares held or to be allotted to them.

Our Promoter is interested in the Company to the extent of the Equity Shares held by it and our Directors are interested in the Company to the extent of remuneration and the sitting fee paid to them by our Company. Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or to be allotted to them under the ESOP Scheme or that may be subscribed by or allotted to the companies, firms or trusts in which they

are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares. Similarly our key management personnel are interested to the extent of remuneration paid to them by our Company and may also be regarded as interested in the Equity Shares to be allotted to them under the ESOP Scheme. For further information on the shareholdings of our Promoter, directors and key management personnel, see the section titled “***Our Management- Key Management Personnel***” on page 164.

46. *Certain of our Group Companies have incurred losses in recent financial years.*

Certain of our Group Companies have incurred losses in recent financial years, as set forth in the table below:

(₹ in millions)		
Name of the Group Company	Fiscal 2009	Fiscal 2010
PTC Energy Limited	(22.92)	11.20
R.S India Global Energy Limited	0.19	(3.64)
Barak Power Private Limited	-	(0.08)

47. *The proposed adoption of IFRS could result in our financial condition and results of operations appearing materially different than under Indian GAAP.*

We may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI in January 2010. The convergence of 35 Indian Accounting Standards with IFRS was notified by the Ministry of Corporate Affairs on February 25, 2011. The date of implementing such converged Indian accounting standards has not yet been determined, and will be notified by the Ministry of Corporate Affairs in due course after various tax-related and other issues are resolved.

Our financial condition, results of operations, cash flows or changes in shareholders’ equity may appear materially different under IFRS than under Indian GAAP. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding period in the comparative period. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements.

48. *We do not own the premises in which our registered office is located.*

We do not own the premises on which our registered office is located, which is owned by our Promoter PTC. We share these premises with PTC and PTC Energy Limited. We have not entered into any formal lease agreement with PTC in this regard. If such arrangement is terminated, we may suffer a disruption in our operations and incur costs related to moving offices. In fiscal 2010 and in the nine months ended December 31, 2010, we paid ₹ 1.22 million and ₹ 1.84 million, respectively, to PTC in connection with the lease of these premises and related services.

EXTERNAL RISKS

Risks Factors relating to our Industry

49. *Private participation in the energy sector in India is dependent on the continued growth of the Indian economy and regulatory developments in India.*

Although the energy sector, particularly power, is a rapidly growing sector in India, we believe that further development of this sector is dependent upon the formulation and effective implementation of regulations and policies that facilitate and encourage private sector investment in power projects. Many of these regulations and policies are evolving and their success will depend on whether they are designed to adequately address the issues faced and are effectively implemented. Additionally, these regulations and policies will need continued support from stable and experienced regulatory regimes that not only stimulate and encourage the continued investment of private capital into power projects, but also lead to increased competition, appropriate allocation of risk, transparency, and effective dispute resolution. The availability of private capital and the continued

growth of the private power sector in India are also linked to continued growth of the Indian economy. Many specific factors in the power sector may also influence the success of power projects, including changes in policies, regulatory frameworks and market structures. Any adverse change in the policies relating to the power sector may leave us with unutilized capital and interest and debt obligations to fulfill. If the central and state governments' initiatives and regulations in the power sector do not proceed in the desired direction, or if there is any downturn in the macroeconomic environment in India, our business, prospects, results of operations and financial condition could be adversely affected. Additionally, it is generally believed that demand for power in India will increase in connection with expected increases in India's GDP. However, there can be no assurance that demand for power in India will increase to the extent we expect or at all. In the event demand for power in India does not increase as anticipated, the extent to which we are able to grow our business by financing the growth of the power sector would be limited and this could have a material adverse effect on our business, financial condition and results of operations and the price of our Equity Shares.

50. Any downturn in the Indian and global financial markets could adversely affect our business, results of operations and financial condition.

In fiscal 2008 and 2009, the global credit markets experienced, significant dislocations and liquidity disruptions, which have originated from the liquidity disruptions in the United States and the European credit and sub-prime residential mortgage markets. These and other related events, such as the collapse of a number of financial institutions, had a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India. The deterioration in the financial markets heralded a recession in many countries, which led to significant declines in employment, household wealth, consumer demand and lending and as a result adversely affected economic growth in India and elsewhere. In addition, uncertainties in the global and Indian credit and financial markets led to a significant decrease in the availability of credit and an increase in the cost of financing in fiscal 2009 and part of fiscal 2010. In response to such developments, although legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets, 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 stabilizing effects. There can be no assurance that similar downturns in the Indian and global financial markets will not recur in the future. In the event of similar circumstances in the future, we may have difficulty accessing the financial markets, which could make it more difficult or expensive for us to obtain funds in the future. There can be no assurance that we will be able to secure additional financing required by us on adequate terms or at all. If there are changes in statutory limitations on the amount of liquidity we must maintain or if there is any significant financial disruption, such conditions could have an adverse effect on our business, prospects, results of operations, financial condition and the trading price of the Equity Shares.

Risks Factors Relating to this Issue

51. The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Issue there has been no public market for our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the financial services industry, the energy industry and the perception in the market about investments in the financial services industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares may also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares.

52. Any future issuance of Equity Shares by the Company or sales of the Equity Shares by any of its significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of our Equity Shares by our Company, the issue or vesting of stock options under the existing or future employee stock option plans could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. Upon completion of the Issue, 20.0% of our post-Issue paid-up capital held by our Promoter will be locked up for a period of three years from the date of allotment of Equity Shares in the Issue. For further information relating to such Equity Shares that will be locked up, please see the section titled “**Capital Structure**” on page 65. All other remaining Equity Shares that are outstanding prior to the Issue will be locked up for a period of one year from the date of allotment of Equity Shares in the Issue. Allotment to Anchor Investors, if any shall be locked in for a period of 30 days from the date of allotment of Equity Shares in the Issue. Other than these, there are no restrictions on the transfer of our Equity Shares. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

53. *Economic developments and volatility in securities markets in other countries may also cause the price of our Equity Shares to decline.*

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors’ reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the U.S. and several European countries during a part of fiscal 2008 and 2009 adversely affected market prices in the world’s securities markets, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

54. *We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the financial services and power sector contained in this Red Herring Prospectus.*

While facts and other statistics in this Red Herring Prospectus relating to India, the Indian economy and the financial services and power sector has been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisers and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the section titled “**Industry Overview**” on page 91. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

55. *Fluctuations in the exchange rate between the Rupee and other currencies could have a material adverse effect on the value of the Equity Shares, independent of our operating results.*

The Equity Shares are quoted in Rupees on the BSE and the NSE. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into other currencies for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and other currencies could fluctuate significantly in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

56. *There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the BSE and the NSE in a timely manner, or at all.*

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all 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 BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

57. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws and regulations, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized 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 realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized 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 the Equity Shares.

58. *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 the shareholders may sell, Equity Shares.*

We are subject to a daily circuit breaker imposed by stock exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

Risk Factors Related to India

59. *Political instability or changes in the Government of India could adversely affect economic conditions in India and consequently our business.*

Our Company is incorporated in India, derive its revenues in India and all of our assets are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business and the business of certain of our subsidiaries, and the market price and liquidity of the Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic and financial sector liberalization and deregulation and encouraged infrastructure projects. The policies of the Government may change the rate of economic liberalization, specific laws and policies affecting banks and financial institutions and the NBFC industry, the power industry, foreign investment and other matters affecting investment in the Equity Shares. There can be no assurance that such policies will be continued. A significant change in the Government's policies in the future, in particular, those relating to the financial services industry and the power industry in India, could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations.

60. *If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy, and our business, financial condition and results of operations.*

India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our business may be adversely affected. The Asian region has from time to time experienced instances of civil unrest and hostilities. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, such as the recent attacks in Mumbai in November 2008, as well as other

acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

61. A slow down in the economic growth in India could cause our business to suffer.

We derive all of our revenues from operations in India and consequently, our performance and growth is dependent on the state of the Indian economy. The Annual Policy Statement of the RBI released in April 2010 and amended in July 2010 placed real GDP growth for the fiscal year 2011 at approximately 8.50% as compared to 6.00% in fiscal year 2010. Any slowdown in the Indian economy, and in particular in the financing requirements of our customers could adversely affect our business.

62. A downgrade of India's sovereign debt rating may adversely affect our ability to raise additional debt financing.

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy, which are outside our control. Such downgrading could cause a change in interest rates or other commercial terms and could adversely affect our ability to raise additional financing as well as our capital expenditure plans, business and financial performance. A decline in this reserve could impact the valuation of the Indian Rupee and could result in reduced liquidity and higher interest rates, which could adversely affect the availability of financing to us for our future projects.

63. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

According to the weekly statistical supplement released by the RBI, India's foreign exchange reserves totalled US\$ 297,334 million as of December 31, 2010. A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our future financial performance.

64. Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax 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 tax code is proposed to be introduced in the winter session of the Indian Parliament. In addition, a new goods and services tax is to be introduced effective April 1, 2011, and the scope of the service tax is proposed to be enlarged. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 33.21%. The central or state government 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.

65. Our ability to raise foreign currency borrowings may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business.

66. India is vulnerable to natural disasters that could severely disrupt the normal operation of our business.

India has experienced natural calamities, such as tsunamis, floods, droughts and earthquakes in the past few years. To the extent and severity of these natural disasters determines their impact on the Indian economy. For example, the erratic progress of the monsoon in 2004 and 2009 affected sowing operations for certain crops. Such unforeseen circumstances of below normal rainfall and other natural calamities, could have a negative

impact on the Indian economy. Because our operations are located in India, our business and operations could be interrupted or delayed as a result of a natural disaster in India, which could affect our business, financial condition, results of operations and the price of our Equity Shares.

67. *An outbreak of an infectious disease or any other serious public health concerns in India or elsewhere could adversely affect the Indian economy and consequently our business.*

The outbreak of an infectious disease in India or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the Indian economy, financial markets and business activities worldwide, which could adversely affect our business, financial condition, results of operations and the price of our Equity Shares. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have a material adverse effect on our business, financial condition, results of operations and the price of our Equity Shares.

68. *A third party could be prevented from acquiring control of us because of the Indian laws applicable to takeovers.*

There are provisions in Indian law that may delay, deter or prevent a takeover, substantial acquisition, or change in control of the Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Under the takeover regulations an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also prevent a third party from attempting to take control of or substantially acquire our Company. Consequently, even if a potential takeover or substantial acquisition of our Company would result in the purchase of the equity shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations.

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 the 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 guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or 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 the 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 investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Prominent Notes:

1. Public issue of 156,700,000 Equity Shares of the Company for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per equity share) aggregating to ₹ [●] million, consisting of a fresh issue of 127,500,000 Equity Shares by the Company and an Offer for Sale of 29,200,000 Equity Shares by the Selling Shareholder. The Issue will constitute 27.88% of the post issue paid-up capital of the Company.
2. Our Company was incorporated on September 8, 2006 as “PTC India Financial Services Limited” under the Companies Act.
3. The net worth of our Company as of December 31, 2010 was ₹ 6,644.74 million based on the Restated Financial Statements of our Company.
4. The net asset value per Equity Share, as of December 31, 2010 was ₹ 15.29, based on the Restated Financial Statements of our Company.
5. The average cost of acquisition of or subscription to Equity Shares by our Promoter is set forth in the table below:

Name of the Promoter	Average price per Equity Share (in ₹)
PTC India Limited	13.22

6. Our Company has not entered into any related party transactions except as mentioned below:

(i) Transactions with PTC India Limited

(₹ in million)

Nature of transactions	For the nine months ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Issue of share capital	-	-	2,832.50	500.00	40.00
Securities premium received	-	-	1,087.50	-	-
Reimbursement of expenses *	14.08	10.93	6.82	2.05	18.39
Balances outstanding as at the year end					
Payable	5.47	-	5.83	20.44	18.39
* Includes remuneration of director	2.23	2.89	1.89	-	-

(ii) Transactions with key management personnel

(₹ in millions)

Nature of transactions	For the nine months ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Reimbursement of expenses	0.13	0.10	0.16	-	-
Remuneration paid**	2.23	3.19	1.89	-	-

** Also included under reimbursement of expenses to PTC India Limited as disclosed at (i) above.

(iii) Transactions with associate companies

(₹.in millions)

Nature of transactions	For the nine months ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Investment in equity share capital :					
Ind Barath Energy (Utkal) Limited	-	1,050.00	-	-	-
Ind Barath Power Gencom Limited	-	-	556.30	-	-
Indian Energy Exchange Limited	-	-	4.39	65.00	-
Meenakshi Energy Private Limited	167.91	285.50	150.00	-	-
PTC Bermaco Green Energy Systems Limited	5.31	3.53	4.91	-	-
RS India Wind Energy Limited	38.10	-	353.11	220.00	-
Varam Bio Energy Private Limited	-	2.78	16.41	24.71	-
Advance against investment :					
PTC Bermaco Green Energy Systems Limited	-	5.30	0.01	-	-
Varam Bio Energy Private Limited	-	-	2.78	-	-
R. S. India Energy Limited	-	-	-	-	-
Investment in debentures:					
Varam Bio Energy Private Limited	25.00	20.00	-	-	-

Nature of transactions	For the nine months ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Sale of investment in equity share capital (at face value) India Energy Exchange Limited	11.73	-	-	-	-
Investment in equity shares balances outstanding at the year-end :					
Ind Barath Energy (Utkal) Limited	1,050.00	1,050.00	-	-	-
Ind Barath Power Gencom Limited	556.30	556.30	556.30	-	-
Indian Energy Exchange Limited	57.66	69.39	69.39	65.00	-
Meenakshi Energy Private Limited	603.41	435.50	150.00	-	-
PTC Bermaco Green Energy Systems Limited	13.75	8.44	4.91	-	-
RS India Wind Energy Limited	611.21	573.11	573.11	220.00	-
Varam Bio Energy Private Limited	43.90	43.90	41.12	24.71	-
Advance against investment balances outstanding as at the year-end :					
PTC Bermaco Green Energy Systems Limited		5.31	0.01	-	-
Varam Bio Energy Private Limited		-	2.78	-	-
RS India Wind Energy Limited		-	-	-	-
Investment in debentures balances outstanding as at the year-end :					
Varam Bio Energy Private Limited	45.00	20.00	-	-	-

7. Neither our Promoter nor its directors nor our Directors nor their relatives have purchased or sold any Equity Shares or financed the sale or purchase by any other person during a period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI.
8. Investors may contact the BRLMs and the Co-BRLM who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.
9. None of our Group Entities have any business or other interest in the Company except for business conducted on an arms length basis.

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 ("GoI") and its various ministries and from various multi-lateral 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.

Overview of the Indian Economy

India is the fifth largest economy in the world after the European Union, United States of America, China and Japan in purchasing power parity terms with an estimated GDP (purchasing power parity) of US\$ 3.68 trillion in 2009. India is also among the fastest growing economies globally and has grown at an average rate of more than 7.0% since 1997. According to the revised estimates of the Central Statistical Organisation (CSO) India's GDP grew at a rate of 7.4% in the fiscal year 2010.

Overview of Indian Power Industry

India has continuously experienced shortages in energy and peak power requirements. According to the Monthly Review of the Power Section ("**Monthly Review**") published by the CEA in October 2010, the total energy deficit and peak power deficit during April 2010 to October 2010 was approximately 9.2% and 10.1%, respectively. According to the Monthly Review (October 2010), the total installed power generation capacity in India was 167278.36 MW as of August 31, 2010.

Power Consumption

The total energy consumption in India is estimated to grow from 566 Mtoe in 2006 to 1280 Mtoe in 2030. (Source: *World Economic Outlook 2008, IEA*). This implies growth at a CAGR of 3.5% CAGR in India's energy requirement over the next 25-30 years and hence, there is a huge potential for investments in the energy sector in India. The GoI has set a goal of 1,000 kWh per capita by fiscal 2012 in its mission of "Power for All by 2012" under the National Electricity Policy.

Power Demand-Supply Overview

The Indian power sector has historically been beset by energy shortages which have been rising over the years. In fiscal 2010, peak energy deficit was 12.7% and total energy deficit was 10.1%. The deficits in electric energy and peak power requirements vary across different regions in India. The peak deficit was 17.2% in the Western Region, followed by 18.5% in the North Eastern Region in the period from April to October 2010.

Power Generation

According to the White Paper on Strategy for Eleventh Plan, the total capacity addition during the past 25 years between the 6th and the 10th Five-Year Plans was approximately 91,000 MW. A total capacity addition of 78,700 MW is planned for the 11th Five-Year Plan which should result in significant investments in the power generation sector. The installed generation capacity and the proposed capacity addition during the 11th Five-Year Plan is 167,278.36 and 78,700.4 MW according to Monthly Review (October 2010), published by CEA.

Planned Expansion

The aim for the 11th Plan i.e. by 2012 is a capacity addition of 15,000 MW from renewables. The total fund requirement for generation projects, during the Twelfth Plan period is estimated at approximately ₹ 4,950,830 million, with approximately ₹ 1,266,490 million being required for the hydro sector, approximately ₹ 3,306,680 million being required for the thermal sector and approximately ₹ 377,660 million being required for the nuclear sector. (Source: *Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, MoP and CEA*)

Investments in generation, transmission and distribution

The total fund requirement for transmission system development and related schemes during the Twelfth Plan period is estimated at ₹ 2,400,000 million, with ₹ 1,400,000 million being required for the central sector and ₹ 1,000,000 million being required for the state sector. The total fund requirement for the distribution sector, during the Twelfth Plan period is estimated at ₹ 3,710,000 million. (Source: *Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, MoP and CEA*).

Power Trading

Power trading involves the exchange of power from suppliers with surpluses to those with deficits. Seasonal diversity in generation and demand, as well as the concentration of power generation facilities in the resources rich eastern region of India, have created significant opportunities for the trading of power. With the help of the recent regulatory reforms, the volume of power traded as well as its traded price has increased rapidly over the last few years.

Tariffs

The main objectives of the National Tariff Policy (“NTP”) notified by the GoI on January 6, 2006, include promoting competition, efficiency in operations and improvements in the quality of power supply and ensuring the accessibility of electricity to consumers at reasonable and market-competitive rates.

Merchant Power Plants

Merchant power plants (“MPPs”) generate electricity for sale at market-driven rates in the open wholesale market. Typically, the MPPs do not have long-term PPAs and are constructed and owned by private developers. MPPs can sell power to the power trading companies (like the PTC India Ltd and Tata Power Trading Company), the SEBs and industrial and bulk customers.

Captive Power Generation

Captive power refers to power generation from a project established for industrial consumption. According to Monthly Review of Power Sector, August 2010 (CEA), captive power capacity at 19,509 MW, accounted for 11.86% of the 164508.80 MW of total installed capacity in India.

Indian Energy Exchange/ Power Exchange India Limited

Indian Energy Exchange (“IEX”) is India's first nation-wide automated and online electricity trading platform. The total volume of power traded on IEX amounted to 1089.46 million units in October, 2010 (Source: http://www.cercind.gov.in/2010/MMC/MMC_Monthly_Report_Oct_2010.pdf). Power Exchange India Limited (“PXIL”) is a fully electronic, nation-wide exchange for trading of electricity. The total volume of power traded on PXIL amounted to 112.32 million units in October, 2010 (Source: http://www.cercind.gov.in/2010/MMC/MMC_Monthly_Report_Oct_2010.pdf).

Providers of Finance to the Power Sector in India

The primary providers of power sector financing in India are power sector specific government companies, financing institutions, public sector banks and other public sector institutions, multilateral development institutions and private banks. There also exist several short term and long-term financing measures by the GoI to facilitate the financial viability of the power sector, such as the implementation of the Electricity Act. As a long-term financing measure, the process has been initiated for institutionalizing mechanism for facilitating and accelerating private and foreign direct investment into the power sector.

SUMMARY OF OUR BUSINESS

We are an Indian non-banking financial institution promoted by PTC India Limited ("PTC") to make principal investments in, and provide financing solutions for, companies with projects across the energy value chain. We believe we are one of the few financial institutions in India that provide both equity and debt financing, including short-term and long-term debt, as well as structured debt financing. With a focus on infrastructure development, we offer an integrated suite of services including provision financing to, and make investments in, private sector Indian companies in the power sector, including for power generation, equipment supply and fuel source projects. We are currently focused primarily on power generation projects in India. We also provide fee-based syndication and advisory services as well as carbon credit financing against certified emissions reduction (CER).

We are regulated by the Reserve Bank of India (the "RBI") as a systemically important non-deposit taking, non-banking financial company ("NBFC"), and we have been classified by the RBI as an Infrastructure Finance Company, or IFC, in August 2010. The IFC status enhances our ability to raise funds on a cost-competitive basis and enables us to assume higher debt exposure in infrastructure projects. For further information, see the section entitled "*Regulations and Policies*" on page 118.

We are a subsidiary of and promoted by PTC, which is the market leader for power trading solutions in India, according to the Central Electricity Regulatory Commission monthly report on short term transactions of electricity (December 2010). PTC purchases power primarily for sale to power utilities and also provides comprehensive solutions for the power sector in India. As of December 31, 2010, PTC had a portfolio of power purchase agreements aggregating to approximately 14,185 MW and memoranda of understandings for an additional approximately 13,243 MW. PTC is a GoI initiated company promoted by National Thermal Power Corporation ("NTPC"), Power Grid Corporation of India Limited ("Power Grid"), Power Finance Corporation Limited ("PFC") and NHPC Limited ("NHPC"). We believe we benefit from the power sector expertise, network and relationships of PTC and its affiliates, which provide us with early access to business opportunities.

We were incorporated in September 2006 and received our certificate for commencement of business in March 2007. As of the date of this Red Herring Prospectus, PTC holds 77.60% of our equity share capital and GS Strategic Investments Limited (an affiliate of The Goldman Sachs Group, Inc.) and Macquarie India Holdings Limited (an affiliate of The Macquarie Group) each hold 11.20% of our equity share capital.

Principal Investments. We make strategic equity investments in companies in the energy value chain in India, including in greenfield and brownfield projects. The nature and extent of our equity participation in such companies vary in accordance with the requirements, opportunities and risks associated with the relevant project, but we generally do not retain management control. As of December 31, 2010, our Board had approved equity commitments for ten companies for an aggregate amount of ₹ 5,641.66 million, with projects aggregating 3,221.45 MW of power generation capacity. Of these equity commitments, as of December 31, 2010, we had entered into definitive agreements for investments in eight companies for an aggregate amount of ₹ 4,827.67 million, with projects aggregating 2,621.45 MW of power generation capacity. All of our principal investments have been in private unlisted companies. As of December 31, 2010, our principal investments aggregated ₹ 4,186.23 million in eight companies including in Indian Energy Exchange Limited ("IEX"), India's first nationwide, automated and online electricity trading platform. Our current portfolio of principal investments are mostly greenfield projects, which typically involve between two and five years of development activity prior to commencement of commercial operations. Three of our principal investment projects, with an aggregate power generation capacity of 175.60 MW, have commenced commercial operation. In September 2010, we liquidated a portion of our investment in IEX for a gain. Further, as of December 31, 2010 our Board had approved funding in the form of optionally convertible debentures aggregating ₹ 385.00 million to two companies. As of December 31, 2010 we had disbursed ₹ 385.00 million, out of which ₹ 340.00 million has been repaid, and ₹ 45.00 million remains outstanding.

Debt Finance. We provide fund based and non-fund based debt financing, including short-term and long-term debt, as well as structured debt financing. In addition to financing project companies, we also provide bridge financing to promoters of power projects. As of December 31, 2010, our Board had approved debt commitments aggregating ₹ 22,567.30 million to 31 companies, with projects aggregating 8,982.20 MW of power generation capacity. Of these approved debt commitments, as of December 31, 2010, we had entered into definitive agreements for financing arrangements for an aggregate amount of ₹ 11,198.72 million to 17 companies, with power projects aggregating 8,283 MW of power generation capacity. As of December 31, 2010, we had

outstanding loan financing of ₹ 5,951.15 million to 13 companies with projects representing 6,794 MW of aggregate power generation capacity. As of December 31, 2010, we did not have any non-performing assets in our outstanding loan portfolio.

Fee-based and other Services. We provide various fee-based services including facility agent and security agent services, as well as advisory services such as techno-economic feasibility studies for power projects in India. In addition, in March 2010 we commenced carbon credit financing, which involves purchase of future CERs from power project developers for sale to third parties.

As of December 31, 2010 our Board had approved funding in form of funding against CERs aggregating ₹ 306.11 million to two companies with projects aggregating 108 MW capacity.

Sources of Funds. Our primary sources of funds include equity, term loans and non-convertible debentures ("NCDs") issued by us. We have issued secured NCDs on a private placement basis in October 2009 and February 2010. As of December 31, 2010, we had ₹ 2,000.00 million in outstanding NCDs and ₹ 2773.69 million in other borrowings. As of December 31, 2010, our NCDs represented 41.90% of our outstanding total indebtedness. Our long-term bank borrowings have been rated "LA+ (positive outlook)" by ICRA, while our NCDs have been rated "LA+ (positive outlook)" by ICRA and "BWR AA" (stable outlook) by Brickwork. Our short-term borrowings have been rated "A1+" by ICRA, which is the highest credit quality rating assigned by ICRA to short term debt instruments. In October 2010, we have also entered into ECB agreement with Deutsche Investitions - UND Entwicklungsgesellschaft MBH ("DEG") for an aggregate amount of US\$ 26.00 million (₹1165.06 million) for on-lending to renewable energy projects. We have also raised funds through capital contributions from our Promoter and our other shareholders.

In fiscal 2008, 2009 and 2010, and in the nine months ended December 31, 2010, our total income was ₹ 31.38 million, ₹ 116.00 million and ₹ 534.90 million, and ₹ 825.44 million, respectively, and our profit after tax was ₹ 16.41 million, ₹ 85.30 million, ₹ 254.52 million, and ₹ 312.18 million, respectively. We maintain our capital adequacy ratios above the minimum levels of 15.0% prescribed by the RBI for IFCs. Our capital adequacy ratios were 97.90%, 275.36%, 88.30% and 60.57% as of March 31, 2008, 2009 and 2010, and December 31, 2010, respectively.

Competitive Strengths

Composite financial services platform focused on all areas of the energy value chain

We are a one stop solution provider offering a comprehensive range of financial products and services that add value throughout the life cycle of projects across all areas of the energy value chain. We believe this has enabled us to establish ourselves as a preferred financing provider for power projects. We have financed or approved financing arrangements for various projects, including power generation, equipment supply and fuel source projects. We have also invested in India's first nationwide automated and online electricity trading platform. We believe we are one of the few financial institutions in India that provide both equity and debt financing, including short-term and long-term debt as well as structured debt financing, for power projects in India. We also provide fee-based services including syndication services and advisory services such as techno-economic feasibility studies for power projects in India. In addition, in March 2010 we commenced carbon credit financing against CERs.

PTC relationship and brand

We are a subsidiary of and are promoted by PTC, which is the market leader for power trading solutions in India and provides comprehensive solutions for the power sector, according to the Central Electricity Regulatory Commission monthly report on short term transactions of electricity (December 2010). PTC is a GoI initiated company promoted by NTPC, Power Grid, PFC and NHPC. As of December 31, 2010, PTC had a portfolio of power purchase agreements aggregating to approximately 14,185 MW and memoranda of understandings for an additional approximately 13243 MW. PTC together with its affiliates provides comprehensive solutions in the energy value chain including services such as power trading, co-development, fuel-intermediation, consulting and is in the process of setting up an energy equity fund. We believe the synergies among the group entities provide us with early access to potential business opportunities, ability to understand and efficiently cater to the needs of the developers in a comprehensive manner. We believe that PTC is an established brand name in the Indian power sector and we benefit from the associated goodwill.

Strong domain knowledge and expertise with exclusive focus on the power sector

We believe our power sector knowledge and experience enables us to identify investment opportunities with high potential and effectively manage risks associated with such opportunities. We believe our exclusive focus on the power sector has enabled us to develop strong relationships and become a preferred financing provider for power projects, particularly for smaller and medium sized projects, compared to competitors that are not similarly focused on the power sector. Our management team has significant experience in the power sector and the financial services industry, which enables us to identify specific requirements of power project developers and offer structured products and services while effectively managing associated risks and maintaining competitive margins. In addition, we benefit from the industry experience of our Promoter PTC.

Flexibility due to NBFC and IFC status

We believe our status as an NBFC and IFC provide us with greater flexibility than some of our competitors, particularly banks, and enable us to quickly and efficiently capitalize upon financing opportunities that arise. While banks are subject to more stringent regulation in India and may provide only certain forms of debt financing and equity financing subject to certain specified limits, as an NBFC we are able to provide a wider range of debt financing, including structured products, as well as equity financing that is subject to fewer restrictions.

In February 2010 the RBI introduced the IFC category as a separate category for certain NBFCs engaged in infrastructure financing. We were granted IFC status in August 2010 and believe our status as an IFC enhances our ability to raise funds on a cost-competitive basis and take higher debt exposure in power projects than other NBFCs that have not been granted IFC status. For example, an IFC is entitled to lend up to 25.00% of its Owned Funds to a single borrower in the infrastructure sector, compared to 20.00% of Owned Funds by other NBFCs that have not been granted IFC status. As an IFC, we are also eligible to raise ECBs up to 50.00% of our Owned Funds without prior RBI approval. Banks and NBFCs that are not IFCs are required to seek prior RBI approval in order to avail ECBs for on-lending activities. Furthermore, our IFC status enables us to raise capital through issuance of infrastructure bonds at comparatively lower yields, which will enable us to reduce our cost of funds, as infrastructure bondholders are entitled to certain tax benefits. For further information, see the section titled “*Regulations and Policies*” on page 118.

Demonstrated growth and robust balance sheet

Our business has grown rapidly in recent years, providing us with a robust balance sheet that we believe provides a foundation for future growth. Our total assets, total income and profit after tax grew at a CAGR of 191.54%, 312.86% and 293.86%, respectively, from fiscal 2008 to fiscal 2010. Our total assets as of March 31, 2008, 2009, 2010 and December 31, 2010 was ₹ 1128.33 million, ₹ 6305.46 million, ₹ 9590.37 million and ₹ 11682.92 million, respectively. While total income in fiscal 2008, 2009 and 2010 and in the nine months ended December 31, 2010 was ₹ 31.38 million, ₹ 116.00 million, ₹ 534.90 million and ₹ 825.44 million, respectively, our profit after tax in fiscal 2008, 2009 and 2010 and in the nine months ended December 31, 2010 was ₹ 16.41 million, ₹ 85.30 million, ₹ 254.52 million and ₹ 312.18 million, respectively. We made our first principal investment in IEX in December 2007, investing ₹ 65.00 million for 26.00% shareholding. We have subsequently rapidly expanded our investment portfolio, with outstanding principal investments in eight companies aggregating ₹ 4186.23 million as of December 31, 2010. In September 2010, we liquidated our shareholding in IEX from earlier 26.00% to 21.12% for a consideration of ₹ 135.30 million.

We disbursed our first loan of ₹ 200.00 million in March 2009. Within a relatively short period our loan portfolio has grown significantly, and December 31, 2010, we had outstanding loan financing of ₹ 5,951.15 million to 13 companies with projects representing 6,794 MW of aggregate power generation capacity. As of December 31, 2010, we had entered into definitive agreements for financing arrangements for an aggregate amount of ₹ 11,198.72 million to 17 companies, with power projects representing 8,283 MW of power generation capacity. As of such date, we did not have any non performing assets in our outstanding loan portfolio.

Our capital to risk-weighted asset ratio as of December 31, 2010 was 60.57% and our return on average total assets in fiscal 2010 was 3.20%. Our long-term bank borrowings have been rated “LA+” (positive outlook)” by ICRA, while our NCDs have been rated “LA+ (positive outlook)” by ICRA and “BWR AA” (stable outlook) by Brickwork. Our short-term borrowings have been rated “A1+” by ICRA, which is the highest credit quality rating assigned by ICRA to short term debt instruments.

Nimble management structure

We have a lean employee base and flat management structure. In addition to our senior management team, which includes our two whole time directors, Mr. Tantra Narayan Thakur and Dr. Ashok Haldia, we have a team of experienced professionals with expertise in project finance, principal investment, asset management and advisory services. We believe our corporate culture promotes involved management at all levels in an efficient manner.

Effective risk management framework

We believe we have established an effective risk management framework through the implementation of robust systems and procedures for evaluating and approving debt and equity financing proposals. Prior to commitment of any financial assistance, we undertake extensive techno-economic analysis, financial and legal due diligence of the potential principal investment or debt financing opportunity, either in-house or by appointing third party experts. Subsequent to a principal investment or disbursement of debt, we continue to monitor the development and performance of the relevant project, including through appointment of nominee directors in the case of certain principal investments. We also request for periodic progress reports from the projects and then performance assessments of these projects are regularly considered at our Board meetings. We further try to protect our interest by incorporating certain clauses in our principal investment agreements such as buy-back clause, tag along rights, drag along rights etc.

We have institutionalized our project appraisal process and systems and have implemented the Advanced Internal Risk Scoring Model developed by ICRA Management Consulting Services Limited for the assessment and mitigation of credit risk. These processes and systems include a detailed appraisal methodology, identification of risks and suitable structuring of credit risk mitigation measures. We use a range of quantitative as well as qualitative parameters as a part of the appraisal process to make a sound assessment of the extent of underlying credit risk in a project. We have adopted various risk management policies, including a credit risk management policy, asset liability management policy, operational risk management policy, interest rate policy and a policy for investment of surplus funds. For further information, see the section titled “***Our Business – Risk Management***” on page 116.

Business Strategy

Offer comprehensive structured financing solutions to private power project developers

We continue to focus on the power sector and offer comprehensive, structured financing solutions that address the financing requirements of private power project developers in India. We intend to leverage our industry experience, knowledge and our ability, as an NBFC and an IFC, to offer structured debt products and equity products, to provide customized financing solutions. We intend to grow our principal investment and debt financing businesses, as well as expand our fee based and other services, to ensure effective sourcing and cross-sell of our financing products and services.

Consolidate our position as a preferred financing solutions provider for smaller and medium sized power projects

We seek to leverage our strong industry experience, relationships and the goodwill from our association with PTC, to consolidate our position as a preferred financing solutions provider for smaller and medium sized power generation, equipment supply and fuel source projects. We believe that this specific segment in the power sector has significant potential and is currently under served by large banks and financing institutions that may have limited interest for this segment. We believe that availability of financing solutions for this segment will further encourage the development of such projects and power sector in India.

Expand fee-based services and CER financing

We intend to increase our focus on our current fee-based services that include primarily debt facility agent and security agent services as well as various advisory services such as techno-commercial appraisal services. We intend to increasingly focus on debt syndication activities in the future as we believe that our technical expertise and industry experience enable us to effectively understand the risks and opportunities in a project and structure

financing solutions. We believe that the credibility of our project appraisal capabilities and our relationship with other financial institutions will enable us to ensure timely financial closure for such projects.

We commenced financing against carbon credits i.e. CERs in March 2010 and believe that this segment will continue to grow. We intend to develop specific expertise in this segment to effectively capitalize on the growing carbon market and develop capabilities to offer carbon credit advisory services.

Lower our cost of funds

We continue to evaluate various funding opportunities to lower our cost of funds, including through the issuance of infrastructure bonds at comparatively lower yields, as holders of such bonds are entitled to certain tax benefits. In addition, our IFC status enables us to avail ECBs up to 50.00% of our Owned Funds without prior RBI approval. We believe that foreign credit markets offer more cost-effective terms for long-term debt than the domestic credit market. In this connection, in October 2010, we have entered into a financing arrangement with DEG for an external commercial borrowing in an aggregate amount of US\$ 26.00 million (₹ 1165.06 million) for the financing of renewable energy projects. We also have entered into a letter agreement with International Finance Corporation on January 20, 2011 for a proposed loan of US\$ 50.00 million (₹ 2240.5 million) to support and expand our lending program to renewable energy projects.

We intend to develop and maintain an asset base with an optimal mix of principal investments and debt financing, and also increase the proportion of long-term debt in our debt financing portfolio, which we believe will enable us to further improve credit ratings for our long-term borrowings, resulting in lower cost of funds. As of December 31, 2010, our principal investments aggregated ₹ 4,186.23 million while our outstanding loan financing aggregated ₹ 5,951.15 million, of which long-term debt represented 59.19%.

Continue to develop strategic partnerships with international financial institutions

We intend to continue to develop strategic partnerships with international financial institutions by establishing joint ventures and/or private equity funds. We are currently exploring joint venture opportunities for the establishment of a fund focused on renewable energy. In addition, we have entered into strategic partnerships with Macquarie Bank Limited and Vitol SA in connection with our carbon credit financing business. We intend to enter into similar strategic partnerships from time to time to provide various financial services in specific areas of India's power sector.

Focus on renewable energy and other emerging segments of the power sector

We believe that there is significant investment potential in the renewable energy sector in India. India has large untapped potential across the renewable space with a current installed capacity of 17,173.90 MW out of an estimated technical potential of 84,776 MW (*Source: Ministry of New and Renewable Energy*). We continue to evaluate strategic initiatives focused on the renewable energy value chain. As of December 31, 2010 our Board had approved aggregate equity commitment of ₹ 822.11 million for four companies and aggregate debt commitment of ₹ 3273.30 million for 12 companies in the renewable energy sector. In addition, we have sanctioned financing against CERs to two renewable energy companies. We have also entered into an ECB agreement with DEG for an aggregate amount of US\$ 26.00 million (₹1165.06 million) for on-lending to renewable energy projects.

THE ISSUE

The following table summarizes the Issue details:

Equity Shares offered	
Issue by our Company	156,700,000 Equity Shares
<i>Of which:</i>	
Fresh Issue by our Company	127,500,000 Equity Shares
Offer for Sale by the Selling Shareholder ⁽¹⁾	29,200,000 Equity Shares
<i>Therefore Issue to the Public</i>	
<i>Of which</i>	
A) Qualified Institutional Buyers (QIB) portion ⁽³⁾	Up to 78,350,000 Equity Shares
<i>Of which</i>	
Available for allocation to Anchor Investors ⁽²⁾	[•] Equity Shares
Net QIB Portion	[•] Equity Shares
<i>Of which</i>	
Available for allocation to Mutual Funds only	[•] Equity Shares
Balance for all QIBs including Mutual Funds	[•] Equity Shares
B) Non-Institutional Portion ⁽³⁾	Not less than 23,505,000 Equity Shares
C) Retail Portion ⁽³⁾	Not less than 54,845,000 Equity Shares
Equity Shares outstanding prior to the Issue	434,583,335 Equity Shares
Equity Shares outstanding after the Issue	562,083,335 Equity Shares
Use of Net Proceeds	See the section titled “ <i>Objects of the Issue</i> ” on page 76.

Allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis.

⁽¹⁾ *The Selling Shareholder is offering an aggregate of 29,200,000 Equity Shares, which have been held for a period of at least one year prior to the date of filing of this Red Herring Prospectus and hence, are eligible for being offered for sale in the Issue.*

⁽²⁾ *Our Company and the Selling Shareholder will allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. 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 Anchor Investors. For further details, see the section titled “*Issue Procedure*” on page 285.*

⁽³⁾ *Subject to valid Bids being received at or above the Issue Price, under subscription, if any, in any category, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLM, Co-BRLM and the Designated Stock Exchange.*

Our Company and the Selling Shareholder, in consultation with the BRLMs and Co-BRLM, will offer a discount of ₹ [•] to the Issue Price determined pursuant to completion of the book building process, to Retail Individual Bidders. For more information see section titled “*Terms of the Issue*” on page 278.

SUMMARY FINANCIAL INFORMATION

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

The following summary financial information are derived from the audited and restated financial statements as of March 31, 2007, 2008, 2009, 2010 and as of December 31, 2010 and for the period September 8, 2006 to March 31, 2007, for the years ended March 31, 2008, 2009 and 2010 and for the nine months ended December 31, 2010, prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with ICDR Regulations as described in the Auditors Report included in "*Financial Information*" on page 176. The summary financial information presented below should be read in conjunction with the restated financial statements included in this Red Herring Prospectus, the notes and schedules thereto and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 218.

(Rupees in millions)

	Particulars	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
I	Fixed assets					
	Gross block	352.31	350.48	0.92	0.49	-
	Less: Accumulated depreciation/amortisation	41.29	0.78	0.32	0.08	-
	Net block	311.02	349.70	0.60	0.41	-
	Capital work-in-progress (including capital advances)	0.08	0.96	-	-	-
		311.10	350.66	0.60	0.41	-
II	Investments	4,405.41	4,067.04	2,000.12	1,117.88	-
III	Loan financing	5,951.15	2,662.01	200.00	-	-
IV	Deferred tax assets (net)	-	-	3.62	5.01	-
V	Current assets, loans and advances					
	Sundry debtors	4.38	0.01	-	-	-
	Cash and bank balances	664.06	2,344.74	4,086.92	1.42	40.57
	Loans and advances	297.14	118.39	7.40	3.16	-
	Other current assets	49.68	47.52	6.80	0.45	0.69
	Total current assets, loans and advances	1,015.26	2,510.66	4,101.12	5.03	41.26
	Total assets (A = I+II+III+IV+V)	11,682.92	9,590.37	6,305.46	1,128.33	41.26
VI	Loan funds					
	Secured loans	4,773.69	3,108.01	200.00	-	-
	Total loan funds	4,773.69	3,108.01	200.00	-	-
VII	Deferred tax liabilities (net)	71.84	43.75	-	-	-
VIII	Current liabilities and provisions					
	Current liabilities	174.99	78.81	11.78	22.02	18.41
	Provisions	17.66	0.43	0.23	0.49	0.23
	Total current liabilities and provisions	192.65	79.24	12.01	22.51	18.64
	Total liabilities (B = VI+VII+VIII)	5,038.18	3,231.00	212.01	22.51	18.64
	Net worth (A – B)	6,644.74	6,359.37	6,093.45	1,105.82	22.62
IX	Net worth represented by					
	Share capital (C)					
	- Equity share capital	4,345.83	4,345.83	4,345.83	900.00	40.00
	Employees stock options outstanding (D)	4.28	12.40	1.00	-	-
	Reserves and surplus	2,313.32	2,001.14	1,746.62	206.79	-
	Less : Debit balance in profit and loss account	-	-	-	(0.97)	(17.38)
	Net reserves and surplus (E)	2,313.32	2,001.14	1,746.62	205.82	(17.38)
	Less: Miscellaneous expenditure (F)	18.69	-	-	-	-

	(to the extent not written off or adjusted)					
	Net worth (C) + (D) + (E) - (F)	6,644.74	6,359.37	6,093.45	1,105.82	22.62

Note :

The above statement should be read with the significant accounting policies and notes to the restated summary statement of assets and liabilities, profit and loss account and cash flows statement as appearing in Annexure V.

SUMMARY OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rupees in millions)

	Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
I	Income					
	- From investments	141.42	212.81	103.12	30.94	-
	- From interest					
	- on loan financing	541.30	135.74	0.14	-	-
	- on fixed deposits	38.05	139.39	3.39	0.44	1.63
	- Fee based income	66.69	46.77	9.33	-	-
	- Income from sale of power	35.45	0.01	-	-	-
	- Others	2.53	0.18	0.02	-	-
	Total income	825.44	534.90	116.00	31.38	1.63
II	Expenditures					
	Interest and other charges	286.42	116.04	0.18	-	-
	Personnel expenses	6.36	25.70	9.55	2.74	-
	Administration and other expenditure	33.43	25.69	19.23	17.13	18.45
	Depreciation/ amortisation	40.51	0.47	0.24	0.08	-
	Provision for contingencies	15.80	-	-	-	-
	Total expenditures	382.52	167.90	29.20	19.95	18.45
III	Profit / (loss) before tax and extraordinary items	442.92	367.00	86.80	11.43	(16.82)
IV	Provision for tax					
	- Current tax	102.65	65.11	-	-	0.56
	- Deferred tax charge / (benefit)	28.09	47.37	1.39	(5.01)	-
	- Fringe benefit tax	-	-	0.11	0.03	-
	Total tax charge / (benefit)	130.74	112.48	1.50	(4.98)	0.56
	Net profit / (loss) after tax and before extra ordinary items	312.18	254.52	85.30	16.41	(17.38)
V	Extraordinary item (net of tax)	-	-	-	-	-
VI	Net Profit / (loss) as restated	312.18	254.52	85.30	16.41	(17.38)
	Balance brought forward from previous year/period	270.84	67.27	(0.97)	(17.38)	-
VII	Surplus/(deficit) available for appropriation	583.02	321.79	84.33	(0.97)	(17.38)
	Appropriation:					
	Dividend on equity shares	-	-	-	-	-
	Amount transferred to special reserve u/s 45 IC of RBI Act.	(62.45)	(50.95)	(17.06)	-	-
	Accumulated profit / (loss) carried to balance sheet	520.57	270.84	67.27	(0.97)	(17.38)

Note :

The above statement should be read with the significant accounting policies and notes to the restated summary statement of assets and liabilities, profit and loss account and cash flows statement as appearing in Annexure V.

SUMMARY OF CASH FLOWS STATEMENT, AS RESTATED

(Rupees in millions)

	Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
I	CASH FLOW FROM OPERATING ACTIVITIES :					
	Profit / (loss) before tax and extra ordinary items, as restated	442.92	367.00	86.80	11.43	(16.82)
	Adjustment for:					
	Depreciation/amortisation	40.51	0.47	0.24	0.08	-
	Provision for contingencies	15.80	-	-	-	-
	Employee stock options	(8.12)	11.40	1.00	-	-
	Profit /(loss) on sale of non trade current investments (net)	-	(0.06)	23.47	(4.80)	-
	Dividend income on investment other than in power project companies	(12.08)	(46.41)	(122.17)	(26.14)	-
	Interest on fixed deposits	(38.05)	(139.39)	(3.39)	(0.44)	(1.63)
	Interest - others	-	-	(0.04)	(0.02)	-
	Interest and other charges	286.42	116.04	0.18	-	-
	Loss on sale of derivative	-	-	-	11.13	-
	Provision for diminution in investment	-	-	-	0.43	-
	Operating profit before working capital changes	727.40	309.05	(13.91)	(8.33)	(18.45)
	Increase/decrease:					
	Trade receivables, current assets and other loans and advances	(253.09)	(70.92)	(6.95)	(1.50)	-
	Trade and other payables	38.85	(4.51)	(10.61)	4.04	18.45
	Loan financing	(3,289.14)	(2,462.01)	(200.00)	-	-
	Investment in power project companies (net)	(164.17)	(2,066.92)	(882.24)	(309.71)	-
	Cash used in operations	(2,940.15)	(4,295.31)	(1,113.71)	(315.50)	-
	Direct taxes paid	(66.57)	(119.39)	(1.54)	(2.32)	(0.37)
	Net cash used in operating activities	(3,006.72)	(4,414.70)	(1,115.25)	(317.82)	(0.37)
II	CASH FLOW FROM INVESTING ACTIVITIES					
	Purchase of fixed assets	(0.96)	(350.58)	(0.44)	(0.49)	-
	Proceeds from sale of fixed assets	0.01	0.06	0.01	-	-
	Profit / (loss) on sale of non trade current investments (net)	-	0.06	(23.47)	4.80	-
	Dividend income on investment other than in power project companies	12.08	46.41	122.17	26.14	-
	Interest on fixed deposits	64.47	112.87	1.16	1.13	0.94
	Interest - others	-	-	0.04	0.02	-
	Loss on sale of derivative	-	-	-	(11.13)	-
	Provision for diminution in investment	-	-	-	(0.43)	-
	Purchase of investments other than in power project companies (net)	(168.89)	-	-	(808.16)	-
	Net cash generated/ (used) from/ in investing activities	(93.29)	(191.18)	99.47	(788.12)	0.94
III	CASH FLOW FROM FINANCING ACTIVITIES					
	Proceeds from long term borrowings	1,761.68	2,662.01	200.00	-	-
	Proceeds / repayments from / of short term borrowings	(96.00)	246.00	-	-	-
	Proceeds from issue of equity share capital (including share premium)	-	-	4,901.33	1,066.79	40.00
	Interest and other charges	(227.66)	(44.31)	(0.05)	-	-

	Share issue expenses for proposed Initial Public Offer	(18.69)	-	-	-	-
	Net cash inflow from financing activities	1,419.33	2,863.70	5,101.28	1,066.79	40.00
	Net increase/(decrease) in cash and cash equivalents (I+II+III)	(1,680.68)	(1,742.18)	4,085.50	(39.15)	40.57
	Opening cash and cash equivalents	2,344.74	4,086.92	1.42	40.57	-
	Closing cash and cash equivalents	664.06	2,344.74	4,086.92	1.42	40.57
	Closing cash and cash equivalents comprise :					
	Balance with scheduled banks in:					
	- Current accounts	27.92	22.10	7.43	1.42	-
	- Fixed deposit accounts	636.14	2,322.64	4,079.49	-	40.57
	Total	664.06	2,344.74	4,086.92	1.42	40.57

Notes :

- 1 The above statement should be read with the significant accounting policies and notes to the restated summary statement of assets and liabilities, profit and loss account and cash flows statement as appearing in Annexure V.
- 2 The above cash flows statement has been prepared under the indirect method set out in AS-3 notified under the Companies (Accounting Standards) Rules, 2006.

GENERAL INFORMATION

Our Company was incorporated on September 8, 2006 as a public limited company, in the name of “PTC India Financial Services Limited” under the Companies Act with the RoC. The certificate for commencement of business was issued by the RoC on March 30, 2007. There has been no change in the name and the registered office of the Company since incorporation. Our Company is not a government company within the meaning of Section 617 of the Companies Act.

Registered Office of the Company

Second Floor, NBCC Tower
15, Bhikaji Cama Place,
New Delhi 110 066
Tel: +91 11 4159 5122
Fax: +91 11 4165 9144
Website: www.ptcfinancial.com

Corporate Identity Number: U65999DL2006PLC153373

RBI Registration Number: N-14-03116

Registration Number: 153373

Registrar of Companies

Our Company is registered with the Registrar of Companies described below:

Registrar of Companies, National Capital Territory of Delhi and Haryana

4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi 110 019,
India.

Board of Directors

The following table sets out the current composition of our Board as on the date of the filing of this Red Herring Prospectus. Our Board currently consists of 10 Directors of which 6 are Independent Directors:

S. No.	Name, Designation, DIN and Occupation	Age	Address
1.	Mr. Tantra Narayan Thakur <i>Chairman and Managing Director</i> DIN: 00024322 Occupation: Service	61	B-1\46, 2 nd Floor, Safdarjung Enclave, New Delhi – 110 029.
2.	Dr. Ashok Haldia <i>Whole Time Director and Chief Financial Officer</i> DIN: 00818489 Occupation: Service	54	Suraj Kuteer, A-76, Sector 30, Gautam Budh Nagar, Noida 201 303.
3.	Mr. Sudhir Kumar <i>Independent Director</i> DIN: 02669103	54	Type VI/41, Railway Officers, Enclave, San Martin Marg, Chanakya Puri, New Delhi – 110 021.

	<i>Occupation: Service</i>		
4.	Mr. Prathipati Abraham <i>Independent Director</i> DIN: 00280426 <i>Occupation: Ex-service</i>	71	D-71, Nivedita Kunj, Sector 10, RK Puram, New Delhi – 110 022.
5.	Mrs. Rama Murali <i>Independent Director</i> DIN : 02685359 <i>Occupation: Ex-service</i>	62	155, Shriniketan CGHS Ltd, Plot 1, Sector 7, Dwarka, New Delhi - 110 075.
6.	Dr. Uddesh Kohli <i>Independent Director</i> DIN: 00183409 <i>Occupation: Ex-Service</i>	70	S-50, Greater Kailash – I, New Delhi – 110 048.
7.	Mr. Surinder Singh Kohli* <i>Independent Director</i> DIN: 00169907 <i>Occupation: Service</i>	65	J-170, Rajouri Garden, New Delhi 110 027.
8.	Mr. Ramarao Muralidharan Coimbatore <i>Independent Director</i> DIN: 02443277 <i>Occupation: Ex-service</i>	63	29 A, Kamla Street, Nehru Nagar, Chramepet, Chennai 600 044.
9.	Mr. M.K. Goel <i>Non Executive Director</i> DIN: 00239813 <i>Occupation: Service</i>	54	#278-D, Pocket II, Mayur Vihar, Phase I, Delhi – 110 091.
10.	Mr. Neil Kant Arora <i>Non Executive Director</i> DIN: 01541353 <i>Occupation: Service</i>	41	Villa 3, Street 3, Terranova, Arrabian Ranches, Dubai, United Arab Emirates.

* Additional Director

For further details and profile of our Directors, see the section titled “***Our Management***” on page 153.

Company Secretary and Compliance Officer

Our Company Secretary and Compliance Officer is Mr. Vishal Goyal. His contact details are as follows:

Mr. Vishal Goyal

Second Floor, NBCC Tower
 15, Bhikaji Cama Place,
 New Delhi 110 066
 Tel: +91 11 4159 5122
 Fax: +91 11 4165 9144
 Email: complianceofficer@ptcfinancial.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account or refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

For all Issue related queries and for redressal of complaints, investors may also write to the Book Running Lead Managers and the Co Book Running Lead Manager. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Managers and the Co Book Running Lead Manager, who shall respond to the same.

Book Running Lead Managers

<i>SBI Capital Markets Limited</i> 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005. Maharashtra, India. Tel: +91 22 2217 8300 Fax: +91 22 2218 8332 E-mail: pfs.ipo@sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Prayag Mohanty, Ms. Anshika Malviya SEBI Registration No: INM000003531	<i>JM Financial Consultants Private Limited</i> 141, Maker Chambers III, Nariman Point, Mumbai 400 021, Maharashtra, India. Tel: + 91 22 6630 3030 Fax: + 91 22 2204 7185 E-mail: pfs.ipo@jmfinancial.in Investor Grievance E-mail: grievance.ibd@jmfinancial.in Website: www.jmfinancial.in Contact Person: Ms. Lakshmi Lakshmanan SEBI Registration No.: INM000010361
<i>ICICI Securities Limited</i> ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, Maharashtra, India. Tel: + 91 22 2288 2460 Fax: + 91 22 2282 6580 E-mail: pfs.ipo@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Mrigesh Kejriwal / Mr. Sumanth Rao SEBI Registration No.: INM000011179	<i>Almondz Global Securities Limited</i> 2 nd Floor, 3 Scindia House, Janpath, New Delhi – 110 001. Tel: +91 4151 4666-69 Fax: +91 4151 4665 E-mail: pfs.ipo@almondz.com Investor Grievance ID: complaint@almondz.com Website: www.almondzglobal.com Contact Person: Mr. Puneet Arora SEBI Registration No: INM000000834

Co Book Running Lead Manager

Avendus Capital Private Limited

IL&FS Financial Center,
B Quadrant, 5th floor,
Bandra Kurla Complex,
Bandra East,
Mumbai - 400 051,
Maharashtra, India.
Tel: +91 22 6648 0050
Fax: +91 22 6648 0040
Email: pfs.ipo@avendus.com
Website: www.avendus.com
Investor Grievance ID: investor grievance@avendus.com
Contact Person: Ms. Aditi Gupta
SEBI Registration No.: INM000011021

Syndicate Members

<i>SBICAP Securities Limited</i> 191, Maker Towers F, 19 th Floor, Cuffe Parade, Mumbai – 400 005. Tel: +91 (22) 4227 3300 Fax: +91 (22) 4227 3331 Contact Person: Ms. Archana Dedhia Email: archana.dedhia@sbicapsec.com Website: www.sbicapsec.com SEBI Registration Number: NSE: INB231052938 / BSE: INB11053031	<i>Reliance Securities Limited</i> R Tech Park, 11 th Floor, Nirlon Compound, Behind HUB Mall, Western Express Highway, Goregaon East, Mumbai – 400 063, Maharashtra, India. Tel: +91 (22) 3059 1234 Fax: +91 (22) 3059 1555 Contact Person: Mr. Jithesh Narayanan Email: jithesh.narayanan@relianceada.com Website: www.rsec.co.in SEBI Registration Number: NSE: INB011234839 / BSE: INB231234833
<i>Avendus Securities Private Limited</i> IL&FS Financial Centre, B Quadrant, 5 th Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India. Tel: +91 (22) 6684 2877 Fax: +91 (22) 6684 2831 Contact Person: Mr. Niket Parikh Email: niket.parikh@avendus.com Website: www.avendus.com SEBI Registration Number: NSE: INB011292639 / BSE: INB231294639	[•]

Domestic Legal Counsel to the Company

AZB & Partners

Plot No. A8, Sector 4,
Noida - 210 301,
India.
Tel: +91 (120) 4179 999
Fax: +91 (120) 4179 900
Email: pfsipo@azbpartners.com

Domestic Legal Counsel to the Underwriters

Khaitan & Co LLP

801, Ashoka Estate,

24, Barakhamba Road,
New Delhi - 110 001,
India.
Tel: +91 (11) 4151 5454
Fax: +91 (11) 4151 5318
Email: capital.markets@khaitanco.com

International Legal Counsel to the Underwriters

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

Advisors to the Company

Dhir & Dhir Associates, Advocates and Solicitors
D-55, Defense Colony,
New Delhi – 110 024,
India.
Tel: +91 (11) 4241 0000
Fax: +91 (11) 4241 0091
Email: shivi.agarwal@dhirassociates.com

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17 to 24, Vithalrao Nagar,
Madhapur,
Hyderabad - 500 086,
Andhra Pradesh, India.
Telephone (toll free): 1-800-345 4001
Fax: +91 (40) 2342 0814
Email: einward.ris@karvy.com
Website: www.karvy.com
Contact Person: Mr. Murali Krishna
SEBI registration number: INR000000221

Bankers to the Issue/ Escrow Collection Banks

Yes Bank Limited
2nd Floor, Tiecicon House,
Dr. E. Moses Road,
Mahalaxmi,
Mumbai - 400 011,
Maharashtra,
India.
Tel: +91 (22) 6622 9031
Fax: +91 (22) 2497 4875
Email: dlbtiservices@yesbank.in
Website: www.yesbank.in
Contact Person: Mr. Mahesh Shirali
SEBI Registration No. INBI00000935

The Hongkong and Shanghai Banking Corporation Limited
HSBC, Securities Services Department,
Shiv Building, 2nd Floor,
Plot no. 139-140 B,
Western Express Highway Sahar Road Junction,
Vile Parle (East),
Mumbai - 400 057,
Maharashtra,
India.
Tel: +91 98217 80250
Fax: +91 (22) 4035 7657
Email: mustafasanchawalla@hsbc.co.in,
anitakohli@hsbc.co.in
Website: www.hsbc.co.in
Contact Person: Mr. Mustafa Sanchawalla
SEBI Registration No. INBI00000027

ICICI Bank Limited

Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai - 400 001,
Maharashtra,
India.
Tel: +91 (22) 6631 0322, (22) 6631 0312
Fax: +91 (22) 2261 1138, (22) 6631 0350
Email: viral.bharani@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Viral Bharani
SEBI Registration No.: INBI00000004

Oriental Bank of Commerce

Merchant Banking Division,
Competent House,
IV Floor, F-14, Connaught Place,
New Delhi - 110 001,
India.
Tel: +91 (11) 4765 1953
Fax: +91 (11) 4765 1902
Email: mbd@obc.co.in
Website: www.obcindia.com
Contact Person: Mr. K.L. Bhutiani
SEBI Registration No.: INBI00000001

Punjab National Bank

Capital Market Services Branch,
PNB House, II Floor,
Sir P.M. Road,
Fort, Mumbai - 400 001,
Maharashtra,
India.
Tel: +91 (22) 2262 1122, (22) 2262 1123
Fax: +91 (22) 2262 1124
Email: pnbcapsmumbai@pnb.co.in
Website: www.pnbindia.in
Contact Person: Mr. K.K. Khurana
SEBI Registration No.: INBI00000084

HDFC Bank Limited

FIG - OPS Department,
Lodha, I Think Techno Campus,
O-3 Level, Next to Kanjurmarg Railway Station,
Kanjumarg (East),
Mumbai - 400 042,
Maharashtra,
India.
Tel: +91 (22) 3075 2928
Fax: +91 (22) 2579 9801
Email: deepak.rane@hdfcbank.com,
ajit.mann@hdfcbank.com and figdelhi@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Deepak Rane and Mr. Uday Dixit
SEBI Registration No.: INBI00000063

Union Bank of India

Union Bank Bhavan,
239 Vidhan Bhavan Marg,
Nariman Point,
Mumbai - 400 021,
Maharashtra,
India.
Tel: +91 (11) 2341 4229, 3685-87
Fax: +91 (11) 2341 3686
Email: hkbehra@unionbankofindia.com
Website: www.unionbankofindia.com
Contact Person: Mr. H.K. Behera
SEBI Registration No.: INBI00000006

Self Certified Syndicate Banks

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA process are provided at <http://www.sebi.gov.in/pmd/scsb.html> or at such other website as may be prescribed by SEBI from time to time. For details on designated branches of SCSBs collecting the ASBA Form, please refer the above mentioned link.

Refund Banker

HDFC Bank Limited

FIG – OPS Department,
Lodha, I Think Techno Campus,
O-3 Level, Next to Kanjurmarg Railway Station,
Kanjumarg (East),
Mumbai – 400 042,
Maharashtra,
India.
Tel: +91 (22) 3075 2928
Fax: +91 (22) 2579 9801
Email: deepak.rane@hdfcbank.com, ajit.mann@hdfcbank.com and figdelhi@hdfcbank.com

Website: www.hdfcbank.com
Contact Person: Mr. Deepak Rane and Mr. Uday Dixit
SEBI Registration No.: INBI00000063

Auditor to our Company

Deloitte Haskins & Sells
Address: 7th Floor, building 10, Tower B, DLF Cybercity Complex, Phase II, Gurgaon 122 002.
Tel: +91 124 6792000
Fax: +91 124 6792012
Registration No. 015125N

Bankers to our Company

Oriental Bank of Commerce
A-30-33 Connaught Place,
New Delhi - 110 001,
India.
Tel: +91 (11) 2332 1991
Fax: +91 (11) 23323007

Punjab National Bank
7, Bhikaji Cama Place,
New Delhi – 110 066,
India.
Tel: +91 (11) 2619 6846
Fax: +91 (11) 2610 1756

Corporation Bank
Capital Market Branch, 1st Floor,
Earnest House, NCPA Marg,
Nariman Point,
Mumbai - 400 021,
Maharashtra,
India.
Tel : +91 (22) 2284 1406 / (22) 2284 2764
Fax: +91 (22) 2284 3823

IDBI Bank Limited
Unit No. 2, Corporate Park,
Sion Trombay Road,
Chembur,
Mumbai - 400 071,
Maharashtra,
India.
Tel : +91 (22) 6690 8402
Fax: +91 (22) 2528 6173

Indian Bank
G-41, Connaught Circus,
New Delhi - 110 001,
India.
Tel : +91 (11) 4734 0972
Fax: +91 (11) 4734 0973

Standard Chartered Bank
270, D.N. Road, Fort,
Mumbai - 400 001,
Maharashtra,
India.
Tel : +91 (22) 2268 3955
Fax: +91 (22) 2209 2216

Union Bank of India
Industrial Finance Branch,
M-11, 1st Floor, Middle Circle,
Connaught Circus,
New Delhi - 110 001,
India.
Tel : +91 (11) 2341 7401 / (11) 2341 7402
Fax: +91 (11) 2341 7404 / (11) 2341 7405

Yes Bank Limited
2nd Floor, Tiecicon House,
Dr. E. Moses Road,
Mahalaxmi,
Mumbai - 400 011,
Maharashtra,
India.
Tel : +91 (22) 6622 9031
Fax: +91 (22) 2497 4875

Statement of Responsibilities of the Book Running Lead Managers and the Co Book Running Lead Manager

The following table sets forth the *inter se* allocation of responsibilities for various activities in relation to this Issue among the Book Running Lead Managers and the Co Book Running Lead Manager:

S. No.	Activities	Responsibilities	Proposed Coordinator
1.	Capital structuring with relative components and formalities.	All BRLMs and Co-BRLM	SBI CAP
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. Drafting & Closing of Underwriting Agreement. Preparation of application form.	All BRLMs and Co-BRLM	SBI CAP

S. No.	Activities	Responsibilities	Proposed Coordinator
	The BRLMs and the Co-BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI, including finalization of Prospectus and RoC filing.		
3.	Drafting and approval of all statutory advertisements.	All BRLMs and Co-BRLM	SBI CAP
4.	Appointment of Registrar.	All BRLMs and Co-BRLM	ICICI SECURITIES
5.	Appointment of Escrow Collection Banks.	All BRLMs and Co-BRLM	JM FINANCIAL
6.	Approval of all non-statutory advertisement including corporate advertisements.	All BRLMs and Co-BRLM	SBI CAP
7.	Appointment of Printers, IPO Grading.	All BRLMs and Co-BRLM	ALMONDZ GLOBAL
8.	Appointment of Advertisement Agency.	All BRLMs and Co-BRLM	ALMONDZ GLOBAL
9.	Preparation and finalization of the road show presentation and FAQ for the road show team	All BRLMs and Co-BRLM	JM FINANCIAL
10.	International Institutional Marketing strategy: - Finalise the list and division of investors for one to one meetings, in consultation with the Company; - Finalizing the International road show schedule and investor meeting schedules; and - Preparation of Road show presentation.	All BRLMs and Co-BRLM	JM FINANCIAL
11.	Non-Institutional and Retail marketing of the Issue, which will cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres for holding conferences of stock brokers, investors, etc. (iii) collection centres, (iv) brokers to the issue, and (v) underwriters and underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding upon the quantum of issue material.	All BRLMs and Co-BRLM	JM FINANCIAL
12.	Domestic institutions / banks / mutual funds marketing strategy - Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company; - Finalizing the list and division of investors for one to one meetings; and - Finalizing investor meeting schedules.	All BRLMs and Co-BRLM	SBI CAP
13.	Managing the book and finalization of Pricing in consultation with the Company.	All BRLMs and Co-BRLM	JM FINANCIAL
14.	Co-ordination with stock exchanges for book building software, bidding terminals and mock trading.	All BRLMs and Co-BRLM	ICICI SECURITIES
15.	The Post bidding activities including management of Escrow Accounts, co-ordination of allocation and intimation of allocation with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which include finalisation of listing and trading of instruments, despatch of certificates, demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.	All BRLMs and Co-BRLM	ICICI SECURITIES

Even if any of these activities are being handled by other intermediaries, the Book Running Lead Managers and the Co Book Running Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.

IPO Grading Agencies

Credit Analysis and Research Limited
4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Sion (East),
Mumbai – 400 022,
Maharashtra, India.
Tel: +91 (22) 6754 3456

ICRA Limited
Building no. 8, 2nd Floor,
Tower A, DLF Cyber City,
Phase II,
Gurgaon – 122 002,
Haryana,
India.

CRISIL Limited
CRISIL Houes, Central Avenuem
Hiranandani Business Park,
Powai,
Mumbai – 400 076
Maharashtra,
India.

Fax: +91 (22) 6754 3457
Email: abhinav.sharma@careratings.com
Website: www.careratings.com
Contact Person: Mr. Abhinav Sharma

Tel: +91 (0124) 4545 300
Fax: +91 (0124) 4545 350
Email: vivek@icraindia.com
Website: www.icra.in
Contact Person: Mr. Vivek Mathur

Tel: +91 (22) 3342 8025
Fax: +91 (22) 3342 8088
Email: vdongre@crsil.com
Website: www.crsil.com
Contact Person: Mr. Vinaya Dongre

IPO Grading

The IPO grading is assigned on a five point scale from 1 to 5 wherein an “IPO Grade 5” indicates strong fundamentals and “IPO Grade 1” indicates poor fundamentals. This Issue has been graded by three SEBI registered credit rating agencies i.e. Credit Analysis and Research Limited, ICRA Limited and CRISIL Limited, and has been assigned the following IPO grading:

Credit Analysis and Research Limited has assigned this Issue “CARE IPO Grade 4/5” indicating above average fundamentals through its letter dated February 7, 2011 which is valid for a period of 2 months from February 7, 2011.

ICRA Limited has assigned this Issue “ICRA IPO Grade 4/5” indicating above average fundamentals through its letter dated February 25, 2011 which is valid for a period of 6 months from February 25, 2011.

CRISIL Limited has assigned this Issue, “CRISIL IPO Grade 3/5” indicating average fundamentals relative to other listed equity securities in India through its letter dated March 1, 2011, which is valid for a period of 60 days from March 1, 2011.

A copy of the report provided by Credit Analysis and Research Limited, ICRA Limited and CRISIL Limited, furnishing the rationale for their grading have been annexed to the Red Herring Prospectus and will be made available for inspection at our Registered and Corporate Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date. For details of summary of rationale for the grading assigned by the IPO Grading Agencies, please see the section titled “*Other Regulatory and Statutory Disclosures*” on page 264.

Credit Rating

As this is an Issue comprising only Equity Shares, credit rating is not required.

Monitoring Agency

Since the Issue size is less than ₹ 5,000 million, there is no requirement for appointment of a monitoring agency.

Expert

Except the report of the Auditor of our Company on the restated audited financial information and the statement of tax benefits and the report provided by the IPO Grading Agencies (copies of such reports are annexed to the Red Herring Prospectus), furnishing the rationale for their grading which will be provided to the Indian stock exchanges, pursuant to the SEBI Regulations, we have not obtained any other expert opinions.

Project Appraisal

None of the objects of this Issue have been appraised by an independent agency.

Trustee

As this is an Issue of Equity Shares, the appointment of trustees is not required.

Book Building Process

“Book building” refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the ASBA Forms within the Price Band which will be decided by our Company and Selling Shareholder, in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager and advertised atleast two Working Days prior to Bid/Issue Opening Date. The

Issue Price shall be determined by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) our Company and the Selling Shareholder;
- (2) the Book Running Lead Managers;
- (3) the Co Book Running Lead Manager
- (4) the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with any of the Stock Exchanges and eligible to act as underwriters;
- (5) the Registrar to the Issue;
- (6) the Escrow Collection Banks; and
- (7) SCSBs.

The Issue is being made through the Book Building Process wherein up to 50% of the Issue will be allocated on a proportionate basis to QIBs (the “**QIB Portion**”), provided that the Company will allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis (the “**Anchor Investor Portion**”). Further 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ₹ 100 million. Further, Anchor Investors shall pay the entire Bid Amount at the time of submission of the Bid cum Application Form to the Book Running Lead Managers and the Co Book Running Lead Manager.

In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

Any Bidder (other than Anchor Investors) may participate in this Issue through the ASBA process by providing the details of ASBA bank accounts in which the corresponding Bid Amounts will be blocked by SCSBs. For details in this regard, specific attention is invited to the section titled “**Issue Procedure**” on page 285.

In accordance with the SEBI Regulations, QIBs bidding in the Net QIB Portion are not allowed to withdraw their Bids after the Bid/Issue Closing Date. In addition, QIBs (including the Anchor Investors) bidding in the Net QIB Portion are required to pay the Bid Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details, see the sections titled “**Terms of the Issue**” and “**Issue Procedure**” on pages 278 and 285, respectively.

Our Company and the Selling Shareholder will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company and the Selling Shareholder have appointed the Book Running Lead Managers and the Co Book Running Lead Manager to manage this Issue and procure subscriptions to this Issue.

The Book Building Process is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Steps to be taken by the Bidders for making a Bid or application in this Issue:

1. Check eligibility for making a Bid. For further details, see the section titled “**Issue Procedure**” on page 285. Specific attention of ASBA Bidders is invited to the section titled “**Issue Procedure – Issue Procedure for ASBA Bidders**” on page 313;
2. Ensure that you have a demat account and the demat account details (client ID and DP ID etc.) are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
3. Ensure that the Bid cum Application Form or ASBA Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
4. Except for Bids on behalf of the Central Government, State Government(s) and the officials appointed by the courts in terms of the SEBI circular dated June 30, 2008 and residents of the state of Sikkim in terms of

SEBI circular dated July 20, 2006, for Bids of all values, ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Form. The exemption for the Central or State Government(s) and the officials appointed by the courts and for investors residing in the State of Sikkim 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. For further details, see the section titled "**Issue Procedure**" on page 285;

5. Ensure the correctness of your Demographic Details (as defined in the section titled "**Issue Procedure – Bidder's Depository Account and Bank Account Details**" on page 293), given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
6. Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected; and
7. Bids by QIBs will only have to be submitted to members of the Syndicate or their Affiliates.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

Bidders can bid at any price within the Price Band. For instance, assuming a price band of ₹ 20 to ₹ 24 per share, an 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 Centres during the bidding period. The illustrative book as shown below indicates the demand for the shares of the issuer company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	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 Book Running Lead Managers and the Co Book Running Lead Manager, will finalise the issue price at or below such cut-off, i.e. at or below ₹ 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of this Issue

Our Company and the Selling Shareholder, in consultation with Book Running Lead Managers and the Co Book Running Lead Manager, reserve the right not to proceed with this Issue within a period of two days after the Bid/Issue Closing Date. In the event of withdrawal of this Issue, the reasons therefor shall be disclosed in a public notice which shall be published within two days of the Bid/Issue Closing Date in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspapers as well as the regional daily newspaper), each with wide circulation. The BRLMs through the Registrar to the Issue, shall notify the SCSBs to unblock the bank account of the ASBA Bidders within one day from the day of receipt of such notification and the Stock Exchanges shall be informed promptly. Further, in the event of withdrawal of the Issue and subsequently, plans of an IPO by our Company, a draft red herring prospectus will be submitted again for observations of SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.

In terms of the SEBI Regulations, QIBs bidding in the Net QIB Portion shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Bid/Issue Programme

Bidding Period

BID/ISSUE OPENING DATE*	March 16, 2011
BID/ISSUE CLOSING DATE	March 18, 2011

**Our Company will consider participation by Anchor Investors in consultation with the Selling Shareholder, the BRLMs and the Co-BRLM. The Bid/Issue Period for Anchor Investors shall be one Working Day prior to the Bid/Issue Opening Date.*

Our Company in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager, will allocate up to 30% of the QIB Portion, i.e. 78,350,000 Equity Shares, to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed. For further details, see the section titled “**Issue Procedure**” on page 285.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIBs bidding in the Net QIB Portion, Non-Institutional Bidders where the Bid Amount is in excess of ₹ 200,000 and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders, where the Bid Amount is up to ₹ 200,000. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders, except Anchor Investors, are advised to submit their Bids one Working Day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders other than Anchor Investors are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings in India, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under this Issue. In case such Bids are not uploaded, the Company, the Selling Shareholder, the Book Running Lead Manager, the Co Book Running Lead Manager and the Syndicate member shall not be responsible. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder or in case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Form as stated herein and reported by the Book Running Lead Managers and the Co Book Running Lead Manager to the Stock Exchange within half an hour of such closure.

Our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations provided that the Cap Price should not be more than 120% of the Floor Price. Subject to compliance with the above-mentioned condition, the Floor Price can move up or down to the extent of 20% of the Floor Price advertised at least two Working Days before the Bid/Issue Opening Date.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and the Co Book Running Lead Manager and at the terminals of the Syndicate Members.

Underwriting Agreement

After the determination of the Issue Price, but prior to 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 this Issue. It is proposed that pursuant to the terms of the Underwriting

Agreement, the Underwriters shall be responsible for bringing in the amount devolved to fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are 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 finalised after determination of the Issue Price before filing of the Prospectus with the RoC.)

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹million)
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue.

In case of under-subscription in the Issue, the Book Running Lead Manager as described in the section titled **“General Information – Statement of Responsibilities of the Book Running Lead Managers and the Co Book Running Lead Manager”** on page 58, responsible for underwriting arrangements shall be responsible for invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the Underwriters is issued in terms of the SEBI Regulations.

CAPITAL STRUCTURE

Our share capital before the Issue and after giving effect to the Issue, as at the date of this Red Herring Prospectus, is set forth below:

(All Amounts in ₹ except share data)

		Aggregate Value at nominal value	Aggregate Value at Issue Price
A)	AUTHORISED SHARE CAPITAL		
	1,000,000,000 Equity Shares	10,000,000,000	
B)	ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL		
	434,583,335 Equity Shares	4,345,833,350	•
C)	PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS¹		
	156,700,000 Equity Shares		
	<i>Out of which:</i>		
	(i) Fresh Issue of 127,500,000 Equity Shares	1,275,000,000	•
	(ii) Offer for Sale of 29,200,000 Equity Shares ⁽²⁾⁽³⁾	292,000,000	•
D)	EQUITY CAPITAL AFTER THE ISSUE		
	562,083,335 Equity Shares	5,620,833,350	•
E)	SHARE PREMIUM ACCOUNT		
	Before the Issue	1,662,294,588	
	After the Issue		•

1. The Issue has been authorized by a resolution of our Board dated September 24, 2010 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the annual general meeting of the shareholders of our Company held on September 24, 2010.
2. The Offer for Sale has been authorized by the Selling Shareholder pursuant to its board resolution dated December 10, 2010. The Equity Shares that are being offered under the Offer for Sale have been held by the Selling Shareholder for a period of at least one year as on the date of filing of the Draft Red Herring Prospectus with SEBI and hence are eligible for being offered for sale in this Issue. The Equity Shares of the Company being offered for sale as a part of the Issue are in dematerialised form.
3. The RBI by its letter dated February 4, 2011 and bearing no. FE.CO.FID.No. 18538/10.21.228/2010-11 has conveyed its no objection for offer for sale of 29,200,000 Equity Shares by the Selling Shareholder as a part of the Issue, subject to certain conditions prescribed therein.
4. For details of change in authorised capital of the Company, see the section titled "History and Certain Corporate Matters- Changes in Memorandum of Association".

Notes to Capital Structure

1. Share Capital History of the Company:

(a) The following is the history of the equity share capital of the Company:

Date of Allotment	Name of Allottee	No. of Equity Shares	Face Value (₹)	Issue (Price (₹))	Nature of Consideration	Nature of Allotment**	Cumulative number of Equity Shares	Cumulative Equity Share Capital (₹)	Cumulative share premium (₹)
November 30, 2006	PTC India Limited*	3,000,006	10	10	Cash	Subscription to Memorandum of Association	3,000,006	30,000,060	Nil
November 30, 2006	PTC India Limited	1,000,000	10	10	Cash	Further Allotment	4,000,006	40,000,060	Nil
May 25, 2007	PTC India Limited	50,000,000	10	10	Cash	Further Allotment	54,000,006	540,000,060	Nil
January 31, 2008	GS Strategic Investments	36,000,004	10	16	Cash	Preferential Allotment	90,000,010	900,000,100	216,000,024

Date of Allotment	Name of Allottee	No. of Equity Shares	Face Value (₹)	Issue (Price (₹)	Nature of Consideration	Nature of Allotment**	Cumulative number of Equity Shares	Cumulative Equity Share Capital (₹)	Cumulative share premium (₹)
	Limited and Macquarie India Holdings Limited being allotted 18,000,002 shares each								
April 10, 2008	PTC India Limited	91,999,994	10	10	Cash	Preferential Allotment	182,000,004	1,820,000,040	216,000,024
April 10, 2008	GS Strategic Investments Limited and Macquarie India Holdings Limited being allotted 30,666,665 shares each	61,333,330	10	16	Cash	Preferential Allotment	243,333,334	2,433,333,340	584,000,004
March 30, 2009	PTC India Limited	10,000,000	10	10	Cash	Preferential Allotment	253,333,334	2,533,333,340	584,000,004
March 30, 2009	PTC India Limited	181,250,001	10	16	Cash	Preferential Allotment	434,583,335	4,345,833,350	1,671,500,010 [#]

* Out of 3,000,006 Equity Shares, 6 Equity Shares were allotted to and are presently held by 6 nominees of PTC India Limited.

An amount of ₹ 1,116,006 was written off from the share premium account towards stamp duty on issue of shares and an amount of ₹ 8,089,416 was written off from the share premium account towards legal and professional expenses for raising funds through private placement. Accordingly, the cumulative share premium in the share premium account stands at ₹ 1,662,294,588 as of the date of this Red Herring Prospectus.

** The funds raised by way of preferential allotments from time to time were utilized by the Company towards its business activities that is, in making principal investments in and providing financial solutions for companies with projects across the energy value chain. For further details on the business of the Company, see sections titled "Our Business" and "Material Agreements" on page 102 and 140.

2. Promoter's Contribution and Lock-in

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

Name of Promoter	Date of transfer/ allotment*	Reasons for transfer/ allotment	Nature of consideration	No. of Equity Shares	Allotment/ transfer price (₹ per Equity Share)	Face Value (₹)	Pre-Issue paid up capital (%)	Post-Issue paid-up capital (%)***
PTC India Limited	November 30, 2006	Subscription to Memorandum of Association	Cash	3,000,006**	10	10	0.69%	0.53%
	November 30, 2006	Further Allotment	Cash	1,000,000	10	10	0.23%	0.18%
	May 25, 2007	Further Allotment	Cash	50,000,000	10	10	11.50%	8.90%

Name of Promoter	Date of transfer/ allotment*	Reasons for transfer/ allotment	Nature of consideration	No. of Equity Shares	Allotment/ transfer price (₹ per Equity Share)	Face Value (₹)	Pre-Issue paid up capital (%)	Post-Issue paid-up capital (%)***
	April 10, 2008	Preferential Allotment	Cash	91,999,994	10	10	21.17%	16.37%
	March 30, 2009	Preferential Allotment	Cash	10,000,000	10	10	2.3%	1.78%
	March 30, 2009	Preferential Allotment	Cash	181,250,001	16	10	41.71	32.25%
	Total			337,250,001			77.60%	60.00%

* The Equity Shares were fully paid up on the same date.

** Out of 3,000,006 Equity Shares, 6 Equity Shares were allotted to and all are presently held by 6 nominees of PTC India Limited.

*** Assuming full subscription of the Issue.

(b) Details of the build up of the Selling Shareholder's shareholding in our Company

Detailed below is the build up of the Selling Shareholder's total shareholding in our Company:

Name of Selling Shareholder	Date of transfer/ allotment*	Reasons for transfer/ allotment	Nature of consideration	No. of Equity Shares	Allotment/ transfer price (₹ per Equity Share)	Face Value (₹)	Pre-Issue paid up capital (%)	Post-Issue paid-up capital* (%)
Macquarie India Holdings Limited	January 31, 2008	Preferential Allotment	Cash	18,000,002	16	10	4.14	3.20
	April 10, 2008	Preferential Allotment	Cash	30,666,665	16	10	7.06	5.45
Total				48,666,667			11.20	8.66

* The Equity Shares were fully paid up on the same date.

** Assuming that the Issue gets fully subscribed.

(c) Details of Promoters' contribution locked in for three years are as follows:

Pursuant to explanation I of Regulation 32 of the ICDR Regulations, an aggregate of 20% of the post-Issue Equity Share Capital, i.e. 112,416,667 Equity Shares of our Company held by the Promoters shall be locked in for a period of three (3) years from the date of Allotment.

Details of the same as are follows:

Date of transfer/ allotment	Nature of allotment	Consideration	Number of Equity Shares	Face Value (₹ Per Equity Share)	Acquisition Price (₹ Per Equity Share)	% of the post Issue paid up capital*
November 30, 2006	Subscription to Memorandum of Association	Cash	3,000,000	10	10	0.53
November 30, 2006	Further Allotment	Cash	1,000,000	10	10	0.18
May 25, 2007	Further Allotment	Cash	50,000,000	10	10	8.90
April 10, 2008	Preferential Allotment	Cash	58,416,667	10	10	10.39

Date of transfer/ allotment	Nature of allotment	Consideration	Number of Equity Shares	Face Value (₹ Per Equity Share)	Acquisition Price (₹ Per Equity Share)	% of the post Issue paid up capital*
Total			112,416,667			20.00

*Assuming that the Issue gets fully subscribed.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the ICDR Regulations.

The entire shareholding of the Promoter aggregating 337,250,001 Equity Shares are eligible for three year lock in as a part of the Promoters' contribution.

The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the ICDR Regulations. In this connection, we confirm the following:

- (i) The Equity Shares offered for minimum 20% Promoters' contribution have not been acquired in the last three (3) years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or unrealized profits of our Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- (ii) The minimum Promoters' contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- (iii) Our Company has not been formed by the conversion of a partnership firm into a company;
- (iv) The Equity Shares held by the Promoters are not subject to any pledge;
- (v) The minimum Promoters' contribution does not consist of Equity Shares for which specific written consent has not been obtained from the Promoters for inclusion of their subscription in the minimum Promoters' contribution subject to lock-in.

(d) Details of other Equity Shares locked in for one year

Other than the above Equity Shares that shall be locked in for three years, the entire pre-Issue capital excluding Equity Shares forming part of the Offer for Sale, constituting 292,966,668 Equity Shares, is locked in for a period of one year from the date of Allotment of Equity Shares in the Issue.

Further, Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

Pursuant to Regulation 40 of the ICDR Regulations, Equity Shares held by the Promoters, as per Regulation 36 of the ICDR Regulations, may be transferred to and among the Promoters or the Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Code, as applicable.

Further, pursuant to Regulation 40 of the ICDR Regulations, Equity Shares held by shareholders other than the Promoters, as per Regulation 37 of the ICDR Regulations, may be transferred to any other person holding shares which are locked-in, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Code, as applicable.

(e) Other requirements in respect of lock-in:

The locked in Equity Shares held by the Promoters can 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 such pledge of the Equity Shares is one of the terms of the sanction of the loan. However, Equity Shares locked in as Promoters' Contribution can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the Objects of the Issue.

The Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.

3. Employee Stock Option Scheme (details as of December 31, 2010)

Our Company has an employee stock option plan i.e. ESOP Scheme 2008 for grant of 21,729,166 options. The ESOP Scheme 2008 is administered by the Compensation Committee of the Board. The employee stock options under the ESOP Scheme have been granted by way of two tranches in 2008 and 2009. Tranche 1 and tranche 2 were approved by our shareholders in the EGM held on October 27, 2008 and October 23, 2009 respectively

In the first tranche in 2008, 10,075,000 options were granted out of which 8,865,000 options were granted as growth options (“**Growth Options**”) at an exercise price of ₹ 16 and 1,210,000 options were granted as founder member options (“**Founder Member Options**”) at an exercise price of ₹ 10. In 2009 through the second tranche, 10,075,000 options were granted as “Growth Options” at an exercise price of ₹ 16.

Out of the total granted options, employees to whom 14,473,400 Growth Options and 1,200,000 Founded Member Options had been granted, either left the Company without exercising them or surrendered the options. Therefore, such 15,673,400 options have again become available for grant under the ESOP pool. Further, no options have been exercised as of date. Accordingly, the total number of outstanding options under ESOP Scheme 2008 is 4,476,600. Furthermore, as per vesting schedule 1,070,490 options have vested and 3,406,110 options are pending vesting. The terms and conditions of the ESOP Scheme 2008 (first and second tranche) are detailed below:

Particulars	Details		
	Date of grant	No. of options granted	Price per Equity Share
Options granted			
	December 4, 2008	1,210,000	₹ 10 (Founder Member Options)
		8,865,000	₹ 16 (Growth Options)
	October 23, 2009	10,075,000	₹ 16 (Growth Options)
	Total options granted	201,50,000	
	Less options forfeited/ surrendered	15,673,400	
	Less options exercised	Nil	
	Total options outstanding under ESOP Scheme	4,476,600	
Pricing formula	The exercise price is decided by the Compensation Committee of the Board.		
Vesting period	The options shall vest over a period of 4 years in the following proportion:		
	After 1 year from Date of Grant : 15% of Options Granted After 2 year from Date of Grant : 15% of Options Granted After 3 year from Date of Grant : 30% of Options Granted After 4 year from Date of Grant : 40% of Options Granted		
Options vested (excluding the options that have been exercised)	1,070,490		
Options exercised	Nil		
The total number of shares arising as a result of exercise of options (including options that have been exercised)	Nil		
Options lapsed	Nil		
Variation of terms of options	Nil		
Money realised by exercise of options	Nil		
Total number of options in force.	4,476,600		
Employee wise detail of options			

granted to					
(i) Senior managerial personnel	Name of the senior managerial personnel	No. of options granted under the ESOP Scheme 2008 (First Tranche)		No. of options granted under the ESOP Scheme 2008 (Second Tranche)	
		Growth Options	Founder Member Options	Growth Options	Founder Member Options
	1. Mr. Vijay Singh Bisht 2. Mr. Vishal Goyal 3. Mr. Ambuj Kumar Choudhary	900,000 150,000 150,000	Nil Nil Nil	488,000 119,000 128,000	Nil Nil Nil
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	None				
(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital excluding outstanding warrants and conversions) of the Company at the time of grant	None				
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard.		December 2010	March 2010	March 2009	March 2008
	Basic EPS	0.72	0.59	0.35	0.31
	Diluted EPS*	0.70	0.59	0.35	0.31
* The potential equity shares are anti dilutive					
Lock-in	None				
Impact on profit and EPS of the last three years	1. Impact on profitability				
	<i>(in ₹ Million)</i>				
	Particulars	Period ended December 31, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
	Profit as reported for the year	312.18	254.52	85.30	16.41
	Add: Employee stock compensation under intrinsic value method	(8.12)	11.4	1.00	Nil
	Less: Employee stock compensation under fair value method	(47.64)	62.46	15.96	Nil
	Pro forma profit	351.70	203.46	70.34	16.41
	2. Impact on basic/diluted EPS				
	<i>(In ₹)</i>				
	Particular	Period ended December 31, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
- As reported					
(in ₹)	Basic Dilutive	0.72	0.59	0.35	0.31
	- As pro forma	0.70	0.59	0.35	0.31
(in ₹)					
Basic Dilutive		0.81	0.47	0.29	0.31
		0.70	0.47	0.29	0.31
Difference, if any, between employee compensation cost					
		December	March	March	March

(calculated according using the intrinsic value of stock options) and the employee compensation cost (calculated on the basis of fair value of stock options)	<table><tr><td></td><td>2010</td><td>2010</td><td>2009</td><td>2008</td></tr><tr><td>Impact on Profit (In ₹ million)</td><td>39.52</td><td>(51.06)</td><td>(14.96)</td><td>Nil</td></tr></table>					2010	2010	2009	2008	Impact on Profit (In ₹ million)	39.52	(51.06)	(14.96)	Nil															
	2010	2010	2009	2008																									
Impact on Profit (In ₹ million)	39.52	(51.06)	(14.96)	Nil																									
Impact of the difference on the profits of the Company and on the earnings per share	Presently the Company follows intrinsic value method to compute employee compensation cost. If fair value method is adopted for computing the same, then the impact on profit and earning per share would be as under: <table><tr><td></td><td>December 2010</td><td>March 2010</td><td>March 2009</td><td>March 2008</td></tr><tr><td>Impact on Profit (In ₹ million)</td><td>39.52</td><td>(51.06)</td><td>(14.96)</td><td>Nil</td></tr><tr><td>Impact on EPS (In ₹)</td><td></td><td></td><td></td><td></td></tr><tr><td>Basic</td><td>0.09</td><td>(0.12)</td><td>(0.06)</td><td>Nil</td></tr><tr><td>Dilutive</td><td>0.00</td><td>(0.12)</td><td>(0.06)</td><td>Nil</td></tr></table>					December 2010	March 2010	March 2009	March 2008	Impact on Profit (In ₹ million)	39.52	(51.06)	(14.96)	Nil	Impact on EPS (In ₹)					Basic	0.09	(0.12)	(0.06)	Nil	Dilutive	0.00	(0.12)	(0.06)	Nil
	December 2010	March 2010	March 2009	March 2008																									
Impact on Profit (In ₹ million)	39.52	(51.06)	(14.96)	Nil																									
Impact on EPS (In ₹)																													
Basic	0.09	(0.12)	(0.06)	Nil																									
Dilutive	0.00	(0.12)	(0.06)	Nil																									
Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.																												
Weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.																												
Method and significant assumptions used to estimate the fair value of options granted during the year																													
Method used	Black Scholes Option Pricing Model																												
	March 31, 2010	March 31, 2009																											
	Growth Options	Growth Options	Founder Member Options																										
Price per Options (in ₹)	16	16	10																										
Risk free return	7.27%	7.00%	7.00%																										
Expected life (in years)	5	5	5																										
Expected volatility	29.64%	73.60%	73.60%																										
Expected dividends	N.A.	N.A.	N.A.																										
Price of underlying shares in market at the time of the options grant	N.A.	N.A.	N.A.																										
Impact on the profits and EPS of the Company if the Company had followed the accounting policies specified in Clause 13 of the ESOP Guidelines.	The Company is presently following the accounting policies specified in Clause 13 of the ESOP Guidelines and the impact on profits and EPS are as disclosed above.																												
Intention of the holders of equity shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	The Company is not aware of any such intention of holders of such options to sell equity shares on conversion of such option within 3 month after the listing of Equity Shares pursuant to the Issue																												
Intention to sell equity shares rising out of the ESOP Scheme 2008 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having	N.A.																												

equity shares arising out of the ESOP Scheme 2008 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	
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4. Shareholding Pattern

- (a) The table below presents our equity shareholding patterns as per Clause 35 of the listing agreement as on the date of this Red Herring Prospectus:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1	337,250,001*	0	77.60	0.00	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
		0	0	0	0.00	0.00	0	0.00
	Sub Total(A)(1)	1	337,250,001*	0	77.60	0.00	0	0.00
2	Foreign							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
b	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
c	Institutions	0	0	0	0.00	0.00	0	0.00
d	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1	337,250,001*	0	77.60	0.00	0	0.00
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00	0	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00	0	0.00

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of shares	As a percentage
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B)(1)	0	0	0	0.00	0.00	0	0.00
B 2	Non-institutions							
(a)	Bodies Corporate	2	97,333,334	0	22.40	0.00	0	0.00
(b)	Individuals	0	0	0	0.00	0.00	0	0.00
I	Individual shareholders holding nominal share capital up to ₹ 1 lakh	0	0	0	0.00	0.00	0	0.00
II	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	0	0	0	0.00	0.00	0	0.00
(c)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
(c-i)	NRIs/OCBs	0	0	0	0.00	0.00	0	0.00
(c-ii)	Clearing Members	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B)(2)	2	97,333,334	0	22.40	0.00	0	0.00
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	2	97,333,334	0	22.40	0.00	0	0.00
	TOTAL (A)+(B)	3	434,583,335	0	100.00	0.00	0	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
	GRAND TOTAL (A)+(B)+(C)	3	434,583,335	0	100.00	0.00	0	0.00

* PTC India Limited is holding 6 Equity Shares through 6 nominees of which 1 such nominee viz. Mr. Tantra Narayan Thakur is the chairman and managing director, both on the Board of the Company and the Promoter, 1 nominee viz. Mr. Deepak Amitabh is a Director on the board of our Promoter and 1 nominee viz. Mr. Vijay Singh Bisht is a Key Management Personnel of the Company.

(b) The table below presents our equity shareholding pattern before and after the proposed Issue:

Category	Pre-Issue		Post-Issue**	
	No. of Equity Shares	Percentage	No. of Equity Shares	Percentage
A. Promoter				
PTC India Limited	337,250,001*	77.60	337,250,001	60.00
B. Promoter Group	Nil	Nil	Nil	Nil
C. Investors				
GS Strategic Investments Limited	48,666,667	11.20	48,666,667	8.66
Macquarie India Holdings Limited	48,666,667	11.20	19,466,667	3.46
D. Public (in the Issue)	Nil	Nil	156,700,000	27.88
Total (A+B+C+D)	434,583,335	100.00	562,083,335	100.00

* PTC India Limited is holding 6 Equity Shares through 6 nominees of which 1 such nominee viz. Mr. Tantra Narayan Thakur is the chairman and managing director, both on the Board of the Company and the Promoter, 1 nominee viz. Mr. Deepak Amitabh is a Director on the board of our Promoter and 1 nominee viz. Mr. Vijay Singh Bisht is a Key Management Personnel of the Company.

** Assuming that the Issue gets fully subscribed

Except as disclosed above, none of the BRLMs, Co-BRLM, our Promoter or its directors, Promoter Group, Directors and Key Management Personnel hold any Equity Shares.

Our Promoter Group does not hold any Equity Shares. Further, for details of the Equity Shares held by our Directors, see section titled “*Our Management-Shareholding of our Directors*” on page 157 of this Red Herring Prospectus.

5. Top ten (10) shareholders

The list of our top 10 shareholders and the number of Equity Shares held by them is provided below:

- (a) Our shareholders as on the date of filing and 10 days prior to filing of this Red Herring Prospectus are as follows:

S. No.	Name of Shareholder	No. of Equity Shares	Percentage
1.	PTC India Limited	337,250,001*	77.60
2.	GS Strategic Investments Limited	48,666,667	11.20
3.	Macquarie India Holdings Limited	48,666,667	11.20
	Total	434,583,335	100

* PTC India Limited is holding 6 Equity Shares through 6 nominees of which 1 such nominee viz. Mr. Tantra Narayan Thakur is the chairman and managing director, both on the Board of the Company and the Promoter, 1 nominee viz. Mr. Deepak Amitabh is a Director on the board of our Promoter and 1 nominee viz. Mr. Vijay Singh Bisht is a Key Management Personnel of the Company.

- (b) Our top ten shareholders as of two years prior to filing this Red Herring Prospectus, i.e. March 3, 2009 were as follows:

S. No.	Shareholder's Name	No. of Equity Shares	Percentage
1.	PTC India Limited	146,000,000	60.00
2.	GS Strategic Investments Limited	48,666,667	20.00
3.	Macquarie India Holdings Limited	48,666,667	20.00
	Total	243,333,334	100

- Our Company, the Selling Shareholder, Promoter Group, the Promoter, the Directors and the BRLMs and Co-BRLM have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares through this Issue from any person.
- During the period of six months immediately preceding the date of filing of this Red Herring Prospectus, no financing arrangements existed whereby our Promoter or its directors, our Directors, our Promoter Group and their relatives may have financed the purchase of Equity Shares by any other person, other than in the normal course of the business of such financing entity.
- None of our Promoter or its directors, Promoter Group, Directors or their immediate relatives have purchased or sold any Equity Shares within the six months preceding the date of filing of this Red Herring Prospectus with SEBI.
- None of the BRLMs and the Co-BRLMs along with their respective associates have any shareholding in the Company.
- The Issue is being made through the Book Building Process wherein up to 50% of the Issue will be available for allocation on a proportionate basis to QIBs (“**QIB Portion**”). Provided that up to 30% of the QIB Portion will be allocated to Anchor Investors, on a discretionary basis (“**Anchor Investor Portion**”). For details, see the section titled “*Issue Procedure*” on page 285 of this Red Herring Prospectus. Further, 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall 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 Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate

basis to Retail Individual Bidders.

11. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category would be met with spill-over from other categories or combination of categories, at the sole discretion of our Company, in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager and the Designated Stock Exchange. Such inter-se spill-over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
12. Oversubscription, if any, to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allotment'. Consequently, the Allotment may increase by a maximum of 10% of this Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoter's Contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.
13. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor. For further details, see the section titled "**Issue Procedure**" on page 285.
14. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
15. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
16. As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares is 9 (including 6 shareholders holding shares as nominees of our Promoter i.e. PTC India Limited)
17. We have not raised any bridge loans against the proceeds of the Issue.
18. There are no partly paid up Equity Shares in our Company. All the Equity Shares will be fully paid up at the time of Allotment.
19. Other than ESOPs, there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments.
20. We have not issued any Equity Shares out of revaluation reserves. Further, our Company has not issued any Equity Shares for consideration other than cash.
21. Our Company will not, without the prior written consent of the BRLMs and Co-BRLM, during the period commencing from the date of this Red Herring Prospectus and ending 180 calendar days after the Bid Opening Date alter our capital structure including 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 preferential or otherwise. However, when we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares for participation in such acquisitions or joint ventures or to use such shares as consideration for such joint ventures.
22. As on the date of this Red Herring Prospectus, the Equity Shares held by the Promoter are not subject to any pledge.
23. Our Promoter and members of the Promoter Group will not participate in the Issue.
24. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
25. Our Company shall ensure that transactions in the Equity Shares by our Promoter and the Promoter Group between the date of filing of the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be intimated to the Stock Exchanges within 24 hours of such transaction.

OBJECTS OF THE ISSUE

The Issue comprises the Fresh Issue and the Offer for Sale.

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale.

Object of the Fresh Issue

The Company intends to utilize the proceeds from the Fresh Issue, after deduction of the Issue expenses of our Company (the “**Net Proceeds**”) for the following objects:

- a) augment our capital base to meet our future capital requirements arising out of growth in our business; and
- b) to achieve the benefits of listing on the Stock Exchanges.

The main objects clause of our Memorandum enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through this Issue. The activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum.

Issue Proceeds and Net Proceeds

The details of the Issue Proceeds and Net Proceeds are summarized below:

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

* Will be incorporated after finalization of the Issue Price

** Excluding, Selling Shareholder share of Issue Expenses

Utilization of Net Proceeds and Means of Finance

As there is no project to be implemented, the Net Proceeds will be used to augment our capital base to meet our future capital requirements arising out of growth in our business.

Our funding requirements and the deployment of the Net Proceeds are currently based on estimates of our management. Our funding requirements are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions, and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy. In certain cases, the delays may be caused due to external factors such as change in prevailing economic conditions or applicable regulatory requirements, which consequently, may change our fund requirements.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time. Our funding requirements and deployment of the Net Proceeds may accordingly change, in light of changes in external circumstances or in our financial condition, business or strategy. This may also include rescheduling the proposed utilization of Net Proceeds. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for a particular purpose at the discretion of our management, within the objects of the Fresh Issue mentioned above. In the event that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal.

Issue Related Expenses

The expenses for this Issue forming part of Issue Proceeds includes BRLMs and Co-BRLM fees, underwriting commission and selling commission (including commission to SCSBs for ASBA applications), registrar’s fees,

advertisement and marketing expenses, printing and distribution expenses, legal fees, SEBI filing fees, Stock exchanges filing fees, bidding software expenses, depository charges and listing fees to the Stock Exchanges.

The estimated Issue related expenses are as under:

Activity	Amount (₹ million)	% of the Issue Expenses	% of total Issue Size
BRLM fees*	[●]	[●]	[●]
Co-BRLM fee*	[●]	[●]	[●]
Underwriting commission and selling commission (including commission to SCSBs for ASBA applications)*	[●]	[●]	[●]
Registrar's fees*	[●]	[●]	[●]
Advertisement and marketing expenses*	[●]	[●]	[●]
Printing and distribution expenses*	[●]	[●]	[●]
Advisors*	[●]	[●]	[●]
Bankers to the Issue*	[●]	[●]	[●]
Others (SEBI filing fees, Stock exchanges filing fees, bidding software expenses, depository charges, listing fees, etc.) *	[●]	[●]	[●]
Total	[●]	[●]	[●]

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

Other than the listing fee, which shall be borne only by the Company, the expenses relating to the Issue as mentioned above will be borne by our Company and the Selling Shareholder in proportion of the Equity Shares issued or offered for sale as the case may be in the Issue. The Selling Shareholder has authorised our Company to deduct from the Issue Proceeds, set-off or otherwise claim and receive from it, expenses of the Issue required to be borne by our Company, in proportion to our Equity Shares offered by the Selling Shareholder.

Interim use of funds

Our management, 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 invest the funds in high quality interest bearing liquid instruments including money market Mutual Funds, deposits with banks for the necessary duration or for reducing overdrafts. Such investments would be in accordance with investment policies approved by our Board from time to time. Other than the investments made by the Company as a part of the Company's business activities, we confirm that, pending utilization of the Net Proceeds, we shall not use the funds for any investments in the equity markets.

Monitoring Utilization of Funds

Our Board shall monitor the utilization of the Net Proceeds. We will disclose the utilization of the Net Proceeds under a separate head along with details, for all such Net Proceeds that have not been utilized. We will indicate investments, if any, of unutilized Net Proceeds in our balance sheet.

Pursuant to Clause 49 of the listing agreement, our Company shall on a quarterly basis disclose to the Audit Committee, the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement will be certified by our statutory auditors.

Appraisal

No bank or financial institution or any other independent third party organization has appraised the Object.

Bridge Financing Facilities

We have not raised any bridge loan against the Issue Proceeds.

Other confirmations

There are no material existing or anticipated transactions with our Promoter, Directors or Key Managerial Personnel or Associate Companies or Group Companies in relation to the utilisation of the Net Proceeds. No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, our Directors, or Key Managerial Personnel, except in the normal course of business and in compliance with the applicable law.

No funds have been brought in as Promoter's contribution.

BASIS FOR THE ISSUE PRICE

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

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs and Co BRLM, 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 the sections titled “*Risk Factors*” and “*Financial Information*” on pages 14 and 176, respectively. The financial data presented in this section are based on the Company’s audited unconsolidated financial statements.

Qualitative Factors

We believe the following are our primary strengths:

- Composite financial services platform focused on all areas of the energy value chain;
- PTC relationship and brand;
- Strong domain knowledge and expertise with exclusive focus on the power sector;
- Flexibility due to NBFC and IFC status;
- Demonstrated growth and robust balance sheet;
- Nimble management structure; and
- Effective risk management framework;

For further details which form the basis for computing the price, see the sections titled “*Our Business*” and “*Risk Factors*” on pages 102 and 14, respectively.

Quantitative Factors

The information presented below relating to the Company is based on the audited restated financial statements for Fiscals 2008, 2009 and 2010, and the Nine months ended December 31, 2010 prepared in accordance with Indian GAAP and restated in accordance with the ICDR regulations. For details, see the section titled “*Financial Information*” on page 176.

1. Earning Per Share (EPS)

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2008	0.31	0.31	1
March 31, 2009	0.35	0.35	2
March 31, 2010	0.59	0.59	3
Weighted Average	0.46	0.46	

For the Nine months ended December 31, 2010, the Basic EPS was ₹ 0.72 and Diluted EPS was ₹ 0.70.

Notes:

- 1) *Basic EPS has been computed by dividing adjusted net profit after tax and before (as per financial statements) extraordinary items, by the basic weighted average number of Equity Shares outstanding during the period/ year.*
- 2) *Diluted EPS has been computed by dividing adjusted net profit after tax and after extraordinary items, by the diluted weighted average number of Equity Shares outstanding during the period/ year.*

2. Price/Earning (P/E) ratio in relation to the Price Band

- a) P/E based on the Basic EPS

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)

P/E based on the Basic EPS for the year ended March 31, 2010 of ₹ 0.59	[•]	[•]
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b) P/E based on the Diluted EPS

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)
P/E based on the Diluted EPS for the March 31, 2010 of ₹ 0.59	[•]	[•]
P/E based on weighted average Diluted EPS for the Fiscal 2010 of ₹ 0.46	[•]	[•]

3. Return on Adjusted Net Worth (“RONW”)

Year ended	RONW (%)	Weight
March 31, 2008	1.48	1
March 31, 2009	1.40	2
March 31, 2010	4.00	3
Weighted Average	2.71	

For the Nine months ended December 31, 2010, the RONW was 4.70%.

Notes:

- 1) Return on adjusted net worth has been computed by dividing the adjusted net profit after tax and after extraordinary items by the net worth after adjustment of miscellaneous expenditures, to the extent not written off.

4. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2010:

- a) At the lower end of the Price Band: [•]%
b) At the higher end of the Price Band: [•]%

5. Net Asset Value per Equity Share

- a) Net Asset Value per Equity Share as on March 31, 2010: ₹ 14.63
b) Net Asset Value per Equity Share as on December 31, 2010: ₹ 15.29
c) Net Asset Value per Equity Share after the Issue as on [•]: ₹ [•]*
d) Issue Price: ₹ [•]*

Notes:

- 1) Net asset value per equity share has been computed by dividing net worth after adjustment of miscellaneous expenditures, to the extent not written off by the number of equity shares outstanding at the end of the period/ year.

* Since the Issue is being made through the Book Building Process, the Issue 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.

Bidders should note that pursuant to the letter dated March 9, 2011 from the Selling Shareholder, discount of ₹ [•] to the Issue Price is being offered to Retail Individual Bidders.

6. Comparison with Industry Peers

We provide equity investment and financing solutions for the broader energy value chain and do not have any peer group listed companies in India with which we can be compared with.

The Issue Price of ₹ [●] has been determined by our Company and the Selling Shareholder, in consultation with the BRLMs and Co-BRLM, 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 the sections titled “***Risk Factors***” and “***Financial Information***”, including important profitability and return ratios, on pages 14 and 176, 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 the section titled “***Risk Factors***” on page 14, and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

PTC India Financial Services Limited
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi – 110 066,

Sirs,

We hereby report that the enclosed Annexure A states the possible tax benefits available to **PTC India Financial Services Limited** ('the Company') and its shareholders under The Income Tax Act, 1961 and The Wealth Tax Act, 1957 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, may or may not choose to fulfill. The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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 issue.

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

- the Company or its shareholders will continue to obtain these benefits in future ; or
- the conditions prescribed for availing the benefits have been / would be met with.

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 should be read together with note 10 to the Annexure A.

No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the SEBI ICDR Regulations).

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 090295)

GURGAON, MARCH 3, 2011

Annexure - A

The information provided below sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed below are not exhaustive. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the Selling Shareholder, 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 issue.

Statement of possible Direct Tax Benefits available to PTC India Financial Services Limited and It's Shareholders

1. Benefits available to the Company

Under the Income-tax Act, 1961 ('Act')

1.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by domestic companies are exempt in the hands of the Company as per the provisions of Section 10(34) of the Act.

1.2 Dividends exempt under Section 10(35)

The Company will be eligible for exemption of dividend income in accordance with and subject to the provisions of Section 10(35) of the Act.

1.3 Dividend Distribution Tax:

The domestic company is required to pay dividend distribution tax u/s 115O @ 15% (plus applicable surcharge and education cess and secondary and higher education cess).

1.4 Depreciation

The Company is entitled to claim depreciation on:

- specified tangible assets (being Buildings, Plant and Machinery, Computer, etc.); and
- intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business under section 32 of the Act.

In case of any new plant and machinery such as wind mill, (other than ships and aircraft) not been used either within India or outside India by another person that will be acquired and installed by the Company engaged in the business of manufacture or production of any article or thing, the Company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.

Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs as per section 32 (2) subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73 of the Act.

1.5 Preliminary Expenditure:

As per Section 35D, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company in connection with extension of its undertaking or in connection with setting up a

new unit for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions and limits specified in that section 35D(3).

1.6 Carry forward of business loss

Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

1.7 MAT Credit:

As per section 115JAA(1A), the Company is eligible to claim credit for Minimum Alternate Tax (MAT) paid under sub-section (1) of section 115JB for any AY commencing on or after April 1, 2006 against normal income tax payable in subsequent AYs. MAT credit shall be allowed under sub-section (1A) shall be the difference of the tax paid for any AY under sub-section (1) of section 115JB and the amount of tax payable by the assessee on his total income computed in accordance with the other provisions of this Act.

The amount of tax credit determined shall be carried forward and set off up to 10 (ten) AYs immediately succeeding the assessment year in which tax credit becomes allowable.

1.8 Computation of capital gains

1.8.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of the Unit Trust of India or units of a mutual fund specified under section 10(23D) of the Act or Zero-Coupons bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

1.8.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains [other than gains on transfer of bonds or debentures (other than capital indexed bonds issued by the government)], it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

1.8.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or Units or Zero-Coupons bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

1.8.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax (“STT”) shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

1.8.5 Exemption of capital gain from income tax

- According to section 10(38) of the Act, long-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be exempt from tax.
- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. Deduction under section 54EC of the Act is restricted to Rs. 50 lacs during any financial year. However, if the said bonds are

transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

1.9 Other specified deductions

Subject to fulfillment of conditions, the Company will be eligible, *inter alia*, for the following specified deductions in computing its business income:-

- 1.9.1 According to section 36(1)(viii) of the Act, the Company being a financial corporation will be eligible for deduction at 20% of the profits derived from the business of providing long term finance for specified purposes computed in the manner specified under the section and carried to a Special Reserve account created and maintained by the Company.

The deduction will be allowed subject to the aggregate of the amounts transferred to the Special Reserve Account for this purpose from time to time not exceeding twice the paid-up share capital and general reserves of the Company. The amount withdrawn from such a Special Reserve Account will be chargeable to income tax in the year of withdrawal, in accordance with the provisions of Section 41(4A) of the Act.

- 1.9.2 According to section 80(IA)(1) of the Act read with section 80(IA)(4)(iv)(a) of the Act, profits derived from the distribution and generation of power shall be eligible for 100 percent deduction subject to fulfillment of certain conditions. Accordingly, the profits derived by the Company out of generation and distribution of power shall be eligible for tax deduction.

2. Benefits available to resident shareholders

2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

2.2 Computation of capital gains

- 2.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of the Unit Trust of India or units of a mutual fund specified under section 10(23D) of the Act or Zero-Coupons bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

- 2.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

- 2.2.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or Units or Zero-Coupons bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

- 2.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

2.2.5 Exemption of capital gain from income tax

- According to section 10(38) of the Act, long-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from tax.
- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Deduction under section 54EC of the Act is restricted to Rs. 50 lacs during any financial year. Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act [applicable to individuals and Hindu Undivided Families (HUFs)].
- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. If the specified conditions prescribed in section 54F of the Act are not followed, then, the exemption claimed will be revoked and the gains so exempted will be taxable as long term capital gains in the year in which default is committed.

3. Benefits available to Non-Resident Indian shareholders

3.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

3.2 Computation of capital gains

- 3.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of the Unit Trust of India or units of a mutual fund specified under section 10(23D) of the Act or Zero-Coupons bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".
- 3.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.
- 3.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.

According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or Units or Zero-Coupons bonds,

calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

- 3.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

3.2.5 *Options available under the Act*

Where shares have been subscribed to in convertible foreign exchange –

Option of taxation under Chapter XII-A of the Act:

Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- According to the provisions of section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit. Further, short term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 20 percent (plus applicable surcharge and education cess).
- According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
- Further, if the specified asset or savings certificate in which the investment has been made is transferred / converted into money within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred / converted.
- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- As per the provisions of Section 115I of the 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 for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

- 3.2.6 *Exemption of capital gain from income tax (not applicable in case non-resident Indian shareholder opts for taxability discussed above under Para 3.2.5)*

- According to section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.
- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. Deduction under section 54EC of the Act is restricted to Rs. 50 lacs during any financial year. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.
- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. If the specified conditions prescribed in section 54F of the Act are not followed, then, the exemption claimed will be revoked and the gains so exempted will be taxable as long term capital gains in the year in which default is committed.

4. Benefits available to other Non-residents

4.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

4.2 Computation of capital gains

- 4.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of the Unit Trust of India or units of a mutual fund specified under section 10(23D) of the Act or Zero-Coupons bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.
- 4.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company’s shares by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.
- 4.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or Units or Zero-Coupons bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

4.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

4.2.5 Exemption of capital gain from income tax

- According to section 10(38) of the Act, long-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from tax.
- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. Deduction under section 54EC of the Act is restricted to Rs. 50 lacs during any financial year. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act (applicable to individuals).

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. If the specified conditions prescribed in section 54F of the Act are not followed, then, the exemption claimed will be revoked and the gains so exempted will be taxable as long term capital gains in the year in which default is committed.

4.3 Where the gains are offered to tax as 'Profits and gains of Business or profession' by the shareholder, then, STT paid by the shareholder on such transaction would be considered as deduction against such Business Income under section 36(1)(xv) of the Act.

5. Benefits available to Foreign Institutional Investors ('FIIs')

5.1 Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

5.2 Taxability of capital gains

As per the provisions of section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under section 10(38) of the Act at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains	30

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to an FII.

According to Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% per cent (plus applicable surcharge and education cess).

5.3 Exemption of capital gain from income tax

According to section 10(38) of the Act, long-term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from tax.

6. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

7. Tax Treaty benefits

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

8. Benefits available under the Wealth-tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

9. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

10. The above Statement of Possible Direct Tax 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. The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

SECTION IV – ABOUT THE COMPANY

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 ("GoI") and its various ministries and from various multi-lateral institutions. This information has not been prepared or independently verified by us or any of our advisors including the BRLMs or the CBRLM, and should not be relied on as if it had been so prepared or verified. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" in this Draft Red Herring Prospectus. Unless otherwise indicated, the data presented exclude captive generation capacity.

Overview of the Indian Economy

India is the fifth largest economy in the world after the European Union, United States of America, China and Japan in purchasing power parity terms with an estimated GDP (purchasing power parity) of US\$ 3.68 trillion in 2009. India is also among the fastest growing economies globally and has grown at an average rate of more than 7.0% since 1997. An industrial slowdown early in 2008, followed by the global financial crisis, led annual GDP growth to slow to 6.5% in 2009, still the second highest growth in the world among major economies (*Source: CIA World Factbook website*). India escaped the brunt of the global financial crisis because of cautious banking policies and a relatively low dependence on exports for growth. According to the revised estimates of the Central Statistical Organisation (CSO) India's GDP grew at a rate of 7.4% in the fiscal year 2010.

The following table presents a comparison of India's real GDP growth rate with the real GDP growth rate of certain other countries:

Countries	2007*	2008*	2009*
Australia	4.8%	2.3%	1.3%
Brazil	6.1%	5.1%	-0.2%
China	13.0%	9.0%	9.1%
Germany	2.5%	1.3%	(4.9%)
India	9.0%	7.4%	7.4%
Japan	2.3%	(1.2%)	(5.3%)
South Korea	5.1%	2.3%	0.2%
Malaysia	6.5%	4.7%	(1.7%)
Russia	8.1%	5.6%	(7.9%)
Thailand	4.9%	2.5%	(2.2%)
United Kingdom	2.7%	(0.1%)	(4.9%)
United States	1.9%	0.0%	(2.6%)

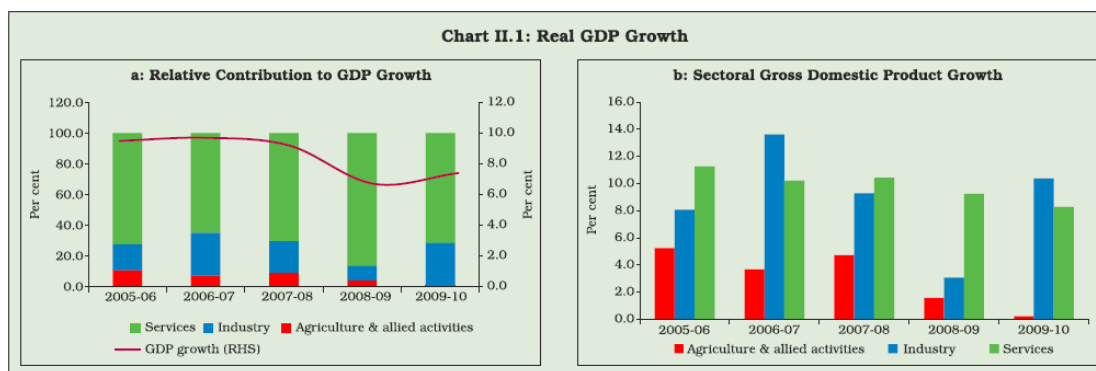
* Estimated

(Source: CIA World Factbook, website: <https://www.cia.gov/library/publications/the-world-factbook>)

Investment in India has, remained relatively stable despite the global slowdown and has been growing at a rate higher than that of GDP. There has been upward trend in the growth of the private investment. The recovery was broad based with mining and quarrying, manufacturing, and electricity, gas and water supply recording impressive growth rates. (Source: Ministry of Finance: Economic Survey, 2009-10)

India's ability to recover from the global slowdown and its own domestic liquidity crunch has been driven by the country's large domestic savings (including corporate retained earnings) and private consumption. Further, the GoI's fiscal policies and the monetary policies of the Reserve Bank of India have also played an important role in the revival of economic growth. In particular, the GoI as part of its fiscal stimulus package took the following initiatives to promote consumption in the economy: (i) increased GoI expenditure especially on infrastructure; and (ii) reduced taxes to spur consumption. The RBI has also taken various other steps to stimulate the economy including by (a) reducing the cash reserve ratio (CRR) to 6.00%; (b) maintaining the statutory liquidity ratio (SLR) at 25.00%; (c) reducing the repo rate to 6.25%; and (d) reducing the reverse repo rate to 5.35%. (Source: RBI)

A strong recovery in the industrial sector combined with a resilient services sector muted the impact of a deficient South-West monsoon on overall output. The contribution of the industrial sector to the overall growth increased sharply from 9.5% in 2008-2009 to 28.0% in 2009-2010. (Source: RBI, 2009-2010 Annual Report)

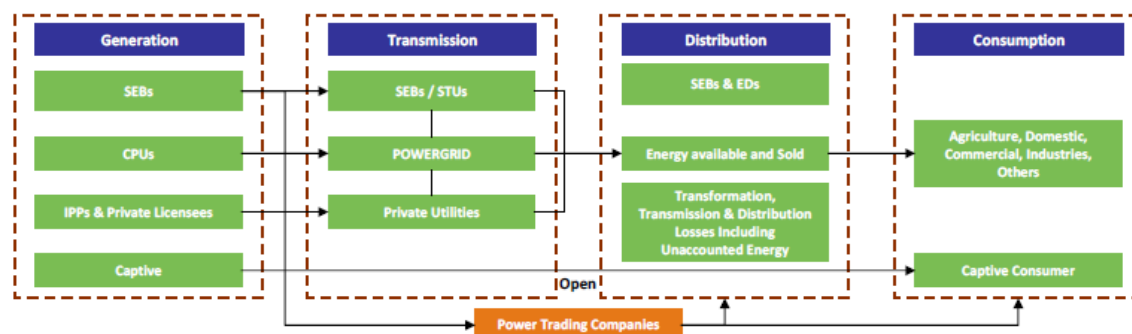


Source: RBI, 2009-2010 Annual Report

The Indian economy witnessed robust recovery in growth in the last quarter of fiscal 2010. Most of the business expectation surveys suggest continuation of the growth momentum in fiscal 2011. The Industrial Outlook Survey of the Reserve Bank indicates further improvement in several parameters of the business environment for the three months ended September 30, 2010 quarter. The Professional Forecasters' Survey conducted by the Reserve Bank in June 2010 places overall (median) GDP growth rate for fiscal 2011 at 8.4%, higher than 8.2% reported in the previous round of the survey. (Source: Macroeconomic and Monetary Developments: First Quarter Review Fiscal 2011).

Organization of the Power Industry in India

The following diagram depicts the current structure of the Indian power industry:



Overview of Indian Power Industry

India has continuously experienced shortages in energy and peak power requirements. According to the Monthly Review of the Power Section ("**Monthly Review**") published by the CEA in October 2010, the total energy deficit and peak power deficit during April 2010 to October 2010 was approximately 9.2% and 10.1%, respectively.

The shortages in energy and peak power have been primarily due to the sluggish progress in capacity addition. During the 10th Five Year Plan (fiscal 2002 to fiscal 2007), capacity addition achieved compared to target capacity addition was 51.5%. During the 11th Five Year Plan (fiscal 2008 to fiscal 2012), capacity addition achieved was 9,263 MW or 56.7% of target capacity addition of 16,335 MW in fiscal 2008, while in fiscal 2009, capacity addition achieved was 3,454 MW, or 31.2% of target capacity addition of 11,061 MW, while in fiscal 2010, capacity addition achieved was 9,585 MW, or 66.1% of target capacity addition of 14,507 MW. According to the Monthly Review (October 2010), the total installed power generation capacity in India was 167278.36 MW as of August 31, 2010.

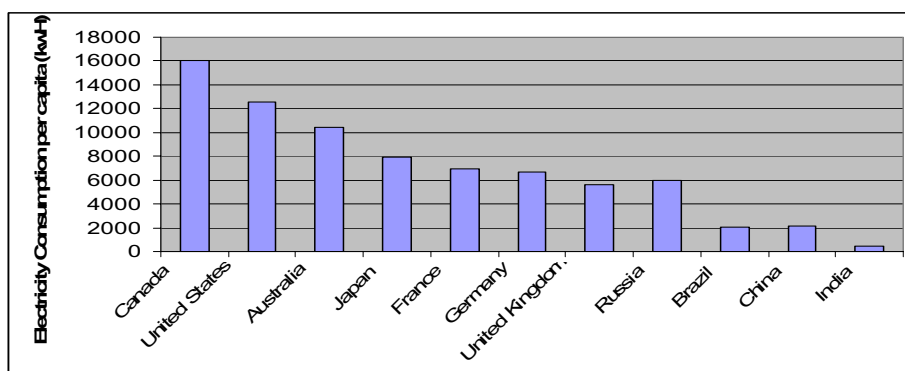
Power Consumption

The per capita consumption of power in India has grown from 566.7 kWh/year in fiscal 2003 to 733.5 kWh/year in fiscal 2009, at a CAGR of 4.39% (Source: Monthly Review (July 2010)). The following table sets forth information relating to India's per capital consumption of power for the periods indicated:

Year	Per Capita Consumption (kWh)
2002-03	566.7
2003-04	592.0
2004-05	612.5
2005-06	631.5
2006-07	671.9
2007-08	717.1
2008-09	733.5

(Source: Monthly Review (October 2010))

The total energy consumption in India is estimated to grow from 566 Mtoe in 2006 to 1280 Mtoe in 2030. (Source: *World Economic Outlook 2008*, IEA). This implies growth at a CAGR of 3.5% CAGR in India's energy requirement over the next 25-30 years and hence, there is a huge potential for investments in the energy sector in India.



The GoI has set a goal of 1,000 kWh per capita by fiscal 2012 in its mission of “Power for All by 2012” under the National Electricity Policy.

According to the CIA Factbook, India is sixth largest consumer of electricity in the world after the United States, China, European Union, Russia and Japan with an estimated 568 billion kWh in total electricity generated plus imports and minus exports in 2007.

Power Demand-Supply Overview

The Indian power sector has historically been beset by energy shortages which have been rising over the years. In fiscal 2010, peak energy deficit was 12.7% and total energy deficit was 10.1%. The following table provides the peak and normative shortages of power in India from fiscal year 2003 to June 2010:

	Peak Demand (MW)	Peak Met (MW)	Peak Deficit/ Surplus (MW)	Peak Deficit/ Surplus (%)	Power Requirement (MU)	Power Availability (MU)	Power Deficit/ Surplus (MU)	Power Deficit/ Surplus (%)
2002-03	81,492	71,547	-9,945	-12.2	545,983	497,890	-48,093	-8.8
2003-04	84,574	75,066	-9,508	-11.2	559,264	519,398	-39,866	-7.1
2004-05	87,906	77,652	-10,254	-11.7	591,373	548,115	-43,258	-7.3
2005-06	93,255	81,792	-11,463	-12.3	631,757	578,819	-52,938	-8.4
2006-07	100,715	86,818	-13,897	-13.8	690,587	624,495	-66,092	-9.6
2007-08	108,866	90,793	-18,073	-16.6	739,345	666,007	-73,338	-9.9

2008-09	109,809	96,685	-13,124	-12.0	774,324	689,021	-85,303	-11
2009-10	119,166	104,009	-15,157	-12.7	830,594	746,644	-83,950	-10.1
April-October 2010	119,437	107,394	-12,043	-10.1	503,510	457,239	-46,271	-9.2

(Source: Power Scenario at a Glance, November 2010)

The deficits in electric energy and peak power requirements vary across different regions in India. The peak deficit was 17.2% in the Western Region, followed by 18.5% in the North Eastern Region in the period from April to October 2010. The deficit is a result of the slow development progress of additional power generation capacity in those areas.

The following table outlines the peak and normative power shortages in India in fiscal year 2010 across the regions of India:

	Peak Demand (MW)	Peak Met (MW)	Peak Deficit/ Surplus (MW)	Peak Deficit/ Surplus (%)	Power Requirement (MU)	Power Availability (MU)	Power Deficit/ Surplus (MU)	Power Deficit/ Surplus (%)
Northern	37,159	31,439	-5,720	-15.4	254,231	224,661	-29,570	-11.6
Western	39,609	32,586	-7,023	-17.7	258,528	223,127	-35,401	-13.7
Southern	32,178	29,049	-3,129	-9.7	220,576	206,544	-14,032	-6.4
Eastern	13,220	12,384	-836	-6.3	87,927	84,017	-3,910	-4.4
N. Eastern	1,760	1,445	-315	-17.9	9,332	8,296	-1,036	-11.1
All India	119,166	102,009	-15,157	-12.7	830,594	746,644	-83,950	-10.1

(Source: CEA, April 2010 Monthly Review)

Demand Projections

According to the Integrated Energy Policy ("IEP") report dated August 2006 issued by the Planning Commission, India would require additional capacity of about 220-233 gigawatt ("GW") by 2012, 306-337 GW by 2017 and 425-488 GW by 2022, respectively, based on normative parameters in order to maintain a 8-9% GDP growth rate (Source: GoI, "Integrated Energy Policy, Report of the Expert Committee", August 2006, available at http://planningcommission.gov.in/reports/genrep/rep_intengy.pdf).

The table below lays out the additional capacity needed by 2012, 2017 and 2022 under different GDP growth rate scenarios:

	Assumed GDP Growth (%)	Electricity Generation required (BU)	Peak Demand (GW)	Installed Capacity (GW)	Capacity Addition Required (GW)*
By fiscal 2012	8.0	1,097	158	220	71
By fiscal 2017	9.0	1,167	168	233	84
By fiscal 2022	8.0	1,524	226	306	157
By fiscal 2022	9.0	1,687	250	337	188
By fiscal 2022	8.0	2,118	323	425	276
By fiscal 2022	9.0	2,438	372	488	339

* Based on the existing installed capacity of 149 GW in India.

Source: IEP report, Expert Committee on Power

Power Generation

Historical Capacity Additions

The energy deficit in India is a result of insufficient progress in the development of additional energy capacity. The Indian economy is based on planning through successive five year plans ("Five-Year Plans") that set out targets for economic development in various sectors, including the power sector. In the last three Five-Year Plans (the Eighth, Ninth, and Tenth Five-Year Plans, covering fiscal years 1992 to 2007), less than 55% of the targeted additional energy capacity level was added. According to the White Paper on Strategy for Eleventh Plan, prepared by CEA and Confederation of Indian Industry, August 2007 (the "White Paper"), India added

an average of approximately 20,000 MW to its energy capacity in each of the 9th and 10th Five-Year Plan periods (fiscal years 1997 to 2002 and 2002 to 2007).

The following table sets forth the targeted energy capacity addition, the installed capacity actually achieved at the end of those fiscal year and the installed capacity actually achieved as a percentage of the targeted capacity additions for each of those fiscal years:

Five-Year Plan/Year	Target (MW)	Achievement (MW)	Achievement (% of MW)
10th Plan	39258.72	21,094.6	53.7%
FY 2008	16,335	9,263	56.7%
FY 2009	11,061	3,454	31.2%
FY 2010	14,507	9,585	66.1%
October 2010	21441.2	7020.0	32.7

(Source: CEA, October, 2010 Monthly Review)

The total capacity addition during the past 25 years between the 6th and the 10th Five-Year Plans was approximately 91,000 MW. A total capacity addition of 78,700 MW is planned for the 11th Five-Year Plan which should result in significant investments in the power generation sector.

Installed Generation Capacity

The following table sets forth a summary of India's energy generation capacity as of October 31, 2010 in terms of fuel source and ownership:

Sector	Thermal	Nuclear	Hydro	RES*	Total
Central	38,622.23	4,560.00	8,685.40	0.00	51,867.63
State	52,186.73	0.00	27,218.00	2,822.32	82,227.05
Private	17,794.02	0.00	1,425.00	13,964.66	33,183.68
TOTAL	108,602.98	4,560.00	37,328.40	16,786.98	167,278.36

*RES = Renewable energy sources

(Source: CEA, Monthly Review (October 2010))

The private sector has historically been hesitant to enter into the market for power plants because of onerous governmental regulations on the construction and operation of power plants and sourcing of fuel for such plants. The participation of the private sector has, however, been increasing over time, thanks to some key power sector reforms.

Future Capacity Additions

The proposed capacity addition during the 11th Five-Year Plan is 78,700.4 MW according to Monthly Review (October 2010), published by CEA.

	Thermal	Nuclear	Hydro	Total
Central	24,840	3,380	8,654	36,874
State	23,301	0.00	3,482	26,783
Private	11,552	0.00	3,491	15,043
TOTAL	59,693	3,380	15,627	78,700

(Source: CEA, Monthly Review (October 2010))

This represents a growth in capacity of 9.8% per annum during the 11th Plan period. According to the White Paper, the total fund requirement has been assessed to ₹ 10.32 trillion.

Planned Expansion

The aim for the 11th Plan i.e. by 2012 is a capacity addition of 15,000 MW from renewables. By the end of the 11th Plan, renewable power capacity could be 25,000 MW in a total capacity of 2,00,000 MW accounting for 12.5% and contributing around 5% to the electricity mix. A capacity addition of around 30,000MW is envisaged

for the 12th and 13th Plans. Renewable power capacity by the end of the 13th plan period i.e. by 2022 is likely to reach 54,000 MW, comprising 40,000 MW wind power, 6,500 MW small hydro power and 7,500 MW bio-power, which would correspond to a share of 5% in the then electricity-mix. (Source: 11th Five Year Plan MNRE)

Investments in generation

The total fund requirement for generation projects, during the Twelfth Plan period is estimated at approximately ₹ 4,950,830 million, with approximately ₹ 1,266,490 million being required for the hydro sector, approximately ₹ 3,306,680 million being required for the thermal sector and approximately ₹ 377,660 million being required for the nuclear sector. (Source: Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, MoP and CEA)

Capacity Utilisation

Capacity utilization in the Indian power sector is measured by the plant load factor (“PLF”) of generating plants.

Coal

The average PLF for coal-fired plants in India has increased from 69.0% in the fiscal year 2001 to 76.65% in the fiscal year 2010. The following table sets forth the average PLF for coal-fired plants in India:

Fiscal Year	Central	State	Private	Overall
2001	74.3	65.6	73.1	69.0
2002	74.3	67.0	74.7	69.9
2003	77.1	68.7	78.9	72.1
2004	78.7	68.4	80.5	72.7
2005	81.7	69.6	85.1	74.8
2006	82.1	67.1	85.4	73.6
2007	84.8	70.6	86.3	76.8
2008	86.7	71.9	90.8	78.6
2009	84.3	71.2	91.0	77.2
2010*	84.13	69.72	84.43	76.65

Source: MoP, 2009-2010 Annual Report

* Up to January, 2010

PLF varies significantly across ownership segments. According to the MoP, 2008-2010 Annual Report, coal-fired generating plants owned by the state electricity boards (“SEBs”) operated at an average PLF of around 69.72% as of January 31, 2010, while those owned by private companies operated at an average PLF of 84.43%. The average PLF of central public sector undertakings (“CPSUs”) was 84.13% during the same period.

Renewable Power

Power from renewable energy sources such as wind, biomass, small hydro and solar energy is being generated for meeting the electricity requirements in different locations across the country. 15,691 MW grid power from renewable sources of power has been installed up to December 31, 2009. In addition, renewable energy sources are being utilised for off-grid power generation to meet electricity requirements at decentralised locations. Renewable power projects based on wind power, biomass, small hydro and solar are mainly private investment driven with favorable tariff policy regimes established by State Electricity Regulatory Commissions (SERC), and almost all-renewable power capacity addition during the year has come through this route. (Source: Annual Report 2009-10 MNRE)

Wind Power

Wind energy, today, has emerged as the most promising renewable energy technology for generating grid connected power amongst various renewable energy sources. A total capacity of 10,925 MW has been established up to December, 2009 in the country. India is now the fifth largest wind power producer in the world, after USA, Germany, Spain and China. The on shore wind power potential has been estimated at about 48,500 MW, assuming 1% land availability in potential areas for setting up wind farms @12 ha/MW in sites having wind power density greater than 200 W/sq.m at 50 m height. (Source: Annual Report 2009-10 MNRE)

Biomass

The current potential for power generation from surplus agro and forestry residues is estimated at 16,000 MW. With progressive higher steam parameters and efficient project configuration in new sugar mills and modernization of existing ones, the potential of surplus power generation through bagasse cogeneration in sugar mills is estimated at 5000 MW. Thus the total estimated biomass power potential is approximately 21,000 MW. Between April and December 2009, biomass power and bagasse cogeneration capacity addition of 384 MW (125 MW biomass projects and 259 MW bagasse cogeneration) has been achieved in the States of Andhra Pradesh, Chhattisgarh, Karnataka, Maharashtra, Punjab, Tamil Nadu, Uttar Pradesh and West Bengal against a target of 400 MW. Current trends indicate that it is likely that a total capacity of 450 MW would be added during fiscal 2009. The cumulative biomass power and cogeneration based power capacity has reached approximately 2,136 MW which comprises of 829 MW of biomass power projects and 1307 MW of bagasse cogeneration projects. (Source: *Annual Report 2009-10 MNRE*)

Power Transmission and Distribution

In India, the transmission and distribution system is a three-tier structure comprised of regional grids, state grids and distribution networks. The five regional grids, configured on a geographical contiguity basis, enable transfer of power from a power surplus state to a power deficit state. The regional grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between power plants. These regional grids are to be gradually integrated to form a national grid, whereby surplus power from a region could be redirected to another region facing power deficits, thereby allowing a more optimal utilization of the national generating capacity.

Most inter-regional and interstate transmission links are owned and operated by Power Grid though some are jointly owned by the State Electricity Boards (“SEBs”). Power Grid is the central transmission utility of India and holds one of the largest transmission networks in the world. Power Grid has a pan-India network presence of approximately 79,556 circuit kms of transmission network (as of December 1, 2010), 132 substations (as of September 30, 2010), and a total transformation capacity of 89,170 mega volt ampere (as of December 1, 2010). As of December 1, 2010, approximately 51% of the entire generating capacity in India is sent through Power Grid's system. (Source: <http://powermin.nic.in> and <http://powergridindia.com>).

Power Grid is pursuing the establishment of an integrated national power grid, in a phased approach, in order to fortify the regional grids and to support the generation capacity addition program of about 78,577 MW during the Eleventh Five-Year Plan period. The existing inter-regional power transfer capacity of 17,000 MW is expected to be boosted to 37,000 MW by 2012 through the use of “Transmission Super Highways”. (Source: <http://powergridindia.com>) According to the White Paper, the total fund requirement has been assessed to ₹ 10.32 trillion.

State grids and distribution networks are mostly owned and operated by the respective SEBs or state governments (through state electricity departments). A direct consequence of the high AT&C losses is the inadequate financial condition of SEBs, thereby holding back the SEBs from making any meaningful investments in generation and in modernizing the transmission and distribution network.

Investments in generation, transmission and distribution

The total fund requirement for transmission system development and related schemes during the Twelfth Plan period is estimated at ₹ 2,400,000 million, with ₹ 1,400,000 million being required for the central sector and ₹ 1,000,000 million being required for the state sector. (Source: Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, MoP and CEA)

The total fund requirement for the distribution sector, during the Twelfth Plan period is estimated at ₹ 3,710,000 million. (Source: Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, MoP and CEA).

Power Trading

Historically the main suppliers and consumers of bulk power in India have been the various government controlled generation and distribution companies who usually contracted power on a long-term basis through

power purchase agreements (“PPAs”) with regulated tariffs. However, in order to encourage the entry of merchant power plants and private sector investment in the power sector, the Electricity Act recognized power trading as a separate activity from generation and has facilitated the development of a trading market for electricity in India by allowing for open access to transmission networks for normative charges. Power trading involves the exchange of power from suppliers with surplus to those with deficit. Seasonal diversity in generation and demand, as well as the concentration of power generation facilities in the resources rich eastern region of India, have created significant opportunities for the trading of power. Recent regulatory developments include the announcement of rules and provisions for open access and licensing related to interstate trading in electricity. Several entities have started trading operations or made application for trading licenses. With the help of the reforms, the volume of power traded as well as its traded price has increased rapidly over the last few years.

Increasing volume of traded power:

(Figures in billion units)

FY05	FY06	FY07	FY08	FY09	FY10
12	14	15	21	25	34

Source: CERC

Tariffs

The main objectives of the National Tariff Policy (“NTP”) notified by the GoI on January 6, 2006, include promoting competition, efficiency in operations and improvements in the quality of power supply and ensuring the accessibility of electricity to consumers at reasonable and market-competitive rates. The NTP reiterates the importance of implementing competition in different segments of the electricity industry as highlighted in the Electricity Act and that competition will lead to significant benefits to consumers through reduction in capital costs and improved efficiency of operations. It will also facilitate the shaping of price through competition.

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 state-controlled or state-owned developer involved, in which case, regulators must resort to tariffs set by reference to standards of the CERC, 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 a certain time period.

Merchant Power Plants

Merchant power plants (“MPPs”) generate electricity for sale at market-driven rates in the open wholesale market. Typically, the MPPs do not have long-term PPAs and are constructed and owned by private developers. Merchant sales, however, include the sale of power under short-term PPAs and on-spot basis. Many private sector newcomers are starting to adopt the MPP model for their projects to generate higher returns as opposed to selling power through a long term PPA, as the off-take risk is seen to be low in light of significant power shortages in the country. The MPPs can sell power to the power trading companies (like the PTC India Ltd and Tata Power Trading Company), the SEBs and industrial and bulk customers.

Captive Power Generation

Another segment of power generation in India is the captive power segment. Captive power refers to power generation from a project established for industrial consumption. According to Monthly Review of Power Sector, August 2010 (CEA), captive power capacity, at 19,509 MW, accounted for 11.86% of the 164,508.80 MW of total installed capacity in India. The dependence on captive power has been rising, due to the continuing shortage of power and India's sustained economic growth.

The Electricity Act 2003 provided further incentives to captive power generation companies to grow by making them exempt from licensing requirements. This has resulted in an increase in captive power capacity. Reliability of power supply and better economics are other variables pushing industries to develop captive generation plants.

Indian Energy Exchange

Indian Energy Exchange (“IEX”) is India's first nation-wide automated and online electricity trading platform. IEX seeks to catalyze the modernization of electricity trade in India by allowing trading through a technology-enabled platform. On June 9, 2008, IEX received Central Electricity Regulatory Commission approval to begin operations. IEX is a demutualised exchange that will enable efficient price discovery and price risk management in the power trading market. IEX offers a broader choice to generators and distribution licensees for sale and purchase of power facilitating trade in smaller quantities. IEX enables participants to precisely adjust their portfolio as a function of consumption or generation. The total volume of power traded on IEX amounted to 1,089.46 million units in October, 2010 (Source: http://www.cercind.gov.in/2010/MMC/MMC_Monthly_Report_Oct_2010.pdf).

Power Exchange India Limited

Power Exchange India Limited (“PXIL”) is a fully electronic, nation-wide exchange for trading of electricity. It has been promoted by two of India's leading Exchanges, National Stock Exchange of India Ltd (NSE) & National Commodities & Derivatives Exchange Ltd (NCDEX). PXIL received regulatory approval from Central Electricity Regulatory Authority (CERC) on September 30, 2008 to begin operations and PXIL successfully began its operations on October 22, 2008. The total volume of power traded on PXIL amounted to 112.32 million units in October, 2010 (Source: http://www.cercind.gov.in/2010/MMC/MMC_Monthly_Report_Oct_2010.pdf).

PROVIDERS OF FINANCE TO THE POWER SECTOR IN INDIA

The primary providers of power sector financing in India are power sector specific government companies, financing institutions, public sector banks and other public sector institutions, multilateral development institutions and private banks.

Power-Sector Specific Government Companies

Besides our Company, the other sector-specific companies engaged in power sector financing are as follows:

Power Finance Corporation Limited

In order to provide funds for the power projects in India and to act as developmental financial institution for the power sector in India, PFC was incorporated on July 16, 1986. PFC is a Public Sector Undertaking and its main objective is to raise resources from international and domestic sources at competitive rates and terms and conditions and on-ward lend these funds on optimum basis to the power projects in India. PFC has been actively persuading State Governments to initiate reform and restructuring of their power sector in order to make them commercially viable and in this regard, is providing financial assistance to reform-minded States under relaxed lending criteria/exposure limit norms. It is also providing funds based services like Term Loans, Equipment Leasing, Bill Discounting, Buyers Line of Credit and also non funds based services like Guarantee Services and Consultancy Services.

Rural Electrification Corporation

The Rural Electrification Corporation (“REC”) was incorporated on July 25, 1969 under the Companies Act. REC is a wholly owned Government enterprise and its main objective is to finance and promote rural electrification projects throughout India. It provides financial assistance to SEBs, state government departments and rural electric cooperatives for rural electrification projects. REC also promotes and finances rural electricity cooperatives; administers funds and grants from the GoI and other sources for financing rural electrification; provides consultancy services and project implementation in related fields; finances and executes small, mini and micro generation projects; and develops other energy sources.

Indian Renewable Energy Development Agency Limited

The Indian Renewable Energy Development Agency Limited (“IREDA”) was incorporated on March 11, 1987 as a public sector NBFC under the administration of the Ministry of Non-Conventional Energy Sources with the objective of promoting, developing and extending financial assistance for renewable energy and energy efficiency, and energy conservation projects. IREDA plays a key role in the development of renewable energy

in India.

Financial Institutions

Financial institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernization of existing facilities. These institutions provide fund based and non-fund based assistance in the form of loans, underwriting, direct subscription to shares, debentures and guarantees. The primary long-term lending institutions include IDFC Limited, IIFC Limited, IFCI Limited, and Industrial Investment Bank of India Limited and Small Industries Development Bank of India.

State Level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large-sized enterprises.

Public Sector Banks and other Public Sector Institutions

Public sector banks make up the largest category of banks in the Indian banking system. The primary public sector banks providing finance to the power sector include the IDBI Bank Limited, State Bank of India Limited, Punjab National Bank and the Bank of Baroda. Other public sector entities such as the Life Insurance Corporation of India, India Infrastructure Finance Company Limited, etc. are also providing financing to the power sector.

Private Sector Banks

After the first phase of bank nationalization was completed in 1969 the majority of Indian banks were public sector banks. Some of the existing private sector banks, which showed signs of an eventual default, were merged with state owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted entry by the private sector into the banking system. This resulted in the introduction of nine private sector banks. These banks are collectively known as the "new" private sector banks. These institutions also provide fund based and non-fund based assistance in the form of loans, underwriting, direct subscription to shares, debentures and guarantees and also compete in the power sector.

Infrastructure Finance Companies

IFCs are a new category of infrastructure funding entities introduced by the RBI in February 2010. Non-deposit taking NBFCs which satisfy the following conditions are eligible to apply to the RBI and seek the IFC status:

- a minimum of 75.0% of its assets deployed in infrastructure loans;
- net owned funds of at least ₹ 3,000.0 million;
- minimum credit rating 'A' or equivalent of CRISIL, FITCH, CARE, ICRA or equivalent rating by any other accrediting rating agencies; and
- CRAR of 15.0% (with a minimum Tier I capital of 10.0%).

IFCs enjoy benefits including a lower risk weight on their bank borrowings (from a flat 100.0% to as low as 20.0% for AAA-rated borrowers), higher permissible bank borrowing (up to 20.0% of the bank's net worth as against 15% for an NBFC that is not an IFC), access to external commercial borrowings (up to 50.0% of owned funds on an automatic basis) and relaxation in their single party and group exposure norms. IFCs are also eligible for issuance of infrastructure bonds. These benefits should enable a highly rated IFC to raise more funds, of longer tenors and at lower costs, and in turn lend more to infrastructure companies.

International Development Financial Institutions

International development financial institutions are supportive of power sector reform and of more general economic reforms aimed at mobilizing investment and increasing energy efficiency. The primary international development financial institutions involved in power sector lending in India include several international banking institutions such as Japan Bank for International Cooperation, Kreditanstalt für Wiederaufbau, the World Bank, the Asian Development Bank and the International Finance Corporation.

In the early 1990s, the World Bank decided to finance mainly projects in states that “demonstrate a commitment to implement a comprehensive reform of their power sector, privatize distribution, and facilitate private participation in generation and environment reforms”. Recent loans from the World Bank have gone to support the restructuring of SEBs. In general, the loans are for rehabilitation and capacity increase of the transmission and distribution systems, and for improvements in metering the power systems in states that have agreed to reform their power sector.

The overall strategy of the Asian Development Bank for the power sector is to support restructuring, especially the promotion of competition and private sector participation. Like the World Bank, the ADB also provides loans for restructuring the power sector in the states and improving transmission and distribution.

Other Provisions for Power Sector Finance

There also exist several short term and long-term financing measures by the GoI to facilitate the financial viability of the power sector, such as the implementation of the Electricity Act. As a long-term financing measure, the process has been initiated for institutionalizing mechanism for facilitating and accelerating private and foreign direct investment into the power sector.

OUR BUSINESS

We are an Indian non-banking financial institution promoted by PTC India Limited ("PTC") to make principal investments in, and provide financing solutions for, companies with projects across the energy value chain. We believe we are one of the few financial institutions in India that provide both equity and debt financing, including short-term and long-term debt, as well as structured debt financing. With a focus on infrastructure development, we offer an integrated suite of services including provision financing to, and make investments in, private sector Indian companies in the power sector, including for power generation, equipment supply and fuel source projects. We are currently focused primarily on power generation projects in India. We also provide fee-based syndication and advisory services as well as carbon credit financing against certified emissions reduction (CER).

We are regulated by the Reserve Bank of India (the "RBI") as a systemically important non-deposit taking, non-banking financial company ("NBFC"), and we have been classified by the RBI as an Infrastructure Finance Company, or IFC, in August 2010. The IFC status enhances our ability to raise funds on a cost-competitive basis and enables us to assume higher debt exposure in infrastructure projects. For further information, see the section entitled "*Regulations and Policies*" on page 118.

We are a subsidiary of and promoted by PTC, which is the market leader for power trading solutions in India, according to the Central Electricity Regulatory Commission monthly report on short term transactions of electricity (December 2010). PTC purchases power primarily for sale to power utilities and also provides comprehensive solutions for the power sector in India. As of December 31, 2010, PTC had a portfolio of power purchase agreements aggregating to approximately 14,185 MW and memoranda of understandings for an additional approximately 13,243 MW. PTC is a GoI initiated company promoted by National Thermal Power Corporation ("NTPC"), Power Grid Corporation of India Limited ("Power Grid"), Power Finance Corporation Limited ("PFC") and NHPC Limited ("NHPC"). We believe we benefit from the power sector expertise, network and relationships of PTC and its affiliates, which provide us with early access to business opportunities.

We were incorporated in September 2006 and received our certificate for commencement of business in March 2007. As of the date of this Red Herring Prospectus, PTC holds 77.60% of our equity share capital and GS Strategic Investments Limited (an affiliate of The Goldman Sachs Group, Inc.) and Macquarie India Holdings Limited (an affiliate of The Macquarie Group) each hold 11.20% of our equity share capital.

Principal Investments. We make strategic equity investments in companies in the energy value chain in India, including in greenfield and brownfield projects. The nature and extent of our equity participation in such companies vary in accordance with the requirements, opportunities and risks associated with the relevant project, but we generally do not retain management control. As of December 31, 2010, our Board had approved equity commitments for ten companies for an aggregate amount of ₹ 5,641.66 million, with projects aggregating 3,221.45 MW of power generation capacity. Of these equity commitments, as of December 31, 2010, we had entered into definitive agreements for investments in eight companies for an aggregate amount of ₹ 4,827.67 million, with projects aggregating 2,621.45 MW of power generation capacity. All of our principal investments have been in private unlisted companies. As of December 31, 2010, our principal investments aggregated ₹ 4,186.23 million in eight companies including in Indian Energy Exchange Limited ("IEX"), India's first nationwide, automated and online electricity trading platform. Our current portfolio of principal investments are mostly greenfield projects, which typically involve between two and five years of development activity prior to commencement of commercial operations. Three of our principal investment projects, with an aggregate power generation capacity of 175.60 MW, have commenced commercial operation. In September 2010, we liquidated a portion of our investment in IEX for a gain. Further, as of December 31, 2010 our Board had approved funding in the form of optionally convertible debentures aggregating ₹ 385.00 million to two companies. As of December 31, 2010 we had disbursed ₹ 385.00 million, out of which ₹ 340.00 million has been repaid, and ₹ 45.00 million remains outstanding.

Debt Finance. We provide fund based and non-fund based debt financing, including short-term and long-term debt, as well as structured debt financing. In addition to financing project companies, we also provide bridge financing to promoters of power projects. As of December 31, 2010, our Board had approved debt commitments aggregating ₹ 22,567.30 million to 31 companies, with projects aggregating 8,982.20 MW of power generation capacity of these approved debt commitments, as of December 31, 2010, we had entered into definitive agreements for financing arrangements for an aggregate amount of ₹ 11,198.72 million to 17 companies, with power projects aggregating 8,283 MW of power generation capacity. As of December 31, 2010, we had outstanding loan financing of ₹ 5,951.15 million to 13 companies with projects representing 6,794 MW of

aggregate power generation capacity. As of December 31, 2010, we did not have any non-performing assets in our outstanding loan portfolio.

Fee-based and other Services. We provide various fee-based services including facility agent and security agent services, as well as advisory services such as techno-economic feasibility studies for power projects in India. In addition, in March 2010 we commenced carbon credit financing, which involves purchase of future CERs from power project developers for sale to third parties.

As of December 31, 2010 our Board had approved funding in form of funding against CERs aggregating ₹ 306.11 million to two companies with projects aggregating 108 MW capacity.

Sources of Funds. Our primary sources of funds include equity, term loans and non-convertible debentures ("NCDs") issued by us. We have issued secured NCDs on a private placement basis in October 2009 and February 2010. As of December 31, 2010, we had ₹ 2,000.00 million in outstanding NCDs and ₹ 2773.69 million in other borrowings. As of December 31, 2010, our NCDs represented 41.90% of our outstanding total indebtedness. Our long-term bank borrowings have been rated "LA+ (positive outlook)" by ICRA, while our NCDs have been rated "LA+ (positive outlook)" by ICRA and "BWR AA" (stable outlook) by Brickwork. Our short-term borrowings have been rated "A1+" by ICRA, which is the highest credit quality rating assigned by ICRA to short term debt instruments. In October 2010, we have also entered into ECB agreement with Deutsche Investitions - UND Entwicklungsgesellschaft MBH ("DEG") for an aggregate amount of US\$ 26.00 million (₹ 1165.06 million) for on-lending to renewable energy projects. We have also raised funds through capital contributions from our Promoter and our other shareholders.

In fiscal 2008, 2009 and 2010, and in the nine months ended December 31, 2010, our total income was ₹ 31.38 million, ₹ 116.00 million and ₹ 534.90 million, and ₹ 825.44 million, respectively, and our profit after tax was ₹ 16.41 million, ₹ 85.30 million, ₹ 254.52 million, and ₹ 312.18 million, respectively. We maintain our capital adequacy ratios above the minimum levels of 15.0% prescribed by the RBI for IFCs. Our capital adequacy ratios were 97.90%, 275.36%, 88.30% and 60.57% as of March 31, 2008, 2009 and 2010, and December 31, 2010, respectively.

Competitive Strengths

Composite financial services platform focused on all areas of the energy value chain

We are a one stop solution provider offering a comprehensive range of financial products and services that add value throughout the life cycle of projects across all areas of the energy value chain. We believe this has enabled us to establish ourselves as a preferred financing provider for power projects. We have financed or approved financing arrangements for various projects, including power generation, equipment supply and fuel source projects. We have also invested in India's first nationwide automated and online electricity trading platform. We believe we are one of the few financial institutions in India that provide both equity and debt financing, including short-term and long-term debt as well as structured debt financing, for power projects in India. We also provide fee-based services including syndication services and advisory services such as techno-economic feasibility studies for power projects in India. In addition, in March 2010 we commenced carbon credit financing against CERs.

PTC relationship and brand

We are a subsidiary of and are promoted by PTC, which is the market leader for power trading solutions in India and provides comprehensive solutions for the power sector, according to the Central Electricity Regulatory Commission monthly report on short term transactions of electricity (December 2010). PTC is a GoI initiated company promoted by NTPC, Power Grid, PFC and NHPC. As of December 31, 2010, PTC had a portfolio of power purchase agreements aggregating to approximately 14,185 MW and memoranda of understandings for an additional approximately 13243 MW. PTC together with its affiliates provides comprehensive solutions in the energy value chain including services such as power trading, co-development, fuel-intermediation, consulting and is in the process of setting up an energy equity fund. We believe the synergies among the group entities provide us with early access to potential business opportunities, ability to understand and efficiently cater to the needs of the developers in a comprehensive manner. We believe that PTC is an established brand name in the Indian power sector and we benefit from the associated goodwill.

Strong domain knowledge and expertise with exclusive focus on the power sector

We believe our power sector knowledge and experience enables us to identify investment opportunities with high potential and effectively manage risks associated with such opportunities. We believe our exclusive focus on the power sector has enabled us to develop strong relationships and become a preferred financing provider for power projects, particularly for smaller and medium sized projects, compared to competitors that are not similarly focused on the power sector. Our management team has significant experience in the power sector and the financial services industry, which enables us to identify specific requirements of power project developers and offer structured products and services while effectively managing associated risks and maintaining competitive margins. In addition, we benefit from the industry experience of our Promoter PTC.

Flexibility due to NBFC and IFC status

We believe our status as an NBFC and IFC provide us with greater flexibility than some of our competitors, particularly banks, and enable us to quickly and efficiently capitalize upon financing opportunities that arise. While banks are subject to more stringent regulation in India and may provide only certain forms of debt financing and equity financing subject to certain specified limits, as an NBFC we are able to provide a wider range of debt financing, including structured products, as well as equity financing that is subject to fewer restrictions.

In February 2010 the RBI introduced the IFC category as a separate category for certain NBFCs engaged in infrastructure financing. We were granted IFC status in August 2010 and believe our status as an IFC enhances our ability to raise funds on a cost-competitive basis and take higher debt exposure in power projects than other NBFCs that have not been granted IFC status. For example, an IFC is entitled to lend up to 25.00% of its Owned Funds to a single borrower in the infrastructure sector, compared to 20.00% of Owned Funds by other NBFCs that have not been granted IFC status. As an IFC, we are also eligible to raise ECBs up to 50.00% of our Owned Funds without prior RBI approval. Banks and NBFCs that are not IFCs are required to seek prior RBI approval in order to avail ECBs for on-lending activities. Furthermore, our IFC status enables us to raise capital through issuance of infrastructure bonds at comparatively lower yields, which will enable us to reduce our cost of funds, as infrastructure bondholders are entitled to certain tax benefits. For further information, see the section titled “***Regulations and Policies***” on page 118.

Demonstrated growth and robust balance sheet

Our business has grown rapidly in recent years, providing us with a robust balance sheet that we believe provides a foundation for future growth. Our total assets, total income and profit after tax grew at a CAGR of 191.54%, 312.86% and 293.86%, respectively, from fiscal 2008 to fiscal 2010. Our total assets as of March 31, 2008, 2009, 2010 and December 31, 2010 was ₹ 1128.33 million, ₹ 6305.46 million, ₹ 9590.37 million and ₹ 11682.92 million, respectively. While total income in fiscal 2008, 2009 and 2010 and in the nine months ended December 31, 2010 was ₹ 31.38 million, ₹ 116.00 million, ₹ 534.90 million and ₹ 825.44 million, respectively, our profit after tax in fiscal 2008, 2009 and 2010 and in the nine months ended December 31, 2010 was ₹ 16.41 million, ₹ 85.30 million, ₹ 254.32 million and ₹ 312.18 million, respectively. We made our first principal investment in IEX in December 2007, investing ₹ 65.00 million for 26.00% shareholding. We have subsequently rapidly expanded our investment portfolio, with outstanding principal investments in eight companies aggregating ₹ 4186.23 million as of December 31, 2010. In September 2010, we liquidated our shareholding in IEX from earlier 26.00% to 21.12% for a consideration of ₹ 135.30 million.

We disbursed our first loan of ₹ 200.00 million in March 2009. Within a relatively short period our loan portfolio has grown significantly, and December 31, 2010, we had outstanding loan financing of ₹ 5,951.15 million to 13 companies with projects representing 6,794 MW of aggregate power generation capacity. As of December 31, 2010, we had entered into definitive agreements for financing arrangements for an aggregate amount of ₹ 11,198.72 million to 17 companies, with power projects representing 8,283 MW of power generation capacity. As of such date, we did not have any non performing assets in our outstanding loan portfolio.

Our capital to risk-weighted asset ratio as of December 31, 2010 was 60.57% and our return on average total assets in fiscal 2010 was 3.20%. Our long-term bank borrowings have been rated “LA+” (positive outlook)” by ICRA, while our NCDs have been rated “LA+ (positive outlook)” by ICRA and “BWR AA” (stable outlook) by Brickwork. Our short-term borrowings have been rated “A1+” by ICRA, which is the highest credit quality rating assigned by ICRA to short term debt instruments.

Nimble management structure

We have a lean employee base and flat management structure. In addition to our senior management team, which includes our two whole time directors, Mr. Tantra Narayan Thakur and Dr. Ashok Haldia, we have a team of experienced professionals with expertise in project finance, principal investment, asset management and advisory services. We believe our corporate culture promotes involved management at all levels in an efficient manner.

Effective risk management framework

We believe we have established an effective risk management framework through the implementation of robust systems and procedures for evaluating and approving debt and equity financing proposals. Prior to commitment of any financial assistance, we undertake extensive techno-economic analysis, financial and legal due diligence of the potential principal investment or debt financing opportunity, either in-house or by appointing third party experts. Subsequent to a principal investment or disbursement of debt, we continue to monitor the development and performance of the relevant project, including through appointment of nominee directors in the case of certain principal investments. We also request for periodic progress reports from the projects and then performance assessments of these projects are regularly considered at our Board meetings. We further try to protect our interest by incorporating certain clauses in our principal investment agreements such as buy-back clause, tag along rights, drag along rights etc.

We have institutionalized our project appraisal process and systems and have implemented the Advanced Internal Risk Scoring Model developed by ICRA Management Consulting Services Limited for the assessment and mitigation of credit risk. These processes and systems include a detailed appraisal methodology, identification of risks and suitable structuring of credit risk mitigation measures. We use a range of quantitative as well as qualitative parameters as a part of the appraisal process to make a sound assessment of the extent of underlying credit risk in a project. We have adopted various risk management policies, including a credit risk management policy, asset liability management policy, operational risk management policy, interest rate policy and a policy for investment of surplus funds. For further information, see the section titled “***Our Business – Risk Management***” on page 116.

Business Strategy

Offer comprehensive structured financing solutions to private power project developers

We continue to focus on the power sector and offer comprehensive, structured financing solutions that address the financing requirements of private power project developers in India. We intend to leverage our industry experience, knowledge and our ability, as an NBFC and an IFC, to offer structured debt products and equity products, to provide customized financing solutions. We intend to grow our principal investment and debt financing businesses, as well as expand our fee based and other services, to ensure effective sourcing and cross-sell of our financing products and services.

Consolidate our position as a preferred financing solutions provider for smaller and medium sized power projects

We seek to leverage our strong industry experience, relationships and the goodwill from our association with PTC, to consolidate our position as a preferred financing solutions provider for smaller and medium sized power generation, equipment supply and fuel source projects. We believe that this specific segment in the power sector has significant potential and is currently under served by large banks and financing institutions that may have limited interest for this segment. We believe that availability of financing solutions for this segment will further encourage the development of such projects and power sector in India.

Expand fee-based services and CER financing

We intend to increase our focus on our current fee-based services that include primarily debt facility agent and security agent services as well as various advisory services such as techno-commercial appraisal services. We intend to increasingly focus on debt syndication activities in the future as we believe that our technical expertise and industry experience enable us to effectively understand the risks and opportunities in a project and structure financing solutions. We believe that the credibility of our project appraisal capabilities and our relationship with other financial institutions will enable us to ensure timely financial closure for such projects.

We commenced financing against carbon credits i.e. CERs in March 2010 and believe that this segment will continue to grow. We intend to develop specific expertise in this segment to effectively capitalize on the growing carbon market and develop capabilities to offer carbon credit advisory services.

Lower our cost of funds

We continue to evaluate various funding opportunities to lower our cost of funds, including through the issuance of infrastructure bonds at comparatively lower yields, as holders of such bonds are entitled to certain tax benefits. In addition, our IFC status enables us to avail ECBs up to 50.00% of our Owned Funds without prior RBI approval. We believe that foreign credit markets offer more cost-effective terms for long-term debt than the domestic credit market. In this connection, in October 2010, we have entered into a financing arrangement with DEG for an external commercial borrowing in an aggregate amount of US\$ 26.00 million (₹ 1165.06 million) for the financing of renewable energy projects. We also have entered into a letter agreement with International Finance Corporation on January 20, 2011 for a proposed loan of US\$ 50.00 million (₹ 2240.5 million) to support and expand our lending program to renewable energy projects.

We intend to develop and maintain an asset base with an optimal mix of principal investments and debt financing, and also increase the proportion of long-term debt in our debt financing portfolio, which we believe will enable us to further improve credit ratings for our long-term borrowings, resulting in lower cost of funds. As of December 31, 2010, our principal investments aggregated ₹ 4,186.23 million while our outstanding loan financing aggregated ₹ 5,951.15 million, of which long-term debt represented 59.19%.

Continue to develop strategic partnerships with international financial institutions

We intend to continue to develop strategic partnerships with international financial institutions by establishing joint ventures and/or private equity funds. We are currently exploring joint venture opportunities for the establishment of a fund focused on renewable energy. In addition, we have entered into strategic partnerships with Macquarie Bank Limited and Vitol SA in connection with our carbon credit financing business. We intend to enter into similar strategic partnerships from time to time to provide various financial services in specific areas of India's power sector.

Focus on renewable energy and other emerging segments of the power sector

We believe that there is significant investment potential in the renewable energy sector in India. India has large untapped potential across the renewable space with a current installed capacity of 17,173.90 MW out of an estimated technical potential of 84,776 MW (*Source: Ministry of New and Renewable Energy*). We continue to evaluate strategic initiatives focused on the renewable energy value chain. As of December 31, 2010 our Board had approved aggregate equity commitment of ₹ 822.11 million for four companies and aggregate debt commitment of ₹ 3273.30 million for 12 companies in the renewable energy sector. In addition, we have sanctioned financing against CERs to two renewable energy companies. We have also entered into an ECB agreement with DEG for an aggregate amount of US\$ 26.00 million (₹ 1165.06 million) for on-lending to renewable energy projects.

Principal Investments

We make strategic equity investments in companies in the energy value chain in India, including in greenfield and brownfield projects. The nature and extent of our equity participation in such companies vary in accordance with the requirements, opportunities and risks associated with the relevant project, but we generally do not retain management control. As of December 31, 2010, our Board had approved equity commitments for ten companies for an aggregate amount of ₹ 5,641.66 million, with projects aggregating 3,221.45 MW of power generation capacity. Of these equity commitments, as of December 31, 2010, we had entered into definitive agreements for investments in eight companies for an aggregate amount of ₹ 4827.67 million, with projects aggregating 2,621.45 MW of power generation capacity. All of our principal investments are in private unlisted companies. As of December 31, 2010, our principal investments aggregated ₹ 4,186.23 million in eight companies including in Indian Energy Exchange Limited ("IEX"), India's first nationwide, automated and online electricity trading platform. Our current portfolio of principal investments are mostly greenfield projects, which typically involve between two and five years of development activity prior to commencement of commercial operations. Three of our principal investment projects, with an aggregate power generation capacity of 175.60 MW, have commenced commercial operation. In September 2010, we liquidated a portion of our investment in

IEX for a gain. Further, as of December 31, 2010 our Board had approved funding in the form of optionally convertible debentures aggregating ₹ 385.00 million to two companies. As of December 31, 2010 we had disbursed ₹ 385.00 million, out of which ₹ 340.00 million has been repaid, and ₹ 45.00 million remains outstanding.

The following table sets forth information relating to our principal investments as of December 31, 2010:

Equity Investments	Status of the Project	Capacity (MW)	Equity Commitment as of December 31, 2010 (₹million)	Outstanding Investments as of December 31, 2010 (₹million)	Proposed Shareholding pursuant to Equity Commitment	Shareholding as of December 31, 2010	Expected Date of Commercial Operations
East Coast Energy Private Limited	Under development	1,320.00	1,333.85	1,250.00 [#]	8.00%	13.87%	Unit I - December, 2013 and Unit II - May 2014
Ind- Barath Energy (Utkal) Limited	Under development	700.00	1,050.00	1,050.00	13.19 %	20.55%	Unit I- January 2012 and Unit II - March, 2012
Meenakshi Energy Private Limited	Under development	900.00	996.80 ⁽¹⁾	603.41 ⁽²⁾	15.47%	20.41%	December, 2011 (Phase I) and March 2013 (Phase II)
Ind- Barath Powergencom Limited	Phase I of two units of 63 MW each is commissioned and Phase II of one unit of 63 MW is under development	189.00	556.30	556.30	26.00%	26.00%	March, 2011 (Phase II)
Indian Energy Exchange Limited ⁽³⁾	N.A.	N.A.	69.39	57.66	26.00%	21.12 %	N.A.
RS India Wind Energy Limited	Wind Farm: 39.60MW of Phase I has been commissioned and Phase II is under development	99.45	539.60	539.44	37.00%	37.00%	November, 2011 (Phase II)
	WTG Manufacturing facility.	N.A.	73.67	71.77			Under development
	Solar farm.	3	97.70	Nil			Under initial phase of development
Varam Bio Energy Private Limited	Commenced commercial operations in February 2009	10.00	43.90	43.90	26.00%	26.00%	N.A
PTC Bermaco Green Energy Systems Limited	Under Development	NA	66.45	13.75	26.00%	26.00%	NA

¹ We entered into definitive agreements for additional equity commitments of ₹.803.20 million as January 5, 2011.

² Subsequent to December 31, 2010, we have invested an additional ₹.400.00 million in this project.

³ We made our principal investment in IEX for 26.00% shareholding in December 2007. In September 2010, we liquidated our shareholding in IEX to 21.12% for a consideration of ₹135.30 million.

As of December 31, 2010, of the seven principal investments that involve power generation projects, aggregating 3,221.45 MW capacity, one project has commenced operations at full capacity while two projects have commenced operations for part of their respective capacities, representing, in the aggregate, approximately 175.6 MW capacity currently under operation. Although, principal investments in greenfield projects represented 79.24% of our total principal investments as of December 31, 2010, most of these projects are in advance stages of development. Please see the following paragraph for the details of development in such projects.

Although there is no restriction on our making principal investments in public sector or private sector listed companies, historically we have made principal investments in only unlisted private sector companies.

Following are brief descriptions of our various principal investments:

East Coast Energy Private Limited

East Coast Energy Private Limited (“**East Coast**”) is developing a 1,320 MW thermal power project, comprising of two units of 660 MW each, in Andhra Pradesh. The Unit I and Unit II of the project are expected to be commissioned by December 2013 and May 2014, respectively. The estimated cost of the project is ₹ 65,700 million and financial closure for the project has been achieved. East Coast has entered into a PPA with PTC partly on long-term basis to sell 85.00% of the power generated and partly on a short-term/merchant basis. Approximately 70.00% of the coal requirement for the projects is proposed to be met through a domestic coal linkage while the remaining 30.00% is expected to be imported. The boiler, turbine, generator (“BTG”) order has been placed, acquisition of 2,050 acres of land has been completed and major regulatory approvals, including environmental clearances have been received. On March 1, 2011, the GoI, through the MoEF, ordered the suspension of on-going construction work related to the project on the basis of several representations received by the MoEF that East Coast had not complied with the order, dated August 30, 2010, of the National Environment Appellate Authority, and that the project was being developed on wetlands which is not permitted. East Coast has been required to submit a report by March 6, 2011 to demonstrate that the project complies with the conditions stipulated in the environmental clearance, and to respond to allegations of violations of environmental laws, including that the project is located in the wetlands. In response to the MoEF letter, East Coast has issued a press release stating that East Coast is in compliance with the conditions laid down in the MoEF environmental clearance and in the order of the National Environment Appellate Authority. East Coast has also mentioned in the press release that it will submit a factual report in the manner required by MoEF. For further information, please see the section entitled “**Risk Factors**” on page 14 of this RHP. The transaction was structured such that we initially invested in debentures of East Coast and acquired the equity shareholding in East Coast on conversion of the debentures and interest thereon into the equity shares of East Coast. Asian Genco Pte Ltd. (AGPL), one of the subsidiaries of Asian Infrastructure Pte Ltd, (“AIPL”, co-promoter) has signed an agreement with a consortium led by Morgan Stanley (MS) for its equity contribution in East Coast and other projects of AGPL. Shares of AIPL in East Coast have been transferred to AGPL.

We have also entered into a Share Swap and Investment Agreement (“SSIA”) with AGPL and Varuna Investments (“Varuna”) in regard to this project according to which we have the option of swapping our shares in East Coast to AGPL or the Indian holding company of AGPL (“assignee”), subject to regulatory approval. Pursuant to the SSIA, our Company and AGPL would benefit from a swap of PFS shares (shares allotted to us by East Coast) for either shares in AGPL or its assignee, accordingly. For further information, see the section titled “**Material Agreements**” on page 140 of this Red Herring Prospectus. As of December 31, 2010, we had invested ₹ 1,250.00 million in East Coast.

Ind- Barath Energy (Utkal) Limited

Ind-Barath Energy (Utkal) Limited (“Ind-Barath Utkal”) is developing a 700 MW pit-head thermal power project, comprising two units of 350 MW each, in Orissa. The unit I and unit II of the project are expected to be commissioned by January 2012 and March 2012, respectively. The estimated cost of the project is ₹ 31,850 million and the financial closure has been achieved. Ind-Barath Utkal has entered into a PPA with PTC and the coal requirement for the project is proposed to be met through a coal linkage for the entire 700 MW. The entire land has been acquired and is in possession and the MoEF approval has also been obtained.

Pursuant to the share subscription cum shareholders agreement (the “Utkal Shareholders Agreement”) among us, Ind-Barath Utkal and Ind-Barath Power Infra Limited (“Ind-Barath Power”), we have made certain investments in Ind-Barath Utkal in two tranches and are entitled to receive a Cumulative Return (or Increased Cumulative Return if any event of default under the Utkal Shareholders Agreement is triggered) or Adjusted Return (in the event any dividends have been declared or paid by Ind-Barath Utkal) from Ind-Barath Power and/or Ind-Barath Utkal, jointly and severally.

Cumulative Return is defined as the compounded (net of taxes) annual return of 23.65% per annum for each tranche of investment. Increased Cumulative Return is defined as the rate of 27.00% (instead of 23.65% of Cumulative Return. Adjusted Return is defined as the Cumulative Return (or Increased Cumulative Return) as

adjusted for percentage of dividends declared and paid by Ind-Barath Utkal as on the date of determination of the Cumulative Return (or Increased Cumulative Return, as the case may be).

Further, any amount paid by us as taxes on the Cumulative Return (or Increased Cumulative Return or Adjusted Return, as the case may be) will be borne by the Ind-Barath Power and/or Ind-Barath Utkal, jointly and severally, and the Cumulative Return (or Increased Cumulative Return or Adjusted Return, as the case may be) to be received by us is required to be grossed up by Ind-Barath Power and/or Ind-Barath Utkal, as the case may be.

Under the Utkal Shareholders Agreement, we are entitled to exercise a put option for the sale of our equity shareholding in Ind-Barath Utkal to Ind-Barath Power at any time within a period of five years following the allotment of the relevant tranche of equity shares, for a consideration not less than the Cumulative Return (or Increased Cumulative Return, as the case may be) or the Adjusted Return (in the event that Ind-Barath Utkal has declared and paid dividend to us), as the case may be.

In accordance with the terms of Utkal Shareholders Agreement, Ind-Barath Power and Ind-Barath Utkal are entitled to a call option to acquire and buy-back, respectively, the equity shares of Ind-Barath Utkal held by us within a period of 30 days from the expiry of the five years following the allotment of the relevant tranche of equity shares, for a consideration not less than the Cumulative Return (or Increased Cumulative Return or Adjusted Return, as the case may be).

In the event that Ind-Barath Power gets listed on any recognized securities exchange, we are entitled to the option of converting our shareholding in Ind-Barath Utkal into equity shares of Ind-Barath Power calculated on the basis of the Total Conversion Amount (the subscription amount plus Cumulative Return or Increased Cumulative Return, as the case may be) divided by the Conversion Price (the price offered in the initial public offering and in the event that the initial public offering is on a price band, the lower price of the initial public offering price band).

For further information, please see the section titled "**Material Agreements**" on page 140 of this Red Herring Prospectus. As of December 31, 2010, we had had invested ₹ 1,050.00 million in Ind-Barath Utkal Limited.

Meenakshi Energy Private Limited

The project is a coal based thermal power project with two phases: Phase I (300 MW) and Phase II (600 MW) in Andhra Pradesh. The Phase I and Phase II of the project are expected to be commissioned by December 2011 and March 2013, respectively. The estimated cost of Phase I and Phase II of the project is ₹ 14,280.00 million and ₹ 31, 200.00 million, respectively, and the financial closure for Phase I and II has also been achieved. Meenakshi Energy Private Limited ("Meenakshi") has entered into a power tolling agreement with PTC for Phase I, wherein PTC will offtake 160 MW of power from project and in exchange will supply the proportionate amount of the coal requirement for the project and provide a fixed conversion fee and for the balance is expected to be sold on merchant basis. For 600 MW, Meenakshi has entered into a power purchase agreement for 600 MW with PTC. The land for the project has been acquired, major environmental clearances have been achieved and a letter of assurance (LOA) has also been issued for the supply of coal of 2.023 million tonnes p.a. for 600 MW which constitutes 70% of the total requirement of coal for the project.

Pursuant to the equity subscription agreement dated August 14, 2008, Meenakshi shall use its best endeavors to achieve an initial public offering by the end of three years but no later than five years of the execution of such agreement, which may be extended subject to our written approval. Subject to applicable law, we shall have the right to participate in the initial public offering by way of an offer for sale of a part or all of our equity shares in Meenakshi and shall not be named as a promoter of Meenakshi in relation to the initial public offering. In the event of an overseas offering of Meenakshi's securities, Meenakshi shall comply with the regulations relating to such offering and assist in enabling us to obtain standard registration rights available to private equity investors. For Phase II, financing has been arranged and it is proposed to have fuel through a domestic coal linkage. We also entered into a restated equity subscription agreement on January 5, 2011 for additional equity investments in Meenakshi. For further information, see the section titled "**Material Agreements**" on page 140 of this Red Herring Prospectus. As of December 31, 2010, we had invested ₹ 603.41 million.

Ind-Barath Powergencom Limited

The project is a merchant power plant which is developing a 189 MW (3 units of 63 MW each) imported coal based thermal power project in Tamil Nadu. Phase I of two units of 63 MW of the project was commissioned in January 2010. Phase II of one unit of 63 MW is expected to be commissioned by March 2011. The total estimated cost of Phase I and Phase II of the project is ₹ 4,775.40 million and ₹ 2,356.80 million, respectively. Ind-Barath Powergencom Limited has entered into a long-term PPA with PTC whereas for short-term, power would be supplied to Tamil Nadu Electricity Board (TNEB) through PTC under the inter-state open access. The coal requirement of 30.00% is proposed to be met through coal linkages while the remaining 70.00% of the fuel requirement would be imported. The entire land for the project has been acquired and is in possession and the Ministry of Environment and Forest (MoEF) approval has also been obtained.

Pursuant to the share subscription cum shareholders agreement among us, Ind-Barath Powergencom Limited and Ind-Barath Power Infra Limited (the "Powergencom Shareholders Agreement") dated August 23, 2008, we are entitled to receive the Cumulative Return or Adjusted Return (in the event any dividends have been declared or paid by Ind-Barath Powergencom) from Ind-Barath Power and/or Ind-Barath Powergencom, jointly and severally, as the case may be. Cumulative Return is defined as the compounded (net of taxes) annual return of 23.75% per annum. Adjusted Return is defined as the Cumulative Return as adjusted for percentage of dividends declared and paid by Ind-Barath Powergencom as on the date of determination of the Cumulative Return.

Further, any amount paid by us as taxes on the Cumulative Return (or Adjusted Return, as the case may be) will be borne by the Ind-Barath Power and/or Ind-Barath Powergencom, jointly and severally, and the Cumulative Return (or Adjusted Return, as the case may be) to be received by us is required to be grossed up by Ind-Barath Power and/or Ind-Barath Utkal, as the case may be.

Under the Powergencom Shareholders Agreement, we are entitled to exercise a put option for the sale of our equity shareholding in Ind-Barath Powergencom to Ind-Barath Power at any time within a period of three years following the allotment of the relevant tranche of equity shares, for a consideration not less than the Cumulative Return or the Adjusted Return (in the event that Ind-Barath Powergencom Limited has declared and paid dividend to us), as the case may be.

In accordance with the terms of Powergencom Shareholders Agreement, Ind-Barath Power and Ind-Barath Powergencom are entitled to a call option to acquire and buy-back, respectively, the equity shares of Ind-Barath Powergencom held by us within a period of 30 days from the expiry of the three years following the allotment of the relevant tranche of equity shares, for a consideration not less than the Cumulative Return (or Adjusted Return, as the case may be).

For further information, please see the section titled "***Material Agreements– Share subscription cum shareholders agreement dated August 23, 2008 to finance the development of a coal fired thermal power plant at Thoothukkudi District, Tamil Nadu.***" on page 142 of this Red Herring Prospectus.

As of December 31, 2010, we had invested ₹ 556.30 million in Ind-Barath Powergencom Limited.

Indian Energy Exchange Limited

We are one of the promoters of India's first power exchange, IEX, which holds approximately 91.00% of the market share, in India (as per the CERC data on volume traded through power exchanges in October, 2010 http://www.cercind.gov.in/2010/MMC/MMC_Monthly_Report_Oct_2010.pdf). We made our first principal investment in IEX in December 2007, investing ₹ 65.00 million for 26.00% shareholding. We further invested ₹ 4.39 million in March 2009 for further capital requirement of IEX in order to maintain our 26.00% stake. In September 2010, we liquidated a portion of shareholding in IEX for a consideration of ₹ 135.30 million after which our shareholding in IEX is 21.12%. For further information, please see the section titled "***Material Agreements***" on page 140 of this Red Herring Prospectus.

R.S. India Wind Energy Limited

RS India Wind Energy Limited ("RSI") is developing wind energy projects in Maharashtra, starting with 99.45MW in Stage I and 200MW in Stage-II. Further, the Stage I is divided into Phase I and Phase II of 41.25 MW and 58.20 MW, respectively. 39.60 MW out of 41.25 MW of Phase I was commissioned in October 2010.

The total estimated project cost for Stage I is ₹ 6,332.00 million and the financial closure has been achieved. A long-term PPA has been entered into with Maharashtra State Electricity Distribution Company Limited (MSEDCL) for a period of 13 years subject to renewal post seven years, as mutually agreed between the parties. All relevant equipment orders have been placed, forest approval has been obtained, and land acquisition for Stage I has been completed. RSI has raised ₹ 4,763.3 million by way of lease funding, out of which ₹ 1,975.73 million has already been availed for the commissioning of first phase of 41.25 MW. In addition, negotiations for extension of PFC funding is under process for the commission of the balance 58.20 MW. CER Registration has been completed and arrangement with Shell Trading for the trading of CERs has been entered.

RSI has also promoted RK Wind Limited in which it holds 52.53% shareholding. RK Wind will produce wind turbine generators with initial planned capacity of 180 machines per year of 600 kw. The land has already been acquired for the project and construction of the plant has started which is located in Haryana.

RSI is also contemplating to establish a 3 MW solar farm in Haryana. However the same is under initial phase of development.

Pursuant to the equity subscription agreement between our Company, RSI and Mr. Rajkumar Yadav ("Promoter") dated on January 30, 2008 ("ESA"), RSI would use its best endeavours to achieve an initial public offering ("IPO") by the end of three years or such extended date as may be mutually agreed by the parties. We, subject to the applicable laws, are entitled to participate in the IPO by way of an offer for sale of a part or all of their equity shares. However, as agreed in the ESA, we would not be named as promoters of RSI in relation to the IPO.

Out of our total equity commitment of ₹ 710.97 million to RS India Wind Energy Limited, as of December 31, 2010, we had invested ₹ 611.21 million. For further information, see the section titled "**Material Agreements**" on 140 of this Red Herring Prospectus.

Varam Bio Energy Private Limited

Varam Bio Energy Private Limited ("Varam") has developed a 10 MW biomass based power project in Maharashtra. The project was commissioned in February 2009. The cost of the project was ₹ 444.50 million. Varam Bio Energy Private Limited has entered into a long-term PPA with MSEDCL for a period of 13 years. In February 2010, our Board approved investment of ₹ 45.00 million in Optionally Convertible Debentures of Varam. For further information, see the section titled "**Material Agreements**" on [•] of this Red Herring Prospectus. As of December 31, 2010, we had invested ₹ 43.90 million in equity shares and ₹ 45.00 million in Optionally Convertible Debentures of Varam Bio Energy Private Limited

PTC Bermaco Green Energy Systems Limited

A joint venture and equity subscription agreement dated August 7, 2008 ("JV Agreement") was entered into between the Company and Bermaco Energy Systems Limited ("BESL"). Pursuant to the JV Agreement, we have acquired a 26.0% equity shareholding in PTC Bermaco Green Energy Systems Limited, a joint venture company ("JVC") which has been set up for developing renewable energy based power projects across India. PTC Bermaco Green Energy Systems Limited intends to set up a series of biomass projects across India. Initially, in the first phase, it is planning to take up five projects out of 26 allotted projects in the State of Bihar for which land acquisition and the process for selection of BTG and other supplies in has already been started. For further information, see the section titled "**Material Agreements**" on page 140 of this Red Herring Prospectus. As of December 31, 2010, we had invested ₹ 13.75 million, in PTC Bermaco Green Energy Systems Limited.

Debt Financing

We provide fund based and non-fund based debt financing, including short-term and long-term debt, as well as structured debt financing. In addition to financing project companies, we also provide bridge financing to promoters of power projects. As of December 31, 2010, our Board had approved debt commitments aggregating ₹ 22,567.30 million to 31 companies, with projects aggregating 8,982.20 MW of power generation capacity. Of these approved debt commitments, as of December 31, 2010, we had entered into definitive agreements for financing arrangements for an aggregate amount of ₹ 11,198.72 million to 17 companies, with power projects aggregating 8,283 MW of power generation capacity. As of December 31, 2010, we had outstanding loan financing of ₹ 5,951.15 million to 13 companies with projects representing 6,794 MW of aggregate power

generation capacity. As of December 31, 2010, we did not have any non-performing assets in our outstanding loan portfolio.

The following table sets forth information relating to our most significant debt financing commitments based on terms of relevant loan agreements, as of December 31, 2010:

S.No.	Debt Financing Projects	Capacity	Type of Loan	Term of Loan (Years)	Debt Commitment	Loan Amount Disbursed
		(MW)			(₹ million)	(₹ million)
1	Thermal Powertech Corp. (India) Limited	1,320	Long term	16	1,200.00	1,000.00
2	Konaseema Gas Power Limited	445	Short-Term	3	1,000.00	1,000.00
3	Athena Chattisgarh Power Private. Limited	1,200	Short- Term	1	900.00	900.00
4	Surana Power Limited	420	Long Term **	11.5	1,200.00	800.00
5	I Comm Tele Ltd.	NA	Short-Term	5	600.00	528.40
6	Bajaj Energy Private Limited	450	Long- Term	12.5	750.00	437.90
7	Jhajjar Power Ltd.	1,320	Long- Term	12	318.72	318.72
8	OCL India Limited	54	Long- Term	10	391.70	300.00
9	Amreli Power Project Pvt. Ltd.	10	Long- Term	10	172.50	160.60
10	A. A. Energy Ltd.	10	Long -Term	9.75	162.50	159.05

The weighted average annual yield on all our loans during fiscal 2010 and the nine months ended December 31, 2010 was 19.02% and 15.74% respectively.

Loan Products

Our principal loan products are long-term loans and short-term loans. Our long term loans are typically of maturity period between 10 and 15 years. Our short term loans are typically of maturity period of up to five years. Our loans are sanctioned for projects in the energy value chain and we may also offer loans to corporates for their new and expansion projects in the energy value chain. Additionally, we also offer short term loans which can get converted to long term loans after the achievement of financial closure. All of our financial products are denominated in Rupees. We structure the loan products taking into consideration various factors such as requirements of the borrowing entity, market conditions, regulatory requirements, risks and rewards from the relevant projects. Some of our loans can be optionally convertible into equity shares which are structured based on the needs of the borrowers and the risk associated with the financing. Our borrowers include multinational corporations, top Indian corporations, large power utilities, first generation entrepreneurs or companies promoted by them.

Long Term Loans

We generally offer our long-term loans to projects in the energy value chain. Our long-term loans are disbursed based on the funds requirement during the course of implementation of the project. The long-term loans typically bear floating interest rates at our prevailing interest rates. These interest rates are dependent on our cost of funds and the risk associated with the assisted project. Our long-term loans also provide for re-pricing mechanisms to enable us to adjust for changes in interest rates. Our long-term loans also typically provide for pre-payment penalties, as well as the payment of additional interest in the case of default.

All our long-term loans are backed by various securities and collaterals including, mortgage of immovable properties, hypothecation of movable assets, corporate guarantee, personal guarantee, pledge of shares of promoters, bank guarantee etc. Further, we ensure that all the cash flows of the project are routed through a trust and retention account over which we have a first charge. All the above securities are shared *pari pasu* with other lenders of the project.

Where we issue long-term loans as part of consortium financing, we may vary the terms if required. In the event that our pricing terms are more favorable to us than the proposed consortium terms, we typically seek to maintain our pricing terms. In certain instances, at an additional fee, we offer comfort letters as an ancillary feature to our sanctioned long-term loans to enable borrowers to establish a letter of credit with their bankers.

Short Term Loans

We offer short term loans of maturity of up to five years which include corporate loans and bridge loans. The corporate loans are generally disbursed in a single tranche. Such loans can be repaid in periodic installments or in a bullet payment and may also have put and call options.

Bridge loans are offered prior to financial closure of a project to expedite its implementation. Bridge loans are typically of maturity of up to one year or the achievement of financial closure, whichever is earlier and may be convertible into long-term loans after financial closure. Generally such loans bear higher interest rates than long-term loans. We also incorporate pre-payment penalties in such loans and penalties in case the borrower does not convert them to long term loans. The facility of bridge loan ensures that we are able to forge relationships with borrowers at an early stage due to which we may be in a position to command better terms and conditions in the long term loan. It also ensures that we are able to compete with established players because of our early access and relationship with the borrowers. However, there is no compromise on the security coverage on such loans and we ensure that our funds are well secured through existing project assets and other collaterals. Particularly in bridge loans we ensure that the entire project land and any assets of the project are necessarily charged to us as there are generally no other lenders prior to financial closure in such companies. Such securities are ceded or shared with other lenders after financial closure. Our short-term loans permit the borrower to provide one or more of the following types of any of the security: a pledge of shares, hypothecation of assets, bank guarantee, corporate and personal guarantees.

Fee Based and Other Services

We provide various fee-based services including lenders agent and security agent services, as well as advisory services such as techno-economic feasibility studies for power projects in India.

For loan financing in form of a consortium of banks and financial institutions, we may act as the lead financial institution and perform the lenders agent and security agent services. As a lenders agent, we act as a communication channel between the borrower and the lenders and convene meetings of lenders and borrowers. We prepare the common loan agreement and other relevant documents related to the financing and security creation for the loan financing and monitor the compliance with the terms of such agreements. We also continuously monitor the development of projects and report to the lenders of the consortium periodically. As the security agent we prepare and execute the various security documents related to the loan financing.

We intend to increasingly focus on debt syndication activities in the future as we believe that our technical expertise and industry experience enable us to effectively understand the risks and opportunities in a project and structure financing solutions. We believe that the credibility of our project appraisal capabilities and our relationship with other financial institutions will enable us to ensure timely financial closure for such projects.

CER Finance

We provide financing to project developers against purchase of CERs generated or to be generated from their projects. In this regard, we undertake the transaction through a structured finance instrument meeting requirements of the project. We may provide upfront finance to the projects for delivery of pre-determined volume of CERs on a future date at a pre-agreed price and also at mutually agreed other terms and conditions. We may also enter into forward agreements (without upfront finance) with the projects for delivery of pre-determined volume of CERs on a future date at a pre-agreed price. However, the transfer of money would take place only on delivery of CERs. We typically do not carry the market risk of the CER prices and enter into parallel agreements with CER buyers. We have successfully concluded two carbon financing transactions until date, wherein we have sanctioned financing against CERs to two renewable energy companies. We have entered into strategic partnerships with Macquarie Bank Limited and Vitol SA in connection with our carbon financing business to jointly identify existing or new projects that could qualify either as a CDM project within the framework of the Kyoto Protocol ("Protocol") or as an emissions reduction project pursuant to the Protocol and jointly secure the exclusive rights to purchase or market the CERs of the identified projects.

As of December 31, 2010 our Board had approved funding in form of funding against CERs aggregating ₹ 306.11 million to two companies with projects aggregating 108 MW capacity.

Wind Power Project

In 1999, the government of Karnataka sanctioned a wind power project of 5 MW in favour of Suzlon Energy Limited ("Suzlon"). The capacity of the project was revised to 10 MW in 2000, of which, a wind power project with a capacity of 6 MW ("Wind Energy Project") was developed and transferred by Suzlon in our favour in 2010. Out of the total capacity of 6 MW, the unit for the generation of 1.5 MW is located at Koppa, District Davangere, Karnataka and the unit for the generation of the remaining 4.5 MW is located at Kundur Village, District Davangere, Karnataka. We have entered into two power purchase agreements dated March 29, 2010 with Bangalore Electricity Supply Company Limited for the supply of 1.5 MW and 4.5 MW, respectively, of electricity generated at our wind farms. Pursuant to the terms of the PPAs, BESCOM has agreed to off-take and purchase all electricity generated at our wind farms. The tariff agreed upon is ₹ 3.70 per kWh for the first 10 years, and thereafter according to the tariff determined by the Karnataka Electricity Regulatory Commission. In addition, any benefits that would accrue on account of carbon credit would be shared between our Company and BESCOM in accordance with the terms stipulated in the PPAs.

All the assets of the wind farm including all receivables are charged in favor of Punjab National Bank to secure its term loan, availed to part finance the 6 MW wind project.

Treasury Operations

In accordance with our policy for investment of surplus funds, we aim to use our treasury to manage liquidity, provide a steady source of income with minimal risks and increase the overall return on assets. Our treasury policy lays down guidelines for the permissible types of investments we can make and their monitoring. Through our treasury operations, we maintain liquidity to repay borrowings as they mature and make new loans and investments as opportunities arise. Our investments are predominantly in units of debt mutual funds, and in bank deposits.

Project Appraisal Procedure

Following is a brief description of our investment / appraisal procedure for our principal investments as well as debt financing projects:

Sourcing of investment opportunities. The investment team generates opportunities from multiple sources like PTC, banks, co-investments with advisors, market intermediaries etc.

Evaluation of investment opportunities. An independent detailed analysis is conducted on the potential target and a decision is based on a variety of factors like the promoter background, growth opportunities, historical performance etc. The appraisal follows relevant policies, viz. appraisal guidelines, credit risk management policy, investment policy, and internal credit rating.

Development of investment memorandum. An investment memorandum is prepared which includes all the evaluation results of the project that is primarily used by the whole-time directors to make appropriate decisions.

Negotiation of investment terms. The investment team then identifies the key drivers of investment returns and risks in evaluating the attractiveness of the investment and based upon their research, the investment team will negotiate the terms of a proposed investment to mitigate these risks.

Investment approval. The investment team finally submits the final investment memorandum to the Whole-Time Directors who after discussions with the investment team, decides, whether the proposal should be presented to the Board. If the Board approves, the investment team proceeds to execute the transaction supported by a frame work and internal and external legal expertise.

Monitoring of investments. Our investment/ project appraisal team is also involved closely with the Company's management and helps the Company in budgeting, building a strategic plan and other requirement with regard to development of project. In addition to the dealing officer, there is an officer designated to maintain and strengthen the centralised monitoring who prepares a report including the regular flow of information about the status of all the projects and regularly presents such a report to the Board. We also appoint nominee directors in the investee companies.

In addition to the above procedures, the following applies with respect to an exit strategy for our principal investments: While investing the investment team evaluates a number of exit options which are periodically

evaluated to ensure a timely exit. The principal means for exiting is written into definitive agreements such as the shareholders' agreement and include initial public offerings, tag-along and drag-along rights, buy-backs and stake sales. We will seek to exit after sufficient value creation in the investee company.

Sources of Funds

We have depended on term loans from banks and issuance of redeemable NCDs as our primary sources of funds. The following table sets forth the principal components of our secured and unsecured loans as of the periods indicated:

Loans	As of March 31,			As of December 31,
	2008	2009	2010	2010
	(₹ Millions)			
Secured redeemable non-convertible debentures	--	--	2,000.00	2,000.00
Secured term loans from banks (including short term loans)	--	200.00	1,108.01	2,773.69
Total	--	200.00	3,108.01	4773.69

We have issued secured NCDs on a private placement basis in October 2009, February 2010 and January 2011. 1,000 privately placed 10.60% secured redeemable NCDs of ₹ 1,000,000 each (Series I) were allotted on October 1, 2009 and are redeemable at par in three equal annual installments commencing September 30, 2012. 1,000 privately placed 9.35% secured redeemable NCDs of ₹ 1,000,000 each (Series II) were allotted on February 3, 2010 and are redeemable in their entirety on February 2, 2012. 900 privately placed 10.50% secured redeemable NCDs of ₹ 1,000,000 each (Series III) were allotted on January 27, 2011 and are redeemable at par in six equal annual instalments commencing January 27, 2018. As of December 31, 2010, we had ₹ 2,000.00 million in outstanding NCDs and ₹ 2773.69 million in other borrowings. As of December 31, 2010, our NCDs represented 41.90% of our outstanding loan funds. For further information, see the section titled “**Financial Indebtedness**” on 244.

As on December 31, 2010, we had an aggregate term loans from banks of ₹ 2,773.69 million, all of which were secured term loans. These facilities are obtained on commercial terms and have varying maturity dates and interest rates. For additional information on the terms of term loan facilities from commercial banks and financial institutions, see the section titled “**Financial Indebtedness**” on page 244.

The weighted average annual interest rate on all new borrowings under our term loan facilities from commercial banks and financial institutions in fiscal 2010 and in the nine months ended December 31, 2010 was 10.60% and 10.17 %, respectively.

In October 2010, we have also entered into ECB agreement with DEG for an aggregate amount of US\$ 26.00 million (₹ 1165.06 million) for on-lending to renewable energy projects. As of date, we have not drawn down any amount under such facility.

Our long-term bank borrowings have been rated “LA+” (positive outlook)” by ICRA, while our NCDs have been rated “LA+ (positive outlook)” by ICRA and “BWR AA” (stable outlook) by Brickwork. Our short-term borrowings have been rated “A1+” by ICRA, which is the highest credit quality rating assigned by ICRA to short term debt instruments.

We have also raised funds through capital contributions from our Promoter and our other shareholders. As of the date of this Red Herring Prospectus, PTC holds 77.60% of our equity share capital and GS Strategic Investments Limited and Macquarie India Holdings Limited each hold 11.20% of our equity share capital.

Human Resources

As of December 31, 2010 we had a total of 17 employees. The members of our professional staff have a wide range of prior experience, including working with leading commercial banks and lending institutions, finance companies, academia, investment banks. In 2008, the Company established the Employee Stock Option Plan – ESOP 2008 to grant equity based incentives to all eligible employees. Our success depends upon our ability to recruit, train and retain high quality professionals. We conduct on-campus recruitment at the top management institutions in India, such as Department of Management Studies, IIT Delhi, ICFAI Business School, Gurgaon etc. We believe that the support of the PTC Group and our intense focus on performance, quality, training and growth will give us advantages in attracting and retaining highly skilled employees. Our Promoter PTC has

availed the group mediclaim and group personnel accident policies from United India Insurance Company Limited, which also covers the employees of our Company.

Risk Management

We are exposed to various uncertainties and risks inherent to the financial intermediary business and in the market and environment we operate, including market risk, credit risk, liquidity risk and operational risk. We have implemented comprehensive risk management processes to manage the adverse effects of such risks and uncertainties that are capable of identifying, assessing, monitoring and managing risk exposures in a systematic manner.

In accordance with RBI guidelines applicable to NBFCs for the adoption of best practices and transparency in our operations, we have established a Asset Liability Management Committee to review risk management in relation to asset liability risk, including market risk and a Risk Management Committee to review integrated risk of the organization including credit risk and operational risk at the level of Board.

We have developed comprehensive policies to establish risk management processes, including an asset liability management policy, an interest rate policy, policy for investment of surplus funds i.e. treasury policy, credit risk management policy, foreign exchange risk management policy and operational risk management policy. We have implemented software based credit rating model to facilitate internal rating based approach for rating of borrowers and projects. We follow standardized processes and procedures for our various activities. A risk based internal audit function has been formulated to validate the implementation of the various policies and procedures.

Asset Liability Management Policy. The objectives of our asset liability management policy are to develop a framework for market risk management, align market risk management with our overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities consistent with the interest rate view and risk-management objectives. The asset liability management policy involves liquidity risk management by preparing and analyzing the liquidity gap reports and providing preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps. The asset liability management policy also provides the guidelines for managing currency risk.

Interest Rate Policy. Our interest rate policy provides for risk based pricing of the debt financing by us. It provides the basis of pricing the debt and the manner in which it can be structured to manage credit risk, interest rate risk and liquidity risk.

Policy for Investment of Surplus Funds. The policy of investment of surplus funds i.e. treasury policy provides the framework for managing investment our surplus funds. Realizing that the purpose of mobilization of resources in our Company is to finance equity as well as loans to energy sector projects, the prime focus is to deploy surplus funds with a view to ensure no erosion in the capital and at the same time earning optimal returns.

Credit Risk Management Policy. Our credit risk management policy provides for identification and assessment of credit risk, assessment and management of portfolio credit risk, and risk monitoring and control. The issues relating to the establishment of exposure limits for various categories, for example, based on geographical regions, fuel, industry wise, rating wise are also covered. The policy also deals with rating models aiming at high quality, consistency and uniformity in the appraisal of proposals.

Foreign Exchange Risk Management Policy. The policy covers the management of foreign exchange risk related to existing & future foreign currency loans or any other foreign exchange risks derived from our operations of borrowing and lending. The objective of the policy is to serve as a guideline for transactions to be undertaken by us for hedging of foreign exchange related risks. It provides guiding parameters within which the Asset Liability Committee can take decisions for managing the above mentioned risks.

Operational Risk Management Policy. The operational risk management policy recognizes the need to understand the operational risks in general and also in particular those in specific activities of the Company. Operational risk management is not understood as a process of eliminating such risk but as a systematic approach to manage such risk. The objectives of the operational risk management policy are to standardize the process of identifying new risks and designing appropriate controls for these risks, minimize losses and

customer dissatisfaction due to failures in processes, improve on existing products and processes that can expose the institution to losses due to fraud etc.

Competition

Our primary competitors in debt financing are public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. In principal equity investments, we face competition from other private equity firms and venture capital enterprises and managers of other types of third party funds. In relation to advisory services, our competitors are investment banks, and consulting organizations. Our competitors in these businesses are substantially larger and have considerably greater financing resources than those available to us. Also, some of our competitors may have greater technical, marketing and other resources and greater experience in these businesses. Such competitors also compete with us for management and other human resources and operational resources and capital.

Insurance

Our office equipment, including computers and laptops are covered under a comprehensive insurance policy taken by PTC on behalf of its subsidiaries, including our Company. Further, our windmill is covered by an insurance policy we have subscribed to which covers various risks, including earthquake (fire and shock), loss of profit, burglary, public liability and industrial risk, miscellaneous accident/motor (excluding engineering), and large risk advice.

Intellectual Property Rights

We currently do not hold a trademark for the logo “PFS - PTC India Financial Services Limited” used by us. On December 1, 2010, the Company filed an application number 2061797 for registration of  label as a trademark for goods or services (other than a collective mark or a certification trademark) under class 36 under the Trade Marks Act, 1999 with the Trade Marks Registry. There can be no assurance that the said trademark will be registered in the name of the Company. In the event of our failure to obtain registration of the trademark for such logo, or otherwise any liability to use such logo in the future, may result in the loss of any goodwill associated with such logo. For further information on the pending trademark applications, please see the section titled “*Government and Other Approvals*” on page 260 of this Red Herring prospectus.

Properties

Our registered and corporate office is located at 2nd Floor NBCC Tower, 15 Bhikaji Cama Place, New Delhi 110 066. We do not own any office property. We have rented registered and corporate office from our Promoter, PTC. We own a property at Dwarka, Delhi bearing flat number 1584, First Floor, Pocket-B, Sector 16B, Dwarka, Phase – II, New Delhi – 110075. This property is mortgaged as security for repayment of the principal and interest amount of Series I and Series II NCDs of the Company.

REGULATIONS AND POLICIES

Our Company is a systemically important non-deposit taking, non-banking financial institution engaged in the financing and promotion of companies engaged in power generation projects and associated with the power sector throughout India. We have recently been classified as an infrastructure finance company by the RBI. The following is an overview of the important laws and regulations which are relevant to our business. The description of laws and regulations set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961 and applicable local sales tax statutes, and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, see the section titled “Government and Other Approvals” on page 260.

I. NBFC Regulations

The Reserve Bank of India Act, 1934 (“RBI Act”)

The RBI is entrusted with the responsibility of regulating and supervising activities of NBFCs by virtue of the power vested in it under Chapter IIIB of the RBI Act. The RBI Act defines an NBFC under Section 45-I (f) as:

- “
- (i) *a financial institution which is a company;*
 - (ii) *a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;*
 - (iii) *such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.”*

Section 45-I(c) of the RBI Act defines a “financial institution” as a non-banking institution carrying on as its business or part of its business, amongst other activities, the financing, whether by way of making loans or advances or otherwise, of any activity, other than its own and a “non- banking institution” have been defined under section 45-I (e) of the RBI Act as company, corporation or cooperative society.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as a NBFC. RBI pursuant to a press release dated April 8, 1999 bearing reference 1998-99/1269 has further indicated that in order to identify a particular company as a NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. A company would be categorized as a NBFC if its financial assets were more than 50% of its total assets (netted off by intangible assets) and income from financial assets is more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for classifying the principal business of a company as that of a NBFC.

With effect from January 9, 1997, NBFCs were not permitted to commence or carry on the business of a non banking financial institution without obtaining a Certificate of Registration (“CoR”) from the RBI. Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI raised the requirement of minimum net owned fund from ₹ 2.5 million to ₹ 20 million for a NBFC commencing business on or after April 21, 1999. Further, every NBFC was required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 30 of that year, stating that it was engaged in the business of non-banking financial institution and it held a CoR. In case an NBFC does not accept or hold deposits from the public (“NBFC-ND”), it shall obtain a CoR without authorization to accept public deposits.

Public Deposit Regulations

As per the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 as amended from time to time (“Public Deposit Directions”) certain NBFC-NDs are entitled to certain

exemptions from the norms and conditions stipulated under the Public Deposit Directions, such as:

- (i) an insurance company holding a valid certificate of registration issued under section 3 of the Insurance Act, 1938, or a stock exchange notified under section 4 of the Securities Contracts (Regulation) Act, 1956, or a stock broking company defined in section 12 of the Securities and Exchange Board of India Act, 1992; and
- (ii) a loan company, an investment company, an asset finance company not accepting/holding any public deposits.

In order to benefit from such exemptions, the board of directors of the NBFC-ND must pass a resolution within thirty days of the commencement of every financial year to the effect that the company has neither accepted public deposit nor would accept any public deposit during the year.

As a NBFC-ND, we have been complying with the requirement of passing a board resolution within 30 days of commencement of a financial year to the effect that the Company has neither accepted public deposits nor would accept any public deposit.

Capital Reserve fund

Pursuant to Section 45 IC of the RBI Act, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC including a NBFC-ND. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Prudential Norms

The RBI has issued the Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time read with notification dated July 1, 2010 bearing reference number DNBS (PD) CC No.178/03.02.001/2010-11 ("**Prudential Norms**"), which contain detailed directions on prudential norms for a NBFC-ND. The Prudential Norms, amongst other requirements prescribe guidelines regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/ investment and norms relating to infrastructure loans. Under clause 2(1)(xix) of the Prudential Norms, all NBFCs-ND with an asset size of ₹ 1,000 million or more as per their last audited balance sheet will be considered as a systemically important NBFC-ND.

Asset Classification

The Prudential Norms require that every NBFC shall, after taking into account the degree of well defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- (i) Standard assets;
- (ii) Sub-standard assets;
- (iii) Doubtful assets; and
- (iv) Loss assets.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation.

Provisioning Requirements

Every NBFC, after taking into account the time lag between an account becoming non-performing, its recognition as becoming non-performing, the realization of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms.

Disclosure Requirements

Every NBFC is required to separately disclose in its balance sheet the provisions made in terms of the above paragraph without netting them from the income or against the value of the assets. These provisions shall be distinctly indicated under separate heads of accounts, namely: provisions for bad and doubtful debts; and provision for depreciation in investments, and shall not be appropriated from the general provisions and loss reserves held, if any by it.

Information to be furnished in relation to certain changes

As per the Prudential Norms, every NBFC-ND is required to furnish the following information to the Regional Office of the Department of Non-Banking Supervision of the RBI within one month of the occurrence of any change: (i) complete postal address, telephone/fax number of the registered/corporate office, (ii) name and residential address of the directors of the company, (iii) names and official designations of its principal officers, (iv) names and office address of its auditors, and (v) specimen signatures of the officers authorized to sign on behalf of the company.

Systemically important NBFCs – ND

Under clause 2(1)(xix) of the Prudential Norms, all NBFCs-ND with an asset size of ₹ 1,000 million or more as per their last audited balance sheet will be considered as a systemically important NBFC-ND (“SI-NBFC-ND”).

Pursuant to a notification issued by the RBI on October 29, 2008 bearing reference number DNBS (PD) CC. No.131 /03.05.002 / 2008-2009. SI-NBFC-NDs may augment their capital funds by the issuance of perpetual debenture instruments (“PDI”) in accordance with certain specified guidelines. Such PDIs shall be eligible for inclusion as Tier I Capital (as defined below) to the extent of 15% of the total Tier I Capital as on March 31 of the previous accounting year after deduction of goodwill and other intangible assets but before the deduction of investments. The aggregate amount to be raised by issue of PDIs shall be within the overall limits of Tier I and Tier II and may be raised in tranches. However, the minimum investment in each such issue/ tranche by single investor shall not be less than ₹ 0.5 million. The amount of funds raised by SI-NBFC-ND shall not be treated as ‘public deposit’ as defined under clause 2 (1) (xii) of the Public Deposit Directions. The amount of PDI in excess of amount admissible as Tier I shall qualify as Tier II Capital (as defined below) within the eligible limits. The interest payable to the investors may be either at a fixed rate or at a floating rate referenced to a market determined rupee interest benchmark rate. SI-NBFC-ND issuing such PDIs shall submit a report to the regional office in whose jurisdiction the NBFC is registered giving details of the debt raised, including the terms of issue.

Disclosure Requirements

Pursuant to notification dated August 1, 2008 bearing reference number DNBS (PD). CC. No. 125/03.05.002 / 2008-2009, every SI-NBFC-ND shall additionally disclose from the year ending March 31, 2009, the following particulars in its balance sheet: (i) capital to risk assets ratio (“CRAR”); (ii) exposure to real estate sector, both direct and indirect; and (iii) maturity pattern of assets and liabilities.

Concentration of credit/ investment

The Prudential Norms prescribe credit exposure limits for financial institutions in respect of the loans granted and investments undertaken by a SI-NBFC-ND. A SI-NBFC-ND shall not:

lend to:

- (a) any single borrower exceeding 15% of its Owned Fund; and
- (b) any single group of borrowers exceeding 25% of its Owned Fund.

Invest in:

- (a) the shares of another company exceeding 15% of its Owned Fund; and
- (b) the shares of a single group of companies exceeding 25% of its Owned Fund.

Lend and invest (loans/ investments taken together) exceeding:

- (a) 25% of its Owned Fund to a single party; and

- (b) 40% of its Owned Fund to a single group of parties.

However, this prescribed ceiling shall not be applicable on a SI-NBFC-ND for investments in the equity capital of an insurance company to the extent specifically permitted by RBI. Any SI-NBFC-ND not accessing public funds, either directly or indirectly may make an application to RBI for modifications in the prescribed ceilings. Further, every SI-NBFC-ND is required to formulate a policy in respect of exposures to a single party/ a single group of parties.

Exposure limits for infrastructure related loan and investment

SI-NBFC-NDs may exceed the concentration of credit/ investment norms as applicable to SI-NBFC-NDs by 5% for any single party and by 10% for a single group of parties, if the additional exposure is on account of infrastructure loan and/ or investment.

Capital adequacy requirement

Pursuant to the Prudential Norms, every SI-NBFC-ND is subject to capital adequacy requirements and is required to maintain with effect from April 1, 2007, a minimum capital ratio consisting of Tier I and Tier II Capital (as defined below) which shall not be less than 10% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items, such ratio shall not be less than 12% by March 31, 2010 and 15% by March 31, 2011. Tier I Capital means Owned Fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the Owned Fund and perpetual debt instruments issued by a SI-NBFC-ND in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year ("**Tier I Capital**"); and Tier II Capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a SI-NBFC-ND which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I Capital ("**Tier II Capital**"). Further, the total of Tier II Capital of a SI-NBFC-ND shall not exceed 100% of Tier I Capital.

Classification of Infrastructure Finance Companies

Pursuant to the RBI circular dated February 12, 2010 bearing reference number DNBS.PD. CC No. 168 / 03.02.089 /2009-10, a fourth category of NBFC was introduced known as Infrastructure Finance Companies ("**IFC**"). Prior to the inclusion of IFCs three categories of NBFCs existed namely Asset Finance Companies, Loan Companies and Investment Companies. An IFC is defined as a NBFC-ND that fulfils and maintains on a continuous basis the criteria of:

- (i) a minimum of 75 per cent of its total assets should be deployed in infrastructure loans as defined in Para 2(viii) of the Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
- (ii) net owned funds of ₹ 3000 million or above;
- (iii) minimum credit rating 'A' or equivalent of CRISIL, FITCH, CARE, ICRA or equivalent rating by any other accrediting rating agencies; and
- (iv) CRAR of 15% (with a minimum Tier I Capital of 10%)

Further, SI-NBFC-NDs may exceed the concentration of credit/ investment norms, as provided above by 5% for any single party and by 10% for a single group of parties, if the additional exposure is on account of infrastructure loan and/ or investment. Additionally, IFCs may exceed the concentration of credit norms applicable to SI-NBFC-NDs under the Prudential Norms as under:

- (i) in lending to

- (a) any single borrower by 10% of its Owned Fund i.e. 25% of its Owned Fund; and
- (b) any single group of borrowers by 15% of its Owned Fund i.e. 40% of its Owned Fund;
- (ii) in lending and investing in (loans/investments taken together) by

- (a) 5% of its Owned Fund to a single party i.e. 30% of its Owned Funds; and
- (b) 10% of its Owned Fund to a single group of parties i.e. 50% of its Owned Funds.

IFCs are allowed to availed ECBs upto 50% of their Owned Funds from recognised lenders under the automatic route. For further details of the applicable ECB provisions, please see the section titled “**Regulations and Policies – Regulations applicable to External Commercial Borrowings**” on page 125.

Reporting requirements

RBI prescribes various returns from time to time, that are required to be submitted by NBFCs pertaining to compliance which *inter-alia* include deposit acceptance, prudential norms compliance, ALM etc. The returns required to be submitted by SI-NBFC-NDs are as follows as summarised under the master circular dated July 1, 2010 bearing reference number DNBS.PD.CC. No.180/03.10.042/2010-11:

- (i) An annual statement of capital funds, risk weighted assets, risk asset ratio etc. as at end of March every year for SI-NBFC-ND (NBS-7);
 - (ii) Monthly Return on Important Financial Parameters of SI-NBFCs-ND;
 - (iii) Monthly statement of short term dynamic liquidity (ALM-1);
 - (iv) Half yearly statement of structural liquidity (ALM-2); and
 - (v) Half yearly statement of Interest rate sensitivity (ALM-3).
3. Quarterly return on important financial parameters of NBFC-NDs having assets of more than ₹ 500 million and above but less than ₹1,000 million.
 4. All NBFCs are required to submit at the end of March every year an annual certificate duly certified by the statutory auditors that the company is engaged in the business of NBFI requiring it to hold the CoR. The certificate shall also indicate the asset / income pattern of the NBFC for making it eligible for classification as AFC, Investment Company, or Loan Company.
 5. NBFCs with foreign direct investment (“**FDI**”) have to submit a half yearly certificate ending March and September to the effect that the NBFC has complied with the minimum capitalisation norms and that its activities are restricted to the activities prescribed under FEMA.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management (“**ALM**”) system dated June 27, 2001 in relation to NBFCs (“**ALM Guidelines**”) that are applicable to all NBFCs. Accordingly, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹ 1,000 million, irrespective of whether they are accepting / holding public deposits or not, are required to put in place an ALM system. The ALM system rests on the functioning of ALM information systems within the NBFC, ALM organization including an Asset Liability Committee (“**ALCO**”) and ALM support groups, and the ALM process including liquidity risk management, management of marketing risk, funding and capital planning, profit planning and growth projection, and forecasting/ preparation of contingency plans. It has been provided that the management committee of the board of directors or any other specific committee constituted by the board of directors should oversee the implementation of the system and review its functioning periodically. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/ 31 days time-bucket should not exceed the prudential limit of 15% of outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

Further for the purposes of monitoring the asset liability gap and strategize action to mitigate the risk associated thereto, the Company in 2007 constituted an Asset Liability Management/ Risk Management Committee and also appointed five private consultants to develop a structure/organization for monitoring and controlling the overall risk management framework.

Rating of Financial Product

Pursuant to the RBI circular bearing reference no DNBS (PD) CC. No.134/03.10.001 / 2008-2009 dated February 4, 2009, all NBFCs with an assets size of ₹ 1,000 million and above are required to furnish at the relevant regional office of the RBI, within whose jurisdiction the registered office of the NBFC is functioning, information relating to the downgrading and upgrading of assigned rating of any financial products issued by them within 15 days of such change.

Norms for Excessive Interest Rates

The RBI, through its circular bearing reference number DNBS.PD/ CC. No. 95 /03.05.002 /2006-07 dated May 24, 2007, directed all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2010 consolidating all previous instructions regulating the rates of interest charged by NBFCs which stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by SI-NBFCs-ND, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non banking financial institution requiring it to hold a CoR under the RBI Act. This certificate is required to be submitted within one month of the date of finalization of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 227 of the Companies Act, the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI.

Opening of Offices or Undertaking Investment Abroad by NBFCs

The RBI has issued draft guidelines for extending no objection certificate for opening of branch/ subsidiary/ representative office or undertaking investment abroad by NBFCs on January 24, 2008. These guidelines amongst others require every NBFC to obtain prior approval of the RBI for opening of subsidiaries/ joint ventures/ representative office abroad or for undertaking investment in foreign entities. NBFCs are required to comply with certain conditions such as maintaining minimum net owned fund as prescribed in the explanation to Section 45-IA of the RBI Act, complying with the regulations issued under FEMA, from time to time; and complying with KYC norms as prescribed under these guidelines for permitting subsidiaries/ joint ventures/ representative office or making investments abroad.

Corporate Governance Guidelines

In order to enable NBFCs to adopt best practices and greater transparency in their operations, the RBI introduced corporate governance guidelines on May 8, 2007 vide circular bearing reference number DNBS.PD/CC 94/03.10.042/2006-07. Further, the RBI consolidated the corporate governance guidelines issued by it from time to time in its master circular dated July 1, 2010, bearing reference number DNBS (PD) CC No. 187 / 03.10.001 / 2010-11. As per this master circular, all SI-NBFC-NDs are required to adhere to certain corporate governance norms, including:

- (i) constitution of an audit committee;

- (ii) constitution of a nomination committee to ensure fit and proper status of the proposed and existing directors;
- (iii) constitution of asset liability management committee to monitor the asset gap and strategize actions to mitigate the associated risk. Further a risk management committee may also be formed to manage the integrated risk;
- (iv) informing the board of directors, at regular intervals, the progress made in having a progressive risk management system, a risk management policy and the strategy being followed. The board of directors also needs to be informed about compliance with corporate governance standards, including in relation to the composition of various committees and their meetings; and
- (v) frame internal guidelines on corporate governance for enhancing the scope of the guidelines.

Fair Practices Code

On September 28, 2006 the RBI vide circular bearing reference number DNBS (PD) CC No. 80 / 03.10.042 / 2005-06 prescribed broad guidelines towards a fair practices code that was required to be framed and approved by the board of directors of all NBFCs. On July 1, 2010 the RBI issued a master circular bearing reference number DNBS (PD) CC No.185 / 03.10.042 / 2010-1 on fair practices consolidating all previous instructions and has required that the fair practices code of each NBFC is to, be published and disseminated on its website. Amongst others measures to be complied with, the code prescribes the following requirements, to be adhered to by NBFCs:

- (i) inclusion of necessary information affecting the interest of the borrower in the loan application form.
- (ii) devising a mechanism to acknowledge receipt of loan applications and establishing a time frame within which such loan applications are to be disposed.
- (iii) conveying, in writing, to the borrower the loan sanctioned and terms thereof. The acceptance of such terms should be kept on record by the NBFC.
- (iv) giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively.
- (v) refraining from interfering in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan agreement.
- (vi) not resorting to undue harassment in the matter of recovery of loans, and an appropriate grievance redressal mechanism for resolving disputes in this regard is to be established.
- (viii) periodical review of the compliance of the fair practices code and the functioning of the grievances redressal mechanism at various levels of management, a consolidated report whereof may be submitted to the board of directors.
- (ix) furnishing a copy of loan agreements and enclosures quoted in the loan agreement to all borrowers.

Our Company has a Fair Practice Code in place which was approved by the Board on March 22, 2007 and was subsequently revised on June 4, 2007.

Anti Money Laundering

The Prevention of Money Laundering Act, 2002 (“**PMLA**”) seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 1 million. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same

are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

Know Your Customer Guidelines (“KYC Guidelines”)

The RBI has by its circular bearing reference no. DNBS (PD) CC No. 34/10.01/2003-04 dated January 6, 2004, as amended from time to time has advised all NBFCs to adopt such guidelines with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and anti-money laundering measures is put in place. The KYC policies are required to have certain key elements such as customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines by the persons authorized by the NBFCs’ and including brokers/agents, due diligence of persons authorized by the NBFCs and customer service in terms of identifiable contact with persons authorized by NBFCs.

Enhancement of Capital funds Raising Option

Pursuant to the RBI circular on Enhancement of NBFCs’ Capital Raising Option for Capital Adequacy Purposes dated October 29, 2008, SI-NBFCs-ND have been permitted to augment their capital funds by issuing perpetual debt instruments (“PDI”) in accordance with the prescribed guidelines provided under the circular. Such PDI will be eligible for inclusion as Tier I Capital to the extent of 15% of the total Tier I Capital as on March 31 of the previous accounting year. Any amount in excess of the amount admissible as Tier I capital will qualify as Tier II Capital within the eligible limits. The minimum investment in each issue/tranche by any single investor shall not be less than ₹ 0.5 million. It has been clarified that the amount of funds so raised shall not be treated as public deposit within the meaning of clause 2 (1) (xii) of the Public Deposit Directions.

II. Regulations applicable to foreign investment

FEMA and FDI Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, the Department of Industrial Policy and Promotion (“DIPP”) has issued Circular 2 of 2010 dated September 30, 2010 (the “**Consolidated FDI Policy**”) which consolidates the policy framework on FDI with effect from October 1, 2010. The Consolidated FDI Policy consolidates and subsumes all such previous press notes, press releases and clarifications issued by DIPP.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended (“**FEMA Regulations**”) to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India.

For further information on the restrictions on foreign ownership of Indian securities, see section titled “**Restriction on Foreign Ownership of Indian Securities**” on page 326.

III. Regulations applicable to External commercial borrowings

The current policy of the RBI directly relating to external commercial borrowing (“**ECB**”) is embodied in the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, as amended from time to time (“**ECB Guidelines**”). The ECB Guidelines states that ECB refers to commercial loans in the form of bank loans, buyers’ credit, suppliers’ credit and securitized instruments (e.g. floating rate notes and fixed rate bonds) availed from non-resident lenders with a minimum average maturity of three years. Funds received by an Indian company from the issue of preference shares, whether non-convertible, optionally convertible or partially convertible, or the issue of debentures that are not mandatorily and compulsorily convertible into equity shares are considered debt, and accordingly, all norms applicable to ECBs (including those relating to eligible borrowers, recognised lenders, amount and maturity and end-use stipulations) apply to such issues.

ECB can be accessed under two routes, viz. (i) automatic route, and (ii) approval route. The ECB Guidelines are subject to amendment from time to time. Investors are urged to consult their own advisors in connection with the applicability of any Indian laws or regulations.

Pursuant to A.P. (DIR Series) Circular No. 51 dated May 11, 2010 on external commercial borrowings policy issued by RBI, NBFCs categorized as IFCs by the RBI exclusively involved in the financing of the infrastructure sector have been permitted to avail external ECBs, including the outstanding ECBs, upto 50% of their Owned Funds under the automatic route subject to such NBFC's compliance with RBI prescribed prudential norms. However, ECBs availed by IFCs above 50% of their Owned Funds would require the approval of RBI and will, therefore, be considered under the approval route.

Automatic route

Under the automatic route the recognised lenders are as follows viz. internationally recognized sources such as (i) international banks, (ii) international capital markets, (iii) multilateral financial institutions / regional financial institutions and Government owned development financial institutions, (iv) export credit agencies, (v) suppliers of equipments, (vi) foreign collaborators and (vii) foreign equity holders (other than erstwhile Overseas Corporate Bodies (OCBs)). A foreign equity holder to be eligible as a recognized lender would require a minimum holding of paid-up equity in the borrower company as follows: (a) For ECB up to USD 5 million - minimum paid up equity of 25% held directly by the lender, and (b) For ECB more than USD 5 million - minimum paid up equity of 25% held directly by the lender and debt-equity ratio not exceeding 4:1 (i.e. the proposed ECB not exceeding four times the direct foreign equity holding).

Further, the maximum amount of ECB which can be raised by a corporate other than those in the hotel, hospital and software sectors is USD 500 million or its equivalent during a financial year and the maturity of such ECBs are as follows: (i) ECB up to USD 20 million or its equivalent in a financial year with minimum average maturity of three years; (ii) ECB above USD 20 million or equivalent and up to USD 500 million or its equivalent with a minimum average maturity of five years.

All-in-cost includes rate of interest, other fees and expenses in foreign currency except commitment fee, pre-payment fee, and fees payable in Indian Rupees. The payment of withholding tax in Indian Rupees is excluded for calculating the all-in-cost ("**All-in-cost Ceiling**"). The All-in-cost Ceilings for ECB are reviewed from time to time and at present all-in-cost ceilings over 6 month LIBOR (for the respective currency of borrowing or applicable benchmark) for average maturity period of 3 years and up to 5 years is 300 basis points and for more than 5 years is 500 basis points.

Issuance of guarantee, standby letter of credit, letter of undertaking or letter of comfort by banks, financial institutions and NBFCs from India relating to ECB is not permitted.

The choice of security to be provided to the lender/ supplier is left to the borrower. However, creation of charge over immoveable assets and financial securities, such as shares, in favour of the overseas lender is subject to compliance with certain notifications under FEMA. AD Category - I banks have been delegated powers to convey 'no objection' under FEMA for creation of charge on immovable assets, financial securities and issue of corporate or personal guarantees in favour of overseas lender / security trustee, to secure the ECB to be raised by the borrower.

Borrowers may enter into loan agreement complying with the ECB Guidelines with a recognised lender for raising ECB under the automatic route. The borrower must obtain a Loan Registration Number (LRN) from the RBI before drawing down the ECB. Further, Prepayment of ECB up to USD 500 million may be allowed by AD banks without prior approval of RBI subject to compliance with the stipulated minimum average maturity period as applicable to the loan

Approval route

Under the approval route requiring RBI permission, corporates can avail of ECB of an additional amount of USD 250 million with average maturity of more than 10 years under the approval route, over and above the existing limit of USD 500 million under the automatic route, during a financial year. Other ECB criteria, such as end-use, recognized lender, etc. need to be complied with.

IV. Legislative framework for recovery of debts

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

The Securitisation Act provides the powers of "seize and desist" to banks and grants certain special rights to banks and financial institutions to enforce their security interests. The Securitisation Act provides that a

“secured creditor” may, in respect of loans classified as non-performing in accordance with RBI guidelines, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan, and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets.

Under the Securitisation Act, all mortgages and charges on immovable properties in favour of banks and financial institutions are enforceable without the intervention of the courts. The Securitisation Act also provides for the establishment of asset reconstruction companies regulated by RBI to acquire assets from banks and financial institutions. A bank or financial institution may sell a standard asset only if the borrower has a consortium or multiple banking arrangements, at least 75% by value of the total loans to the borrower are classified as non-performing and at least 75% by value of the banks and financial institutions in the consortium or multiple banking arrangements agree to the sale. The banks or financial institution selling financial assets should ensure that there is no known liability devolving on them and that they do not assume any operational, legal or any other type of risks relating to the financial assets sold. Furthermore, banks or financial institutions may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks or financial institutions may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. While each bank or financial institution is required to make its own assessment of the value offered in the sale before accepting or rejecting an offer for purchase of financial assets by an asset reconstruction company, in consortium or multiple banking arrangements where more than 75% by value of the banks or financial institutions accept the offer, the remaining banks or financial institutions are obliged to accept the offer.

Recovery of Debts Due to Banks and Financial Institutions Act, 1993

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (“**Debts Recovery Act**”) provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial institutions. Under the Debts Recovery Act, the procedures for recoveries of debt have been simplified and time frames been fixed for speedy disposal of cases. Upon establishment of the Debts Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the higher courts in India in certain circumstances.

V. Laws relating to issuance of infrastructure bonds

The Government of India has pursuant to a notification dated July 9, 2010 bearing reference no. 48/2010[F.No.149/84/2010-SO(TPL)] issued by it (“**Notification**”), specified certain bonds as “long-term infrastructure bonds” (“**Infrastructure Bonds**”) for the purposes of Section 80CCF of the IT Act. As per the Notification, the Infrastructure Bonds can be issued by the following: (i) Industrial Finance Corporation of India; (ii) Life Insurance Corporation of India; (iii) Infrastructure Development Finance Company Limited; and (iv) a NBFC classified as an Infrastructure Finance Company by the RBI, during the financial year 2010-11. The volume of issuance during the financial year shall be restricted to 25% of the incremental infrastructure investments made by the issuer during the financial year 2009-10 and ‘investment’ for the purposes of the aforesaid limit shall include loans, bonds, other forms of debt, quasi-equity, preference equity and equity. The Infrastructure Bonds shall have a tenure of a minimum period of 10 years and a minimum lock-in period for an investor shall be 5 years, after which the investor may exit either through the secondary market or through a buyback facility specified by the issuer in the issue document at the time of issue. The Infrastructure Bond shall also be allowed as pledge or lien or hypothecation for obtaining loans from scheduled commercial bank, after the said lock-in period.

The yield of the Infrastructure Bond shall not exceed the yield on government securities of corresponding residual maturity, as reported by the fixed income money market and derivatives association of India (“**FIMMDA**”) as on the last working day of the month immediately preceding the month of the issue of the Infrastructure Bond. The proceeds of the Infrastructure Bonds shall be utilised towards ‘infrastructure lending’ as defined in the guidelines issued by the RBI.

VI. Laws relating to Employment

Shops and Establishments Legislations in Various States

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

The Company is required to comply with various labour laws, including the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 which have been discussed below:

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (the “**Gratuity Act**”) establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹ 1 million.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (“**EPF Act**”) provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

VII. Laws relating to Electricity

The Electricity Act, 2003 (“**Electricity Act**”) is a central legislation consolidating the laws relating to *inter-alia* including generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of the electricity industry, promoting competition therein etc. The Electricity Act provides for a multi buyer, multi seller system as opposed to the earlier structure which permitted only a single buyer to purchase power from power generators. It also provides for greater flexibility and grants the respective electricity regulatory commission greater freedom in determining tariffs, without being constrained by rate-of return regulations. Transmission, distribution and trade of electricity are regulated activities under the Electricity Act which require licenses from the appropriate electricity regulatory commission, unless exempted by the appropriate government. The Electricity Act was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer.

Under the Electricity Act, any generating company may establish, operate and maintain generating stations without obtaining a license under the Electricity Act, if it complies with prescribed technical standards relating to grid connectivity. A generating company is required to establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines connected therewith in accordance with the Electricity Act or the rules or regulations made under it. Further, a generating company may subject to the provisions of the Electricity Act, supply electricity to any licensee and to any consumer. The Electricity Act provides for the constitution of a central commission known as the Central Electricity Regulatory Commission (“**CERC**”) to discharge the functions assigned to it under the Electricity Act which *inter alia* include, regulating the tariff of generating companies owned or controlled by the central government and such others companies who enter into or otherwise have a composite scheme for generation and sale of electricity in more than one state; regulating inter-state transmission of electricity; determining tariff for inter-state transmission of electricity; issuing licenses to persons to function as transmission licensee and electricity trader with respect to their inter-state operations etc.

VIII. Regulations relating to Carbon Credits

Kyoto Protocol and Carbon Credits

The Kyoto Protocol is a protocol to the United Nations Framework Convention on Climate Change (“UNFCCC”) with the objective of reducing greenhouse gases (“GHG”) and global warming that cause climate change. The Kyoto Protocol was agreed on December 11, 1997 at the third conference of the parties to the treaty when they met in Kyoto, Japan and entered into force on February 16, 2005. India acceded to the Kyoto Protocol on August 26, 2002. The Kyoto Protocol sets binding targets for certain industrialized countries for reducing their GHG emissions.

Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of years of industrial activity, the Kyoto Protocol places a heavier burden on developed nations under the principle of “common but differentiated responsibilities.

Under the Kyoto Protocol, countries must meet their targets primarily through national measures. However, the Kyoto Protocol offers them an additional means of meeting their targets by way of three market-based mechanisms namely (i) emission trading (known as the carbon market); (ii) clean development mechanism (“CDM”); and (iii) joint implementation (“JI”). The protocol includes mechanisms which allow developed nations to meet their GHG emission limitation by purchasing GHG emission reductions from elsewhere. These can be bought either from financial exchanges, from projects which reduce emissions in developing nations under the CDM, the JI scheme or from developed nations with excess allowances.

Typical emission certificates are:

- Certified Emission Reduction (“**CER**”);
- Emission Reduction Unit (“**ERU**”); and
- Voluntary or Verified Emission Reductions (“**VER**”).

CERs and ERUs are certificates generated from emission reduction projects, under the CDM for projects implemented in developing countries, and under JI for projects implemented in developed countries, respectively. These mechanisms are introduced within the Kyoto Protocol. For projects which cannot be implemented as CDM or JI, but still fulfil the required standards, VERs can be generated. VERs, however, cannot be used for compliance under the Kyoto Protocol.

Pursuant to Article 12 of the Kyoto Protocol, the CDM allows emission-reduction (or emission removal) projects in developing countries to earn certified emission reduction credits, each equivalent to one tonne of carbon dioxide. These CERs can be traded and sold, and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol. The designated authority in India is the National Clean Development Mechanism Authority, under the Ministry of Environment and Forests for registering a project before it can be submitted to the relevant authority under the executive board of the UNFCCC.

IX. Laws relating to Intellectual Property

The Trade Marks Act, 1999 and the Copyright Act, 1957 amongst others govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

X. Other regulations

In addition to the above, the Company is required to comply with the provisions of the Companies Act, FEMA, various tax related legislations imposed by the centre or the state and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on September 8, 2006 as a public limited company, in the name of “PTC India Financial Services Limited” under the Companies Act with the RoC. The certificate for commencement of business was issued by the RoC on March 30, 2007. Our Company is not a government company within the meaning of Section 617 of the Companies Act.

For details relating to our Company’s business activities, operations and growth and the standing of our Company vis-à-vis its prominent competitors, see section titled “*Our Business*” on page 102. For details relating to the management of our Company, see section titled “*Our Management*” on page 153.

Registered Office

The registered office of our Company is situated at Second Floor, NBCC Tower 15, Bhikaji Cama Place, New Delhi 110 066. There has been no change in the registered office of our Company since incorporation.

Shareholders

As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares is 9 (including 6 shareholders holding shares as nominees of our Promoter i.e. PTC India Limited). For further details in relation to our current shareholding pattern, see the section titled “*Capital Structure*” on page 65.

Accreditations

Financial Year	Details
August 2010	Re-affirmation by Brickwork Ratings India Private Limited of BWR AA rating (indicating high credit quality in terms of timely servicing of debt obligations) earlier assigned to our previous two issues of NCDs aggregating to ₹ 1,000 million each with a tenor of five years to be made by the Company and our proposed unsecured NCD issue of ₹ 2,000 million.
August 2010	Reaffirmation of A1+ rating (indicating high credit quality and lowest credit risk for short term) earlier assigned by ICRA Limited to the Commercial Paper Programme of ₹ 1,000 million to be made by the Company. The said rating is valid till August 19, 2011.
June 2010	Long-term rating of LA+ assigned by ICRA Limited with positive outlook to the issue of NCDs aggregating to ₹ 1 billion to be made by the Company and an A1+ rating (indicating high credit quality and lowest credit risk for short term) to the Commercial Paper (CP) Programme aggregating to ₹ 1 billion to be made by the Company. ICRA Limited also reaffirmed LA+ ratings assigned earlier to the two separate issues of NCDs of ₹ 1 billion each made earlier by the Company (the two issues of NCDs are hereinafter together referred to as “Previous NCD Issues”) and revised the outlook on ratings for Previous NCD Issues from ‘stable’ to ‘positive’. The long-term sanctioned bank lines were also enhanced from ₹ 3 billion to ₹ 4.25 billion and outlook on ratings for the same was revised from ‘stable’ to ‘positive’.

Major Events

Financial Year	Event
2006-07	Incorporation of the Company.
2007-08	- Commencement of business by the Company; - First investment made by the Company in India’s first power exchange i.e. Indian Energy Exchange Limited; and - Investment in the Company by strategic investors i.e. GS Strategic Investments Limited and Macquarie India Holdings Limited.
2008-09	Commencement of debt financing business by the Company.
2009-10	- Commencement of financing of future generation of carbon credits by the Company; and - Commissioning of 6 MW wind power project in the state of Karnataka.
2010-11	- The Company received the status of an “Infrastructure Finance Company” from RBI; - Company entered into an agreement with Deutsche Investitions-Und Entwicklungsgesellschaft mbH (“DEG”), Germany for availing external commercial borrowings in the nature of a term loan for an amount of USD 26 million (₹ 1165.06 million); - Commencement of fee based services by receiving a mandate from Greta Energy Limited appointing the Company as the lead financial institution, lenders’ agent and security agent for a 15 MW coal based project; and - Short term borrowing rating of ‘A1+’ (indicating high credit quality and lowest credit risk for short term) which is the highest rating granted by ICRA;

Our Main Objects

The main objects of our Company as stated in our Memorandum of Association are as follows:

- To carry on and engage in the business in India or abroad for investment/ financing whether short term, medium term, intermediate and long term, working capital and any other investment or loan requirements in all types of projects, industry and company(ies) or persons engaged in any kind of business inclusive of but not limited to Power Generation, Transmission and Distribution, Capital Goods/Plant and Machinery Deployment, Engineering & Construction, Energy Sector, Fuel Supply, Oil and Gas Sector, Gas fields, Refining of Crude Oil, Gasification, Regasification, import of fuels, Liquefactions plant, pipelines and coal mine/ coalfield, mining of coal, facilitating transportation, loading /unloading of coal, Port Development/facilities, fuel transportation, Infrastructure Development or energy conservation and other sector.*
- To invest in India or abroad in power exchange, subsidiaries, joint ventures and to acquire, hold, sell, buy or otherwise deal in any shares, units, stocks, any type of merchandise commodities, debentures, debenture-stock, bonds, mortgages, securities, obligations and other securities by original subscription, tender, purchase, change, gift or otherwise and to subscribe for the same, either conditionally or otherwise, and to deals in all types of future, options, and all other derivative contracts, hedges on an exchange or otherwise and to underwrite, sub-underwrite or guarantee the subscription thereof to purchase and sell the above mentioned securities and movable and/or immovable property(s).*
- To act as advisors/consultant in India or abroad for investment in and purchase, sale, subscription, acquisition or dealing in shares, units, negotiable instruments, foreign exchange, debentures, bonds, obligations, mortgages, corporate finance like capital restructuring, financial leverage and securities of any kind and in preparation of reports on technical feasibility and economical viability of projects and other financial and investment matters and to carry on the business of home, conveyance, personal and retail financing/ trade financing and other related business. Further, to promote funds, mutual funds, private equity funds, venture capital funds or any other fund whether in India or abroad.*
- To establish and carry on the business whether in India or abroad of debt syndication, equity syndication Merchant Banking, investment banking and to act as lead managers, co-managers, assets management, authorized distribution of mutual funds and such other agencies as may be permitted by any law/ statutory authorities in India or abroad including Reserve Bank of India / Securities Exchanges Board of India or any other statutory authority etc.*
- To carry on and undertake the business whether in India or abroad of hire purchase, leasing, import leasing and to give on lease and/or ' license basis, or in any other manner of all types of equipment, property and assets including all kinds of goods, articles or things whether movable or immovable and to act as discount and acceptance house, to arrange acceptance and co-acceptance of bills, to undertake factoring of bills, and other documents, to purchase the book debts and receivables and to lend' and give credit against the same, to draw, make, accept, endorse, discount execute, issue negotiate and sell bills of exchange, promissory notes and advance by discounting or otherwise with or without security upon such terms and conditions as the Company deems fit to borrow, to lend, to negotiate loans, to transact business as promoters, financiers, monetary agents, to raise -or provide venture capital, arrange securitization of loans, short term/medium term/long term debt instruments, real estate/property certificates, to undertake asset management, portfolio management, advisory counselling services.*
- To give, promote, organize offer any type of advisory services.*
- To impart, give and /or organize any type of training services.*

Changes in Memorandum of Association

Since our incorporation, our memorandum of association has undergone the following changes:

Date of Amendment	Amendment
August 5, 2008	Increase in the authorised share capital of the Company from ₹ 300,000,000, comprising 30,000,000 Equity Shares to ₹ 6,000,000,000 comprising 600,000,000 Equity Shares.
September 24, 2010	Increase in the authorised share capital of the Company from ₹ 6,000,000,000, comprising

Date of Amendment	Amendment
	600,000,000 Equity Shares to ₹ 10,000,000,000 comprising 1,000,000,000 Equity Shares.

Our Holding Company

Our Promoter, PTC India Limited is also our holding company. For further details of PTC India Limited, please see the section titled “**Our Promoter and Group Companies**” on page 166 of this Red Herring Prospectus.

Recent Acquisitions

Other than equity investment in normal course of business, our Company has not made any acquisitions in the recent past.

Our Subsidiaries

Our Company does not have any subsidiaries.

Our Joint Venture

PTC Bermaco Green Energy Systems Limited

PTC Bermaco Green Energy Systems Limited (“**PBGES**”) was incorporated on September 10, 2008 as a public limited company under the Companies Act and received its certificate of commencement of business on November 21, 2008. It has its registered office located at D-73/1 MIDC Turbhe TTC Industrial Area, Navi Mumbai, Thane, Maharashtra – 400 705. As per the objects of its memorandum of association, PBGES is authorised to inter-alia engage in the business of promoting and developing renewable energy based power projects, dealing with carbon credits, promoting and implementing energy efficiency projects and conducting business in all energy related matters. The authorised share capital of PBGES is ₹ 200 million divided into 20 million equity shares of ₹ 10 each and the paid up capital of PBGES is ₹ 52,871,000 divided into 5,287,100 equity shares of ₹ 10 each.

As on January 31, 2011, the shareholding pattern of PBGES is mentioned below:

S. No.	Name of the Shareholder	No. of shares	Percentage of shareholding
1.	Bermaco Energy Systems Limited	2,412,454	45.63
2.	Retreat Infrastructure Private Limited	1,500,000	28.37
3.	PTC India Financial Services Limited	1,374,646	26.00
Total		5,287,100	100.00

Financial Performance

As PBGES was incorporated in September 2008, the financial performance for PBGES for the Fiscals 2009 and 2010 are mentioned below:

	Fiscal 2010	Fiscal 2009
Reserves (excluding revaluation reserve)	-	-
Net Sales	-	-
Profit after tax	-	-
Basic earnings per share	-	-
Diluted earnings per share	-	-
Net Asset value	50,537,272	16,602,000

Board of Directors:

The following persons constitute the board of directors of PBGES.

- 1) Mr. Vini Jagatsingh Ahuja;
- 2) Mr. Arun Kapoor;
- 3) Dr. Ashok Haldia;
- 4) Mr. Shashi Shekhar; and

5) Mr. Monish Ahuja.

PBGES has never been declared a sick company under the provisions of the Sick Industrial Companies Act, 1985 nor has there ever been any winding up proceedings initiated against it.

The shares of PBGES are not listed on any stock exchange

Our Associate Companies

(i) Indian Energy Exchange Limited

Indian Energy Exchange Limited ("IEX") was incorporated on March 26, 2007 under the Companies Act and is engaged in the business of providing nationwide automated and online electricity trading platform, transacting, clearing and settling trades in various types of electricity, power based contracts, covering bidding, price discovery, settlement and scheduling.

The shareholding pattern of IEX as on January 31, 2011 is as follows:

Equity share capital

S. No.	Name of the Shareholder	No. of shares	Percentage of equity shareholding
1.	Financial Technologies (India) Limited	9,140,302	33.49
2.	PTC India Financial Services Limited	5,766,026	21.12
3.	Bessemer Venture Partners Trust	1,516,431	5.56
4.	Lightspeed Venture Partners VIII Mauritius	1,516,431	5.56
5.	Rural Electrification Corporation Limited	1,250,000	4.58
6.	Infrastructure Development Finance Company Limited	1,250,000	4.58
7.	IEX ESOP Trust	606,572	2.22
8.	Lanco Infratech Limited	1,250,000	4.58
9.	The Tata Power Company Limited	1,250,000	4.58
10.	Jindal Power Limited	1,250,000	4.58
11.	Reliance Energy Limited	1,250,000	4.58
12.	Adani Enterprises Limited	1,250,000	4.58
Total		27,295,762	100.00

Preference share capital (Compulsory Convertible Preference Shares)

S. No.	Name of the Shareholder	No. of CCPS	Percentage of preference shareholding
1.	Bessemer Venture Partners Trust	1,516,431	50.00
2.	Lightspeed Venture Partners VIII Mauritius	1,516,431	50.00
Total		3,032,862	100.00

Financial Performance:

The audited financials of IEX for the last three years are as follows:

(In ₹)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Reserves (excluding revaluation reserve)	4,113,474	(34,255,468)	749,200
Total income	220,934,893	135,010,337	72,725,338
Profit after tax	38,368,942	(34,774,761)	749,200
Basic earnings per share (₹)	1.44	(1.40)	0.13
Net asset value	271,005,374	232,636,432	250,749,200
Total assets	271,005,374	266,891,900	250,749,200

(ii) Ind-Barath Energy (Utkal) Limited

Ind-Barath Energy (Utkal) Limited ("IBEUL") was incorporated on April 11, 2008 under the Companies Act and it is engaged in the business of generation of power.

The shareholding pattern of IBEUL as on January 31, 2011 is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of shareholding
1.	Ind-Barath Power Infra Limited	405,960,000	79.44
2.	PTC India Financial Services Limited	105,000,000	20.55
3.	Mr. K. Raghu Rama Krishna Raju	20,000	0.00*
4.	Ms. K. Rama Devi	20,000	0.00*
5.	Ms. K. Indira Priyadarshini	20,000	0.00*
6.	Mr. D. Madhusudhana Reddy	100	0.00*
7.	Mr. B.V.S. Prasad	100	0.00*
8.	Mr. V. Perraju	100	0.00*
9.	Mr. M.V. Basivi Reddy	100	0.00*
Total		511,020,400	100.00

* Less than 0.01%

Financial Performance:

Since IBEUL was incorporated in 2008, the financial performance for IBEUL for Fiscals 2009 and 2010 are mentioned below:

(₹ In Millions)

	Fiscal 2010	Fiscal 2009
Reserves (excluding revaluation reserve)	-	-
Net Sales	-	-
Profit after tax	-	-
Basic earnings per share (₹)	N.A.	N.A.
Net Asset Value	4,293.05	140.57
Total assets	4,293.18	140.70

(iii) R.S. India Wind Energy Limited

R.S. India Wind Energy Limited (“RSI”) was incorporated on September 12, 2006 as “R.S. India Wind Energy Private Limited” under the Companies Act and was subsequently converted into a public limited company on December 10, 2009. It is engaged in the business of power generation through wind energy.

The shareholding pattern of RSI as on January 31, 2011 is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of shareholding
1.	PTC India Financial Services Limited	61,121,415	37.00
2.	Anand Rao Infrastructure Private Limited	36,449,260	22.06
3.	R.S. India Infrapower Private Limited	6,487,297	3.93
4.	Mr. Raj Kumar Yadav	24,038,598	14.55
5.	Mrs. Pinki Yadav	17,480,108	10.58
6.	Other promoters	19,616,334	11.88
Total		165,193,012	100.00

Financial Performance:

The audited financials of RSI for the last three years are as follows:

(₹ In Millions)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Reserves (excluding revaluation reserve)	6.69	10.11	-
Net Sales	-	-	-
Profit after tax	(3.41)	10.11	(22.58)
Basic earnings per share (₹)	(0.02)	0.07	(0.11)
Net asset value	3,562.77	1,548.49	893.33
Total assets	3,562.77	1559.06	915.91

(iv) Meenakshi Energy Private Limited

Meenakshi Energy Private Limited (“MEPL”) was incorporated on August 21, 1996 under the Companies Act and it is engaged in the business of generating power.

The shareholding pattern of MEPL as on January 31, 2011 is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of shareholding
1.	Meenakshi Energy and Infrastructure Holdings Private Limited	216,839,900	52.65
2.	Mr. D. Suresh	100	0.00
3.	PTC India Financial Services Limited	8,7941,081	21.35
4.	IFCI Limited	107,085,244	26.00
Total		411,866,325	100.00

Financial Performance:

The audited financials of MEPL for the last three years are as follows:

(₹ In Millions)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Reserves (excluding revaluation reserve)	0.74	0.74	0.74
Net Sales	-	-	-
Profit after tax	-	-	4.82
Basic earnings per share (₹)	-	-	0.51
Net asset value	1,791.54	600.54	189.98
Total assets	4,529.98	645.53	196.52

(v) Ind-Barath Powergencom Limited

Ind-Barath Powergencom Limited (“IBPL”) was incorporated on July 25, 2005 under the Companies Act and it is engaged in the business of generation of electricity.

The shareholding pattern of IBPL as on January 31, 2011 is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of shareholding
1.	Ind-Barath Power Infra Limited	158,194,538	73.94
2.	PTC India Financial Services Limited	55,630,000	26.00
3.	Mr. K. Raghu Rama Krishna Raju	107,000	0.05
4.	Ms. K. Rama Devi	20,000	0.00*
5.	Mr. D.M.S. Reddy	2,000	0.00*
6.	Mr. P. Venkat Gopal	2,000	0.00*
7.	Mr. M. V. Basivi Reddy	2,000	0.00*
8.	Mr. B.V.S. Prasad	2,000	0.00*
9.	Mr. V. Perajju	2,000	0.00*
Total		213,961,538	100.00

* Less than 0.01%

Financial Performance:

The audited financials of IBPL for the last three years are as follows:

(₹ In Millions)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Reserves (excluding revaluation reserve)	11.52	-	-
Net Sales	519.28	-	-
Profit after tax	11.52	-	-
Basic earnings per share (₹)	0.05	N.A.	N.A.
Net Asset Value	2,151.13	2,139.62	943.80
Total assets	7,839.29	5184.30	1,794.22

(vi) East Coast Energy Private Limited

East Coast Energy Private Limited (“East Coast”) was incorporated on January 19, 2007 under the Companies Act and it is engaged in the business of generation of power.

The shareholding pattern of East Coast as on January 31, 2011 is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of shareholding
1.	Asian Genco Pte. Ltd.	305,224,808	33.87
2.	Cobalt Power Private Limited	200,366,088	22.23
3.	Athena Energy Ventures Private Limited	209,465,442	23.24
4.	AIP Power Private Limited	21,550,000	2.39
5.	Abir Hydro Power Private Limited	29,000,000	3.22
6.	PTC India Financial Services Limited	125,000,000	13.87
7.	Abir Infrastructure Private Limited	10,651,750	1.18
Total		901,258,088	100.00

Financial Performance:

The audited financials of East Coast for the last three years are as follows:

(₹ In Millions)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Reserves (excluding revaluation reserve)	-	-	-
Net Sales	N.A.	N.A.	N.A.
Profit after tax	(43.40)	N.A.	N.A.
Basic earnings per share (₹)	(0.48)	N.A.	N.A.
Net asset value	5,490.24	1,460.46	194.52
Total assets	5,680.54	1,498.27	204.48

(vii) Varam Bioenergy Private Limited

Varam Bioenergy Private Limited ("VBPL") was incorporated on January 22, 2002 under the Companies Act and is engaged in the business of power generation.

The shareholding pattern of VBPL as on January 31, 2011 is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of equity shareholding
1.	B. Manmadha Rao	716,396	4.24
2.	E.B.V. Ramana Gupta	240,000	1.42
3.	Dr. P. Ramakrishna	350,000	2.07
4.	K.V. Ramesh and Ms. Achal Ramesh	360,000	2.13
5.	K. Varshi Rao	150,000	0.89
6.	Lakshminarayana Sastry V.	9,222	0.05
7.	P. Mohan Kumar	350,000	2.07
8.	D. Gopal Subrahmanyam	100,000	0.59
9.	Pydisetty Sudhakar Rao	10,000	0.06
10.	Pydisetty Lakshmi	17,500	0.10
11.	V. Lakshmana Raju	555,353	3.29
12.	V. Surya Kumari	204,830	1.21
13.	Manjula Manmadha Boyina	91,500	0.54
14.	Numbers Only Informatics Private Limited	300,000	1.78
15.	D. Bhagya Lakshmi	60,000	0.36
16.	Monika Devulapally	10,000	0.06
17.	PTC India Financial Services Limited	4,390,000	26.00
18.	Hari Polavarapu	2,213,608	13.11
19.	Jagadish Ganti	109,707	0.65
20.	Jose Augustine	100,612	0.60
21.	Kiran P. Vedala	80,208	0.48
22.	Llyod Spencer	229,000	1.36
23.	Malla Adinarayana	207,405	1.23
24.	Peter D Souza	184,892	1.10
25.	Prashanth Mupparapu	196,900	1.17
26.	Quizer Vohra Anisa	232,350	1.38
27.	Ramakrishna Taraniganti	100,733	0.60

28.	Ramanjaneyulu Karanam	102,150	0.60
29.	Rammohan R. Kommineni	101,237	0.60
30.	Sanjeev Balliwar	60,570	0.36
31.	Srinivas Repala	60,076	0.36
32.	Swaminathan Konduru	160,335	0.95
33.	Satyanarayana Malla	87,123	0.52
34.	V. Kameshwara Raju	2,758,037	16.33
35.	Veera Bhadram Danturthi	465,421	2.76
36.	Pankaj Sahay	222,300	1.32
37.	Yolander Gawler	232,900	1.38
38.	Monalisa Agarwal	1,064,250	6.30
Total		16,884,615	100.00

Financial Performance:

The audited financials of VBPL for the last three years are as follows:

(₹ In Millions)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Reserves (excluding revaluation reserve)	(107.97)	(16.08)	-
Net Sales	80.78	2.77	-
Profit after tax	(91.87)	(16.08)	-
Basic earnings per share (₹)	(5.63)	(1.21)	-
Net asset value	60.97	157.47	95.78
Total assets	443.75	442.65	249.63

(viii) PTC Bermaco Green Energy Systems Limited

PTC Bermaco Green Energy Systems Limited is our Associate Company in addition to being our joint venture company, for details see the section titled “*History and Certain Corporate Matters- Our Joint Venture- PTC Bermaco Green Energy Systems Limited*”.

Material Agreements

For details on the material agreement, see section titled “*Material Agreements*” on page 140.

Injunction or restraining order

Our Company is not operating under any injunction or restraining order.

Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

There have been no defaults or rescheduling of the borrowings availed by us.

Conversion of loans into equity

There has been no conversion of loan, granted to us, into equity.

Strikes or Labour Unrest

There have been no strikes or labour unrests in the Company anytime preceding the date of this Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

Changes in the activities of our Company during the last five years

Except expansions in the activities of the Company which were permitted under the Object Clause of the MoA, there have been no changes in the activities of the Company since inception, which may have had a material effect on our profits or loss.

Capital raising through equity and debt

For details in relation to our capital raising activities through equity and debt, see the sections titled “*Material Agreements*”, “*Financial Indebtedness*” and “*Capital Structure*” on page 140, 244 and 65 respectively.

Time and Cost Overrun

There have been no time and cost overruns with respect to any projects undertaken by the Company.

Strategic and Financial Partners

As on the date of this DRHP, the Company has two financial partners viz. Macquarie India Holdings Limited and GS Strategic Investments Limited. For details pertaining to the investments made by these entities in the Company, see section titled “*Material Agreements*” on page 140.

Cooperation Agreement

The Board of Directors of the Company, in the board meeting held on June 21, 2010, took note of the shareholders agreement dated April 5, 2010 (“**SHA**”), executed between our Promoter, Ashmore Group Plc and Ashmore Investments (India Energy) Limited (“**Ashmore**”) for establishing a fund to be managed by a fund manager, for the purpose of making equity investments in companies engaged in the energy sector in India (“**Fund**”). The primary intent of the parties for entering into the SHA was to capitalize our Promoter’s extensive experience and understanding of India’s power sector and capitalize Ashmore’s extensive experience as leading emerging market asset manager to make investments in Indian energy opportunities.

Under the SHA, amongst others, the following have been agreed between the parties to the SHA, with respect to the Company:

1. Any opportunity developed, sourced or offered to the Company for investment in excess of ₹ 1,000 million, in the equity or quasi equity instruments (including warrants, preference shares, debentures or any other instrument, whether compulsorily or optionally exchangeable or convertible into equity shares) of a company engaged in the energy sector in India (“**Equity Financing Opportunity**”), shall be referred by PTC India Limited to the fund manager, except in the following circumstances: (a) for a period of 3 months from the date of SHA; and (b) while the cooperation agreement is in full force and effect.

Also, PTC India Limited shall not directly or indirectly, refer to the Company or initiate the Company’s involvement in any Equity Financing Opportunity developed, sourced or offered to PTC India Limited or any of its affiliates.

2. The SHA stipulates the execution of a cooperation agreement between the Fund and the Company (“**Cooperation Agreement**”). Some of the key stipulated principles of the Cooperation Agreement include the following:
 - Cooperation between the Company and the fund manager to minimize conflicts of interest and maximize their respective abilities to finance companies engaged in energy sector in India, through, among other things, referrals, sharing of diligence and joint financing where feasible;
 - All Equity Financing Opportunities shall be referred by the Company to the Fund, unless waived in writing by the Fund Manager. However, all opportunities of equity financing for an amount up to but not exceeding ₹ 1,000 million and all opportunities for debt financing and convertible debt financing, in companies engaged in the energy sector in India, shall be referred by the fund manager to the Company, unless waived in writing by the Company.

- If any opportunity for equity financing is not fully taken up by the party entitled to do the same (“**Entitled Party**”) under the Cooperation Agreement and such party plans to only syndicate a part of the equity financing, then the Entitled Party shall offer the other party, an opportunity to participate in the equity financing to the extent such other party wishes to participate and to the extent it is practicable; and
 - Where practicable, the Company shall provide its resources to the fund manager for performing techno economic diligence and analysis of companies engaged in the energy sector in India, as may be required, on mutually agreed commercial terms.
3. PTC India Limited shall not provide any management or operational support to any fund managed, promoted, developed or otherwise sponsored by the Company and competing with the Fund unless the activities of such fund is limited to Debt Financing and Convertible Debt Financing (both terms as defined below) and/ or equity financing of upto ₹ 1,000 million in the energy sector.

In the aforesaid paragraphs the words “Debt Financing” and “Convertible Debt Financing” shall have the meanings ascribed to them below:

- (i) Debt Financing shall mean any moneys borrowed or raised pursuant to any note purchase facility, bonds, notes, debentures (not convertible to equity), or any similar instruments in the nature of borrowing or any trading in the foregoing; and
- (ii) Convertible Debt Financing shall mean any financing by way of convertible debt or any convertible debt instrument, in either case, where the conversion option is exercisable by the lender or the holder of the convertible instrument only in the event of default under the terms of such financing or any trading in the foregoing.

The Board of Directors of the Company also resolved to enter into the Cooperation Agreement in their aforesaid board meeting held on June 21, 2010. However, no such Cooperation Agreement has been entered into as of the date of this Red Herring Prospectus.

For associated risk, see section titled “**Risk Factors**” on page 14.

Other Agreements

Except as disclosed in this Red Herring Prospectus, there are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us and there are no material agreements entered into more than two years before the date of this DRHP.

MATERIAL AGREEMENTS

The following are summaries of material agreements entered into by the Company. The material agreements have been segregated under the following heads namely (i) equity investments made into the Company; (ii) equity investments made by the Company and (iii) joint ventures entered into by the Company.

I Equity Investments made into the Company

a) *Share subscription agreement dated December 28, 2007.*

A share subscription agreement dated December 28, 2007 (“SSA”) was entered into between our Company, GS Strategic Investments Limited (“GS”), Macquarie India Holdings Limited (“MQ”) and our Promoter PTC India Limited (“Promoter”) (GS and MQ are hereinafter together referred to as the “Investors” and individually as “Investor” and GS, MQ and Promoter are hereinafter together referred to as “Parties”) for subscription of 48,666,667 equity shares by GS (“GS Subscription Shares”) at a price of ₹ 16 per equity share and 48,666,667 equity shares by MQ (“MQ Subscription Shares”) at a price of ₹ 16 per equity share and 91,999,994 equity shares by the Promoter (“Promoter Subscription Shares”) at a price of ₹ 10 per equity share. As per the SSA, such shares were to be acquired by the Parties pursuant to valid equity calls made by the Company.

Subsequently, the Parties entered into a letter agreement dated February 19, 2008 pursuant to which any further issue of new securities by the Company was to be offered to:

- (i) the Promoter at a price of ₹ 10 per Equity Share until the Promoter had subscribed to an aggregate of 10 million Equity Shares in addition to Promoter Subscription Shares; and
- (ii) to each of the Investor at ₹ 16 per Equity Share, until each of the Investor had subscribed to 3,333,333 Equity Shares in addition to the MQ Subscription Shares and GS Subscription Shares, held by them.

Pursuant to calls being made under the SSA and based on the response to such calls, the equity shares were issued to Investors (being non resident) at price arrived at in compliance with then prevalent pricing guidelines prescribed by RBI. Accordingly, valuation was done by Chartered Accountant as per the guidelines issued by Controller of Capital Issues and equity shares were issued at ₹ 16 per share (being more than fair valuation per share).

The present shareholding of GS and MQ in the Company is 11.20 % each and the shareholding of the Promoter in the Company is 77.60 %. For details of the shareholding of the Promoter, see section titled “*Capital Structure*” on page 65.

b) *Shareholders agreement dated December 28, 2007*

Simultaneous to the execution of the SSA, a shareholders agreement dated December 28, 2007 (“SHA”) was also entered amongst the Company and the Parties for recording their understanding in relation to the governance, management and operation of the Company.

The key terms of the SHA are discussed below:

Business of the Company: Company will primarily engage in the business of making investments in sector engaged in power generation, transmission and distribution (hereinafter collectively referred to as the “**Energy Sector**”). The Company will also have a secondary focus on making investments in fuel sources, fuel related infrastructure and services such as gas pipelines, LNG terminals, fuel linked ports, energy sector equipment manufacturers and EPC contractors (hereinafter collectively referred to as the “**Related Energy Infrastructure Sector**”). The business of the Company shall be conducted in accordance with the terms of the SHA.

Board of Directors: A shareholder shall be entitled to appoint one director for every block of 20% of the total paid up equity share capital of the Company held by it. One of the directors appointed by the Promoter shall be the chairman of the board who shall have the casting vote in the event of equality of votes on any matter put to vote of the board. The Investor director shall not be directors of any entity involved or engaged in the Energy Sector or Related Energy Infrastructure Sector in India.

Quorum for Board Meetings and Shareholders Meeting: The quorum for a meeting of the board shall be one third of its total strength or two directors, whichever is higher. However, in the event of any reserved item being present on the agenda for such meeting, no quorum shall be deemed to be present unless one director representing each of the Investor is present.

Reserved Items: For so long as an Investor is entitled to nominate a director, the Company shall not, and the Promoter shall procure that the Company shall not, take any action with respect to any of the matters listed below unless such matter has been, approved at a meeting of the board, by each Investor's director: Such matters shall *inter-alia* include (a) any adverse variation in the rights attached to any of the Investors' equity shares, including by way of amendment to the MoA or AoA of the Company; (b) any merger, amalgamation, de-merger, re-organisation or voluntary winding up of the Company; (c) any change in the dividend policy of the Company; and (d) any transaction or series of transactions in a given Financial Year between the Company and its affiliate or between the Company and the Promoter of a value either individually or in aggregate of more than the Rupee equivalent of USD 100,000, except infusion of capital by the Promoter.

Non Compete: Without obtaining the prior consent of each of the Investor, neither the Promoter nor its associates or subsidiaries or any person controlled by it shall, directly or indirectly, establish any other company, fund, partnership or enter into any joint venture (whether incorporated or not) for engaging in any activity which would compete with the business of the Company.

Anti Dilution Protection: Any further issue of equity shares or of securities convertible into equity shares by the Company (otherwise than through an initial public offering or pursuant to an employee stock option scheme) shall only be permitted if the securities proposed to be issued are first offered to the existing equity shareholders of the Company in proportion to their then existing shareholding in the manner provided in the SHA. Such provision will not be applicable after completion of initial public offering by the Company.

Right of First Offer: The Parties are entitled to right of first offer in respect of all equity shares that each Party may wish to transfer to a person other than its associate(s), in the manner provided in the SHA.

Tag Along Right: In the event of a sale of equity shares by the Promoter, which results in the shareholding of the Promoter falling below 51% of the total paid up capital of the Company, the Investors shall have the right to tag along with the Promoter and sell any or all of their Equity Shares in the manner provided in the SHA.

Dispute Resolution: The Parties shall attempt to settle any dispute arising out of the SHA amicably failing which the same shall be settled by arbitration, by a panel of three arbitrators appointed in the manner provided in the SHA. The award of the arbitrator shall be final and binding.

Conflict Resolution: In light of the possibility of conflict arising between the Company and the Promoter on account of the Promoter and its subsidiaries (other than the Company) investing in the Energy Sector (as defined below), the SHA provides that the Promoter shall follow the under mentioned conflict resolution procedure prior to it or any of its subsidiaries (other than the Company) making any investment in the Energy Sector:

1. Any information or requests that the Promoter receives in relation to any equity investment in power generation, transmission and distribution ("**Energy Sector**") and equity investments in fuel sources, fuel related infrastructure and services such as gas pipelines, LNG terminals, fuel linked ports, energy sector equipment manufacturers and EPC contractors ("**Related Energy Sector**") ("**Equity Investments**") shall be forwarded to the Company with a clear understanding that the Equity Investment will be undertaken by the Company, except where applicable law requires such Equity Investment to be made by the Promoter, in which case, the Promoter shall be entitled to make the Equity Investment.
2. All correspondence with issuers and potential counterparties ("**Potential Target(s)**") in relation to any Equity Investment including expressions of interest and evaluation of equity proposals shall be done by the Company.

3. In the case of Equity Investments, where there could be exceptional circumstances such as the Potential Target(s) insisting that the Equity Investment be undertaken by the Promoter rather than the Company, the Promoter shall use its best efforts to convince the Potential Target(s) to accept the Company as an investor instead of the Promoter. If, even after the Promoter has exercised its best efforts, the Potential Target(s) do not agree to the Company being the investor then:
 - (a) such Equity Investment will be referred to a committee (“**Conflicts Committee**”) which shall consist of three members being one senior executive from each of the Promoter and the Company as well as one joint nominee of the Investors;
 - (b) the Conflicts Committee shall meet and decide within 7 business days (as defined under the SHA) from the date of receipt of the notice referred to in paragraph 3(a) above, and decide whether all reasonable efforts have been made to convince the Potential Target(s) to allow the Company to make the Equity Investment. Prior to making such decision, the Conflicts Committee may at its discretion discuss with the Potential Target(s) to understand their position. If following such meetings of the Conflicts Committee:
 - (i) the Conflicts Committee decides by a simple majority vote that all reasonable efforts have been made but the Potential Target(s) remains unwilling to allow the Company to make the Equity Investment, then the Promoter shall be entitled to make the Equity Investment;
 - (ii) the Conflicts Committee decides by a simple majority vote that it still may be possible to convince the Potential Target(s), then the Conflicts Committee will make one more request to the Potential Target(s) to permit the Company to make the Equity Investment. If such additional request fails, then the Company nominee on the Conflicts Committee shall inform the Promoter and the Promoter shall be entitled to make the Equity Investment.
 - (c) In the event the Conflicts Committee does not make a decision within 7 business days (as defined under the SHA) from the date of receipt of notice under clause 3(a) above, it shall be deemed to have given its consent to the Promoter to make the Equity Investment.

The Parties have entered into a SHA Amendment Agreement dated December 17, 2010 wherein they have agreed to suspend the exercise of certain rights in relation to transfer of Equity Shares of the Company for a period of one year from the date of filing of the Draft Red Herring Prospectus. It has also been agreed between the Parties that the SHA shall terminate on the filing of the Prospectus with the RoC.

II Equity Investments made by the Company

1. *Share subscription cum shareholders agreement dated August 23, 2008 to finance the development of a coal fired thermal power plant at Thoothukkudi District, Tamil Nadu.*

A share subscription cum shareholders agreement dated August 23, 2008 (“SSSA”) was entered into between the Company, Ind-Barath Powergencom Limited (“**IBPL**”) and the promoter, Ind-Barath Power Infra Limited (“**IBPIL**”) (the Company and IBPIL are hereinafter together referred to as “**Parties**” and individually as “**Party**”). Pursuant to the SSSA, the Company subscribed to and presently holds 26% of the issued and paid-up equity share capital of IBPL, to finance the development of a coal fired thermal power plant at Thoothukkudi District, Tamil Nadu. The Company has a right to receive cumulative return or an adjusted return from the IBPIL and / or IBPL. The amount received by the Company after taxes shall equal a compounded annual return of 23.75%. Under the SSSA, the Company has been granted certain rights which *inter-alia* include the right to appoint 1 director for each block of 10% of the total paid up equity share capital of IBPL held by the Company (individually or together with its affiliates); Right to an affirmative vote on reserved matters at board meetings and the right to approve reserved matters when taken up at general meeting, such reserved matters include amongst others (i) any alteration in the capital structure; (ii) any alteration of the charter documents except in accordance with the SSSA; (iii) the engagement by Company in any business other than the business related of operating the Project and matters incidental thereto; (iv) any acquisition or any other disposition of any immovable property by the Company; (v) any buy-back by the Company of its securities; Right to constitute a quorum at general and board meetings.

Further, in relation to transfer of shares, the Company shall have a put option against IBPIL and/ or IBPL at any time within 3 years from the date of allotment of equity shares to it against a particular tranche of investment and IBPIL has a call option to acquire the equity shares held by the Company. Further, IBPL has an option to buy-back the equity shares held by the Company within 30 days from the date of expiry of 3 years from the date of allotment shares to the Company.

The Company has a tag along right in the event the shareholding of IBPIL in IBPL falls below 51%. Each of the Parties are entitled to a right of first refusal against the other Party. Further, in the event of breach or misrepresentation of any representation or warranty made by IBPIL and IBPL, jointly as well as severally or if they are found to be untrue, the Company has the right to immediately terminate the SSSA and require IBPL and IBPIL to acquire the shares held by the Company of IBPL at a price that gives the cumulative return or adjusted return.

2. *Share subscription cum shareholders agreement dated August 11, 2009 to finance the development of a domestic coal fired thermal power project at Jharsuguda district, Orissa.*

A share subscription cum shareholders agreement dated August 11, 2009 (“SSSA”) was entered into between the Company, Ind-Barath Energy (Utkal) Limited (“IBEUL”) and Ind-Barath Power Infra Limited (“IBPIL”) (the Company and IBPIL are hereinafter together referred to as “Parties” and individually as “Party”). Pursuant to the SSSA, the Company has made an investment of ₹ 1,050 million in the equity share capital of IBEUL and presently holds 105,000,000 equity shares comprising 20.55% of the equity share holding of IBEUL. The investment is to finance the development of a domestic coal fired thermal power project at Jharsuguda district, Orissa. However, after the project receives the entire equity contribution, the shareholding of the Company will be 13.19% in IBEUL. The Company has a right to receive cumulative return or an adjusted return from the IBPIL and / or IBEUL. The amount received by the Company after taxes shall equal a compounded annual return of 23.65%. Under the SSSA, the Company has been granted certain rights which *inter-alia* include the right to appoint 1 director for each block of 10% of the total paid-up equity share capital of IBEUL held by the Company (individually or together with its affiliates); Right to an affirmative vote on reserved matters at board meetings and the right to approve reserved matters when taken up at general meetings, such reserved matters include amongst others (i) any alteration in capital structure; (ii) any alteration of the charter documents except in accordance with SSSA; (iii) sale of all or substantially all of the assets, or of any undertaking of the Company; (iv) The engagement by Company in any business other than the business related of operating the Project and matters incidental thereto; (v) any acquisition or any other disposition of any immovable property by the Company; (vi) any buy-back by the Company of its securities; Right to constitute a quorum at general and board meetings.

Further, in relation to transfer of shares, the Company has a put option against IBPIL and/ or IBEUL and IBPIL has a call option to acquire the equity shares of IBEUL held by the Company at any time within 5 years commencing from the date of allotment of equity shares to the Company. Further, IBEUL has the option to buy-back the equity shares held by the Company within 30 days from the date of expiry of 5 years from the date of allotment of equity shares to the Company. The Company is entitled to a tag-along right in the event the shareholding of IBPIL in IBEUL falls below 51%. Each of the Parties is entitled to a right of first refusal against the other Party. Further, the Company shall have a right to appoint a special auditor in case it believes that there has been a material misstatement or irregularity in the accounts of IBEUL.

Further, in the event, IBPIL gets listed on any recognized stock exchange, the Company has the option of converting its shareholding in IBEUL into shares of IBPIL (“**Conversion Option**”). Pursuant to a letter dated April 29, 2010 (“**Waiver Letter**”) by the Company to IBEUL, the Company has waived off the Conversion Option. The said waiver shall stand revoked on the happening of any of the following events:

1. IBPIL is not able to file the draft red herring prospectus within a period of three months from the issuance of the Waiver Letter; or
2. IBPIL withdraws the proposed draft red herring prospectus; or
3. IBPIL is not able to bring the initial public offering within the timeframe allowed by SEBI and has to re-file the draft red herring prospectus again.

In respect of the aforesaid conditions, it may be noted that a draft red herring prospectus dated June 21, 2010 was filed by IBPIL with SEBI pursuant to which SEBI issued its final observations on October 11, 2010 which shall be valid for a period of 12 months from the date of issuance of the aforesaid final observations. Accordingly, IBPIL can open the issue within 12 months from October 11, 2010. Further, the

said draft red herring prospectus has not been withdrawn by IBPIL as of the date of this Red Herring Prospectus.

3. *Equity subscription agreement dated January 30, 2008 to finance the development, construction and operation of an integrated renewable energy project located at Satara district, Maharashtra*

An equity subscription agreement dated January 30, 2008 (“**ESA**”) was entered into between the Company, RS India Wind Energy Private Limited (now known as RS India Wind Energy Limited) (“**RSI**”) and Mr. Rajkumar Yadav representing parties mentioned in annexure to the ESA (“**Rajkumar**”) (the Company and the Rajkumar are hereinafter together referred to as “**Parties**” and individually as “**Party**”). The key terms of the ESA is described herein. Pursuant to the ESA, our Company has subscribed to and presently holds 37% of the issued and paid-up equity share capital of RSI, to finance the development, construction and operation of an integrated renewable energy project located at Satara district, Maharashtra as well as cultivating Jatropa, a biodiesel plant.

Under the ESA, the Company has been granted certain rights which *inter-alia* include the right to appoint 1 director as long as it maintains a shareholding of 15% of the paid-up equity share capital of RSI. Further, the Company is entitled to appoint 1 director for each block of 15% of the total paid-up equity share capital of RSI held by the Company. The Company has the right to bring in, its share of equity capital pro-rata to the contribution brought in by Rajkumar at all times. In addition to the above, in the event any reserved matter is on the agenda of any board meeting, the Company shall have a right to constitute a quorum at such board meeting.

Further, in relation to transfer of shares, the Parties are entitled to a right of first refusal against each other. The Company has a tag-along right in the event Rajkumar’s shareholding in RSI falls below 37%. The Parties have mutually agreed to indemnify each other for breach by either party of any representation, warranty, covenant or agreement in the ESA.

RSI shall use its best endeavours to achieve an initial public offering (“**IPO**”) by the end of 3 years or such extended date as may be mutually agreed by Rajkumar and the Company. The Company shall, subject to applicable law have the right to participate in the IPO by way of an offer for sale of a part or all of their equity shares. Further, the Company shall not be named as promoters of IBEUL in relation to the IPO.

4. a) *Equity subscription agreement dated January 7, 2008 to finance the development, construction and operation of a bio mass based power plant in Bhandara district, Maharashtra*

An equity subscription agreement dated January 7, 2008 (“**ESA**”) was entered into between the Company, Varam Bio Energy Private Limited (“**VBPL**”) and Mr. V. Kameswara Raju and Mr. Hari Krishna Polavarapu (“**VKR and HKP**”) (the Company and the VKR and HKP are hereinafter together referred to as “**Parties**” and individually as “**Party**”). Pursuant to the ESA, our Company has subscribed to and presently holds 26% of the issued and paid-up equity share capital of VBPL, to finance the development, construction and operation of a bio mass based power plant in Bhandara district, Maharashtra. Under the ESA, the Company has been granted certain rights which *inter-alia* include the right to appoint 1 director as long as it continues to hold 10% of the total paid-up equity share capital of VBPL; VKR and HKP along with close relatives shall jointly hold not less than 51% equity capital of VBPL.

Further, in relation to transfer of shares, except for inter-se transfers amongst VKR and HKP and their respective relatives as provided in the ESA, the Parties are entitled to right of first refusal against the other Party and a tag along right in the event the shareholding of VKR and HKP in VBPL falls below 51%. VBPL shall offer such number of equity shares from time to time to the Company to ensure that 26% equity is maintained by the Company in VBPL. Further, the Parties have mutually agreed to indemnify each other for breach by either party of any representation, warranty, covenant or agreement in the ESA.

b) *Debenture subscription agreement dated February 10, 2010*

A debenture subscription agreement dated February 10, 2010 (“**DSA**”) was entered into between the Company, Varam Bio Energy Private Limited (“**Varam**”) and Mr. P. Mohan Kumar, Mr. Kameswara Raju Vysya Raju and Mr. Hari Polavarapu (“**PMK and Others**”), (the Company and PMK and Others are

hereinafter together referred to as “**Parties**” and individually as “**Party**”). Pursuant to the DSA, the Company has subscribed to secured, convertible, redeemable debentures of face value of ₹ 500,000 each of Varam (“**Debentures**”) for a maximum period of 3 years for a consideration aggregating to ₹ 45,000,000, to part finance the costs incurred by the Varam in rehabilitation of the biomass based power plant owned, developed, operated and maintained by Varam in Bhandara district, Maharashtra with a power generation capacity of 10 MW.

Under the DSA, the Debentures are freely transferable at the discretion of the Company. Further the Debentures can be converted into equity shares of Varam of face value of ₹ 10 each having normal voting rights (“**Class A Equity Shares**”) without any further consideration whatsoever payable by the Company, at any time before the Debentures have been repaid or redeemed in full by Varam as per the terms of the DSA. However, in the event of default by Varam, the Debentures can be converted by the Company into equity shares of Varam of face value of ₹ 10 having certain differential rights from Class A Equity Shares (“**Class B Equity Shares**”), at the option of the Company.

Further, Varam has agreed not to prepay / redeem the Debentures in full or in part except with prior written approval of the Company. In the event Varam desires to prepay / redeem the Debentures within 12 months from the date of initial subscription (i.e. February 11, 2010), the Company may allow the same subject to payment of additional interest. If for any reason, the Debentures finally subscribed after the final subscription by the Company is less than the debenture subscription amount of upto ₹ 45,000,000 or the Company has the right to exercise its option to convert part of the Debentures held by it into Class A Equity Shares. Accordingly, the amounts of installment(s) of repayment of principal amount of Debentures shall stand reduced proportionately but will be payable on the due dates as provided in the DSA.

Interest shall accrue from the date provided in DSA and the interest on the outstanding amount of the Debentures shall be at the rate of 15% per annum (quarterly rest) basis. Company may charge an additional 4% per annum cumulative interest (“**Additional Interest**”) at the time of repayment or redemption of Debentures for the period the same were outstanding or shall have an option to convert the said additional interest into Class A Equity Shares, at par, at that point of time. However, if the Debentures are repaid or redeemed within 1 year from the date of first subscription (as defined in DSA), then the option for conversion of Additional Interest into Class A Equity Shares will not be available to the Company.

Subject to the aforesaid, if the Company exercises its rights to convert, at par, the Additional Interest (either in full or in part), into Class A Equity Shares, then in the absence of an event of default or potential event of default, PMK and Others shall also have an option to subscribe to such additional number of Class A Equity Shares, at par, so as to maintain the shareholding ratio between the Company and PMK and Others in Varam at the same proportion as it may have been before the exercise of aforesaid conversion rights by the Company, subject to PMK and Others complying with conditions stipulated in the DSA.

Under the DSA, the Company has been granted certain rights which inter-alia include the right to appoint 1 director who shall also be appointed as a member of the project management committee, audit sub-committee or other committees of the board, if desired by the Company; Right to an affirmative vote on reserved matters at board meetings and the right to approve reserved matters when taken up at general meetings, such reserved matters amongst others include (i) modernization, expansion or otherwise change the scope of business or make any investments or purchase or take assets on lease; (ii) merger, amalgamation or demerger of Varam; (iii) declaration of dividend or change in dividend policy. The Company also has the right to constitute a quorum of the board meetings. The Parties have mutually agreed to indemnify the Company.

5. *Investment Agreement dated September 29, 2007 and Supplementary Investment Agreement dated November 21, 2007 for investment in IEX, an exchange for facilitating on line trading of electricity, Investment Agreement dated September 13, 2010 and Agreement dated September 9, 2010.*

Investment agreement dated September 29, 2007 (“**IA**”) was entered into between the Company, Indian Energy Exchange Limited (“**IEX**”) and Financial Technologies (India) Limited (“**FTIL**”). (the Company, FTIL and IEX are hereinafter collectively referred to as “**Parties**” and individually as “**Party**”). Pursuant to the IA, our Company subscribed to 26% of the issued and paid-up equity share capital of IEX.

Subsequently, the IA was terminated pursuant to an agreement dated September 9, 2010 between the Parties and a fresh investment agreement dated September 13, 2010 (“**Second IA**”) was entered into between IEX,

FTIL, the Company, Bessemer Venture Partners Trust (“**BVP**”) and Lightspeed Venture Partners VIII Mauritius (“**LVP**”) (BVP and LVP are hereinafter collectively referred to as “**Investors**” and individually as “**Investor**”). Pursuant to the Second IA, Our Company sold 1,173,164 equity shares of IEX to the Investors, thereby reducing the Company’s shareholding to 21.12% and the Investors were also issued compulsorily convertible preference shares, which on conversion, would reduce the Company’s shareholding to 19.01%.

Further, under the Second IA the Company has certain special rights *inter-alia* including the following: (i) right to obtain certain financial and non-financial operational information pertaining to IEX; (ii) a pre-emptive right to subscribe to securities of IEX, in case of any offering of securities made by IEX; (iii) right to co-sell its equity shares along with the equity shares being sold by FTIL, except where such sale by FTIL is carried out to bring down its shareholding to the maximum threshold permissible under the rules, regulations, directives and notifications of CERC; (iv) right to appoint one director on the board of IEX till the Company holds 5% or more of the total equity shareholding of IEX. Such director shall not be liable to retire by rotation and shall have an affirmative voting right at the board and general meetings in respect of reserved matters which *inter-alia* include the following (a) changes to capital structure other than for NTPC Triggered Dilution (as defined in the Second IA); (b) changes in the terms of compulsorily convertible preference shares allotted to the Investors; (c) any initial public offering of equity shares of IEX; In addition, the Company shall ensure that the director nominated by it does not vote against the following reserved matters, if the Investors have voted in favour of such matters: (i) change in Investor Directors other than as provided in the Second IA; and (ii) any initial public offering of equity shares of IEX.

Further, except in the manner stated in the Second IA, the Company is prohibited from transferring its securities to any third person as long as any of the Investors hold any securities of IEX. If the Company desires to sell any of its securities, it shall first offer to sell such shares to the Investors. The Company is also prohibited from transferring the securities held by it to any competitor of IEX or create any interest in such securities in a manner that the same are likely to be acquired by a competitor.

Additionally, so long as BVP or LVP hold any securities, the Company shall not directly or indirectly carry on or engage in any manner, any spot exchange activity, non-transferable delivery based contracts of any duration/ term as may be approved by CERC and/ or such activities which are under the purview of CERC, which would compete with IEX’s business. However, such restrictions shall not restrict the investment activities of the Company in any manner.

6. a) *Equity subscription agreement dated August 14, 2008 and Restated Equity Subscription Agreement dated January 5, 2011 to finance phase-1 and 2 of a coast based coal fired thermal power project at Nellore, Andhra Pradesh*

An equity subscription agreement dated August 14, 2008 (“**ESA**”) was entered into between the Company, Meenakshi Energy Private Limited (“**MEPL**”) and Meenakshi Energy and Infrastructure Holdings Private Limited (“**MEIHPL**”), pursuant to the ESA, our Company subscribed to 60,341,081 Equity Shares of MEPL, to finance the phase-1 of a coast based coal fired thermal power project.

Subsequently, the ESA was superseded by a restated equity subscription agreement dated January 5, 2011 (“**RESA**”) entered into between the Company, MEPL, MEIHPL and Mr. D. Suresh (the “**Sponsor**”). Pursuant to the RESA, our Company will subscribe to equity shares of MEPL at par, upto an amount of ₹ 1,800 million which will constitute approximately 15.48% of the issued and paid-up equity share capital of MEPL, to finance both the phases of a coast based coal fired thermal power project (“**Project**”) having a combined capacity of 900 MWs at Nellore, Andhra Pradesh to be developed by MEPL. Further, the terms and conditions of the RESA shall apply mutatis mutandis to the investments made by the Company and shares held by the Company in MEPL under the ESA.

Shareholding of MEIHPL and the Sponsor: The shareholding of MEIHPL and Sponsor in MEPL shall not fall below 51% before the completion of initial public offering (“**IPO**”) by MEPL. MEPL and MEIHPL and/ or the Sponsor shall simultaneously with the Company subscribing to the Initial Subscription Shares, subscribe to such further shares as may be necessary to ensure that their aggregate shareholding in MEPL does not fall below 51% of the total paid-up share capital of MEPL on a fully diluted basis.

Further investment by the Company and the right of first refusal: Subject to receipt of investment approvals, the remaining subscription amount (excluding the aggregate of investments made by the

Company and the amount invested toward Initial Subscription Shares) required to be invested by the Company for subscribing to the equity share capital of MEPL shall be invested by the Company, in a manner so as to ensure that the shareholding of the Company in MEPL does not fall below the threshold of approximately 15.48% of the total shareholding of MEPL, on a fully diluted basis, and any such subscription shall always be on a pro-rata basis with the contribution made by MEIHPL, Sponsor and any other shareholders in the share capital of MEPL.

The Company has the right of first refusal to subscribe to such shares on pro rata basis for maintaining the Company's shareholding at approximately 15.48% of the total shareholding of MEPL. In the event, the terms and conditions of equity contribution into MEPL, offered to any other shareholder are more favorable than those offered to the Company, the Company shall be entitled to such favorable terms with retrospective effect and all such benefits that may have accrued or that may accrue in future to any other shareholder.

Management and the right to appoint director(s): The full management and controlling rights of MEPL are vested in MEIHPL till MEPL's IPO. The Company has the right to nominate 1 director so long as it continues to hold at least 5% of the paid-up equity share capital of MEPL. In case of increase in the number of directors on the board at any time, the Company shall have the right to appoint such increased number of nominee directors as may be required to have a pro-rata representation on the board. The Company's nominee director shall have the option to be appointed as a member in each of the committees constituted by the board or in any subsidiary of MEPL.

Right to affirmative vote: The Company has the right to affirmative vote on reserved matters at board meetings and general meetings of the shareholders, including the right to constitute a quorum at board meetings, with respect to reserved matters. Such reserved matters include amongst others the following: (i) merger or amalgamation of MEPL with another company, demerger or re-organization of MEPL; (ii) voluntary winding up of MEPL; (iii) listing of MEPL; (iv) declaration of dividend; and (v) amendment in memorandum and articles of association of MEPL. If the Company's percentage shareholding in MEPL falls below 10% then certain reserved matters shall not be regarded as reserved matters.

Right of first offer: MEIHPL and the Sponsor shall have a right of first offer against the sale of shares of MEPL by the Company and vice-versa. Further, in the event, the Company ceases to hold any shares or holds less than 5% shareholding in MEPL pursuant to a transfer of shares to a third party purchaser(s), then such third party purchaser(s) shall be entitled to nominate one director on the board of MEPL. In the event the third party purchaser(s) hold more than approximately 10.48% of the shareholding of MEPL, individually or collectively, and a consequent increase in the number of directors on the board occurs (except for an increase due to the inclusion of lenders nominee directors) whereby the Company becomes entitled to appoint more than one director, then the aforesaid right of the third party purchaser(s), to appoint nominee directors shall increase accordingly. The aforesaid right of first offer shall not apply to transfer of shares by the Company to its associates or affiliates (as defined under the RESA).

Change of control: A change of control of MEPL, intended by the MEIHPL or Sponsor shall require the prior written consent of the Company and in such an event, the Company shall be entitled to require MEIHPL and the Sponsor to ensure that the new controlling entity buys out the Company's entire shareholding in MEPL as on that date at a price and on such terms, which would ensure the Company the minimum guaranteed return (as defined under the RESA). In case the new controlling entity is unable or declines to buy out the Company's entire shareholding in MEPL, no change of control of MEPL shall be effected by MEIHPL / Sponsor.

Tag along right: The Company shall have a tag along right against MEIHPL and/ or the Sponsor. Further, in the event the transfer of shares by MEIHPL and/ or the Sponsor results in the transferor(s) shareholding falling below 51%, then the Company shall be entitled to require MEIHPL and/ or Sponsor to sell the entire shareholding of the Company in MEPL to such transferee.

IPO by MEPL: MEPL's equity funding requirements, towards project cost, to be met by infusion of funds by the Company, existing shareholders, MEIHPL and the Sponsor and any further funding requirement for future projects is to be met through MEPL's IPO. Neither MEIHPL nor any other holding company, subsidiary, affiliate or associate of MEPL and/ or the Sponsor and/ or MEIHPL, engaged in a business or activity, same or similar to or directly or indirectly competing with, the business of MEPL, shall conduct an IPO prior to MEPL conducting its IPO. However, in the event it is determined by the parties that further

funds are required to be infused in the MEPL for better current and future growth of MEPL, and such requirements be met, other than through the MEPL's IPO or contribution by existing shareholders, then the allotment of shares to any third party shall be at a price as close as possible to the fair market valuation of MEPL (at the cost and expense of MEPL) as on that date or on such terms and conditions, as may be agreed to in writing by the parties to the RESA and the Company shall extend all reasonable cooperation for the issue and allotment of shares to such third party.

Put option and drag along right: MEPL, the Sponsor and MEIHPL shall conduct MEPL's IPO within 5 years from January 5, 2011 ("**IPO Deadline**"), failing which, the Company shall be entitled to require MEIHPL and the Sponsor to acquire all or part of its shares in MEPL ("**Put-Option**"), within 12 months from the expiry of the IPO Deadline ("**IPO Default Period**"), for an aggregate consideration equivalent to the minimum guaranteed return or the reduced minimum guaranteed return (as defined under the RESA), as applicable. However, the Put-Option shall stand withdrawn in the event, MEIHPL, the Sponsor and MEPL are successful in conducting MEPL's IPO before the expiry of the IPO Default Period, provided that the transfer of shares have not been completed pursuant to exercise of the Put-Option. Additionally, in case of failure of MEIHPL and/ or Sponsor to conduct MEPL's IPO at the end of the IPO Default Period or any default or delay by MEIHPL and/ or the Sponsor to complete the transfer of shares to be transferred pursuant to the Put-Option being exercised, the Company shall be entitled to (i) conduct MEPL's IPO; (ii) sell MEPL's assets to a third party(ies); and (iii) sell MEPL's shares held by MEIHPL and the Sponsor to a third party ("**Drag Along Option**"), after obtaining requisite approvals for both (ii) and (iii). Further, in case the Company exercises its option under (ii) or (iii), it shall be entitled to an amount equivalent to the floor minimum guaranteed return (as defined under RESA) and any amount realized in excess shall be distributed amongst the MEIHPL, Sponsor and other shareholders on a pro-rate basis according to their respective shareholding in MEPL in case of a sale of assets, and in accordance with their respective shareholding sold in case of exercise of Drag Along Option. However, the Company shall be entitled to a receive an amount in excess of the floor minimum guaranteed return (as defined under RESA) in case the amount accruing to it is high than the floor minimum guaranteed return (as defined under RESA).

IPO by MEIHPL: In the event MEIHPL contemplates an IPO prior to the completion of MEPL's IPO for want of better valuation in MEIHPL as compared to that in MEPL, then MEIHPL's IPO shall be conducted upon receipt of prior written approval for the same from the Company provided that the Company shall have the option to convert its shareholding in MEPL and at the option of the Company any balance investment amount out of the total investment amount of ₹ 1,800 million into such number of shares of MEIHPL, calculated by dividing the total investment amount (i.e. amount invested in the shares of MEPL and any balance investment amount) by the par value of the shares of MEIHPL (converted to the nearest whole number). The shares of MEIHPL issued to the Company pursuant to the conversion shall be fully paid up equity shares issued at par / face value, free from all encumbrances and freely transferable and ranking *pari-passu* with existing equity shares of MEIHPL. Upon conversion of MEPL's shares held by the Company into equity shares of MEIHPL, the MEIHPL's IPO shall be closed within 6 months of such conversion, failing which, the Company shall be entitled to cause the sale of all or any of MEPL shares held by MEIHPL and/ or the Sponsor to an identified third party purchaser ("**Default Conversion Shares**") and the amount received from such sale shall be utilized to pay the Company the event of default minimum guaranteed return (as defined under RESA).

In the event MEPL's IPO occurs post conversion of the Company's shares into shares of MEIHPL but prior to completion of MEIHPL's IPO, the Company shall have the right to swap its shareholding in MEIHPL to shareholding in MEPL and all such shares held by the Company in MEIHPL shall be reconverted into shares of MEPL and shall rank *pari-passu* with existing equity shares of MEPL.

Undertakings to be provided by the Company: The Company shall, in accordance with applicable law, provide undertakings to maximum aggregate limit of ₹ 920 million to the lenders who have lent/ agreed to lend funds to MEPL for its funding requirements of phase II of the project. Accordingly, the undertakings of the Company to phase I lenders (who have lent/ agreed to lend) shall stand reduced to ₹ 880 million, such that the aggregate amount of total undertakings provided to the lenders of phase I and phase II together do not exceed ₹ 1,800 million or the total investments made by the Company in MEPL, whichever is lower. Further, such undertakings shall stand released in the event the Company ceases to hold any shares in MEPL, provided that if the Company's shareholding in MEPL is reduced otherwise than on account of dilution of Company's shareholding, such undertakings shall stand reduced to the extent of shares held by the Company in MEPL in favor of third party purchaser(s).

Rights of the Company on event of default: Under the RESA, the events of default inter-alia include: (i) MEIHPL and/ or Sponsor failing to obtain written approval of IFCI to the RESA within 180 days from the date of execution of RESA i.e. January 5, 2011; (ii) abandonment of projects by MEPL and/or MEIHPL and/or Sponsor or cancellation or non execution of the project; and (iii) failure to procure written confirmation from the lenders of phase I and phase II projects in relation to the undertakings provided under the RESA. On the occurrence of an event of default which is not cured within the stipulated period, the Company shall be entitled to a Put-Option, failing which the Company shall have the following rights: (i) sell MEPL's assets to a third party(ies); and (ii) Drag Along Option.

b) Supplementary Agreement dated January 5, 2011 to extent further rights to the Company

Supplementary agreement dated January 5, 2011 ("SA") was entered into between the Company, MEIHPL and the Sponsor, to extent further rights to the Company to effectively exercise all rights available to it under the RESA and in particular to provide additional security to the Company in relation to its investment.

Pursuant to the SA, MEIHPL and the Sponsor shall allot and issue to the Company, at par one equity share of MEIHPL belonging to a different class as compared to the existing class of equity shares of MEIHPL ("**Class A Share**"). Further, any amount to be invested by the Company in the share capital of MEPL pursuant to the RESA shall be invested only upon issuance of the Class A Share by MEIHPL.

The Class A Share shall not have any dividend rights, voting rights or any right to participate in the distribution of profits or assets of MEIHPL or any other commercial or economic right or obligation available to other shareholders of MEIHPL. Further, the Company shall not be entitled to participate in any securities and/ or financial instruments issued by MEIHPL from time to time or to appoint directors on the board of MEIHPL, with respect to the Class A Share. However, in the event of default under the RESA, the Class A Share shall have 51% voting right in the equity share capital of MEIHPL and all other shares, equity or otherwise, held by other shareholders in MEIHPL, shall together constitute the balance 49% on a pro-rata basis. Also, MEIHPL and the Sponsor shall cause the Controlling Shareholders (as defined below) to exercise their voting rights in a manner to give effect to the Company's rights under the RESA. The Class A Share shall be bought back by MEIHPL at par, simultaneously upon the Company ceasing to be a shareholder in MEPL and ceasing to hold any shares of another class in MEIHPL

MEIHPL shall not issue or allot any further Class A Share to any party including its other shareholders and any such further issue by MEIHPL shall only be of the existing class of equity shares and compulsorily convertible preference shares to Kakinada Group and no new class of equity or any other instrument shall be created or issued by MEIHPL. Further, neither MEIHPL and/ or Sponsor shall enter into any agreement or arrangement, which shall in any manner jeopardize or be detrimental to the rights and entitlement of the Company under the SA or RESA and such shares or arrangement, if any, shall be deemed to be void with effect from the date of such issuance, agreement or arrangement.

In case the Company exercises its option under the RESA to swap its shares in MEPL with the shares of MEIHPL, the shares issued by MEIHPL to the Company pursuant to the swap, shall be of the existing class of equity shares.

MEIHPL shall at all times ensure that the entities presently holding 51% shareholding in MEIHPL ("**Controlling Shareholders**") shall continue to collectively hold not less than 51% of the total equity share capital of MEIHPL till such time the Company holds the Class A Share and shall not sell or transfer their shareholding in MEIHPL to anyone. Further, any change in control of the Controlling Shareholders shall be with the prior written consent of the Company. The Sponsor shall ensure that the Controlling Shareholders subscribe to such further shares of MEIHPL from time to time as may be necessary to ensure that the aggregate shareholding of such Controlling Shareholders in MEIHPL does not fall below 51% of the total paid up share capital of MEIHPL on a fully diluted basis, provided that nothing shall restrict the transfer of shares of MEIHPL, held by Controlling Shareholders in favour of any entity controlled by the Sponsor, with the Company's prior written consent.

All contemplated events of default stipulated under the RESA and SA shall apply to both the RESA and SA respectively.

7. ***Debenture conversion agreement dated March 3, 2010, Deed of Amendment dated March 3, 2010 to finance the development of a coal based thermal power plant located at Bhavanapadu, Srikakulam District, Andhra Pradesh***

A debenture conversion agreement dated March 3, 2010 (“**DCA**”) was entered into between the Company, East Coast, Asian Genco Pte. Ltd. (“**AGPL**”), AIPL and APPL. Pursuant to the DCA, our Company converted compulsorily convertible debentures (“**CCDs**”) held by it into 60,000,000 equity shares of East Coast of face value of ₹ 10 each (“**Conversion Shares**”) and subscribed to an additional 13,385,343 equity shares of face value of ₹ 10 each of East Coast (“**Subscription Shares**”) in lieu of interest due on conversion of CCDs into equity shares, to finance the development of a coal based thermal power plant located at Bhavanapadu, Srikakulam District, Andhra Pradesh (“**Project**”). Further, as per the terms of the DCA, debenture subscription agreement dated March 16, 2009 (“**DSA**”) pursuant to which the Company subscribed to the CCDs and the equity share subscription agreement dated March 16, 2009 (“**ESSA**”) which was entered into between the Company, East Coast, AIP Power Private Limited (“**APPL**”) (earlier known as Athena Infraprojects Private Limited) and Asian Infrastructure Pte. Ltd. (“**AIPL**”) were deemed to be terminated without the need for any further action by any party.

By virtue of the aforesaid allotment of equity shares against conversion of debentures, our Company became a shareholder of East Coast. Accordingly, the existing shareholders agreement dated September 27, 2008 (“**Shareholders Agreement**”) between AIPL, APPL, East Coast and Athena Energy Ventures Private Limited (“**AEVPL**”), as was amended by a deed of amendment dated March 3, 2010 (“**Amendment Deed**”), entered between AIPL, APPL, East Coast, AEVPL, the Company and AGPL, for making our Company and AGPL a party to the Shareholders Agreement. (AIPL, APPL, East Coast, AEVPL, the Company and AGPL are hereinafter individually referred to as “**Shareholder**” and collectively as “**Shareholders**”).

Under the amended Shareholders Agreement, obligations arise which *inter-alia* include that till such time as at least 50% of the total equity cost of the project is invested, the Shareholders shall fund equity contributions so as to maintain their shareholding percentages in the share capital of East Coast in conformity with the limits set out and the manner provided in the Shareholders Agreement. In no circumstances shall AGPL’s shareholding and voting rights in East Coast be diluted below 51% of its share capital.

Under the amended Shareholders Agreement, the Company has been granted certain rights which *inter-alia* include the right to appoint 1 director so long as it directly holds not less than 15% of the total shareholding of East Coast or equity shares in East Coast representing an aggregate par value of not less than ₹ 1,200,000,000 whichever is lower and AGPL shall for this purpose forego 1 of its board seats to the Company and if the aforesaid limits are not adhered to, the Company’s board seat shall revert to AGPL. To the extent permissible by applicable law, unless any matter brought before the East Coast Board has or could have a material adverse impact on the Company’s rights as stated in the Amendment Deed or on the thermal power project, the director appointed by the Company shall vote along with AGPL on such matter.

The shares are transferrable to the affiliates of the Shareholders or to affiliates of East Coast without any restrictions. However, if such affiliates cease to be affiliate of the transferring Shareholder, such shares shall be promptly retransferred to the original transferring Shareholder. Further, *inter-se* transfer of shares between the Shareholders shall be permitted and not be subject to any transfer restrictions. Also, except AIPL, all other Shareholders shall have a right of first refusal against the other Shareholders. Moreover, except the Company and AIPL, all the other Shareholders shall have a tag along right and AGPL shall have a drag along right against the Company and AIPL.

8. ***Share swap and investment agreement dated March 3, 2010***

Pursuant to allotment of shares in East Coast to the Company (“**PFS Shares**” and reference to PFS Shares includes references to those shares that the Company may be allotted by East Coast), the Company also entered into a share swap and investment agreement dated March 3, 2010 with AGPL and Varuna Investments (“**Share Swap Agreement**”). Under the Share Swap Agreement, subject to the applicable laws and subject to receipt of the release letter from East Coast, the Company has the right to put and AGPL and AGPL Assignee (defined in the Share Swap Agreement to mean a subsidiary of AGPL to whom AGPL may assign its rights and obligations provided therein provided such entity owns either beneficial or ownership interests in the AIL Entities held by AGPL.) has the right to call from the Company, the PFS

Shares for swap into Series B Prime Preferred Shares (as defined therein) in AGPL or Series B Equivalent Preferred Shares in AGPL Assignee which shall be allotted in such number and manner that upon conversion into ordinary/common shares of AGPL or AGPL Assignee (as the case may be) the Company holds such shares on fully diluted basis in AGPL or AGPL Assignee (as the case may be) which is equal to the agreed ratio provided in the Share Swap Agreement.

AGPL and AGPL Assignee have acknowledged that the Company is subject to earn out as described in the Share Swap Agreement. Further, the Company has agreed to make additional capital contribution in East Coast in accordance with the agreements entered with respect to East Coast and also agreed make additional capital contribution in AGPL or AGPL Assignee, as the case may be, in accordance with the terms therein.

Pursuant to swap, the Company shall be subject to drag along rights in favour of AGPL and AGPL Assignee, provided the price to be received by the Company in the sale is based on the terms of Series B Prime Preferred Shares or Series B Equivalent Preferred Shares, as applicable and right of first offer in favour of AGPL and AGPL Assignee in respect of transfer of Series B Prime Preferred Shares in AGPL or Series B Equivalent Preferred Shares to unaffiliated third party. As long as the Company holds 3% shares on fully diluted basis in AGPL or AGPL Assignee, as the case may be, the Company shall have all statutory rights, information rights, pre-emptive rights and minority protection rights. In terms of the Share Swap Agreement, the Company does not have consent rights in respect of restructuring with respect to AGPL or AGPL Assignee as long as the Company is treated pro rata with other shareholders of AGPL or AGPL Assignee, as the case may be.

In the event the Company swaps for Series B Equivalent Preferred Shares of AGPL Assignee and on the occurrence of the events described and defined in the Share Swap Agreement, AGPL has agreed to buy back all of the shares provided therein from the Company in accordance with the terms contained therein.

The Company's and AGPL's right to swap the Company's Shares, Company's put option and AGPL's / AGPL Assignee's call option will automatically terminate 90 days prior to anticipated date for completion of any of the exit events (defined therein) subject to the provisions thereof.

III Joint Ventures entered into by the Company

1. *Joint Venture and Equity Subscription Agreement dated August 7, 2008 for developing renewable energy based power projects*

A Joint Venture and Equity Subscription Agreement dated August 7, 2008 ("**JV Agreement**") was entered into between the Company and Bermaco Energy Systems Limited ("**BESL**") (the Company and BESL are hereinafter together referred to as "**Parties**" and individually as "**Party**").

Pursuant to the JV Agreement, the Parties have set up a Joint Venture Company ("**JVC**") for developing renewable energy based power projects. Presently the authorized capital of the JVC is ₹ 200,000,000 comprising of 20,000,000 equity shares of ₹ 10 each. The equity share capital of the JVC is to be subscribed by the Company and BESL in the ratio of 26:74 respectively. Presently, the Company holds 1,374,646 equity shares constituting 26% shareholding in the JVC. The key terms of the JV Agreement is described herein.

Under the JV Agreement, the Company has been granted certain rights which *inter-alia* include the right to appoint 1 director as long as it maintains a shareholding of 10% of the paid-up equity share capital of the JVC. If required, more directors (including whole-time director) may be appointed with the mutual consent of both the Parties in proportion to their shareholding. The Company has the right to an affirmative vote on reserved matters at board meetings or through circulation and the right to approve reserved matters when taken up at general meetings. Such reserved matters include amongst others (i) award of any contract of a value of over ₹ 2.5 million; (ii) business plan, capital structuring, appointment of directors other than appointment of nominee directors; (iii) doing any other business except the agreed business under this agreement; (iv) to sell or otherwise dispose of whole or substantial part of the undertaking of the JVC, merger or amalgamation of the JVC with another company or de-merger or reorganization of the JVC, liquidation or winding up; and (v) issue of further share capital / change in shareholding pattern, any buy-back of shares, amendment in memorandum and articles of association of the JVC. In addition to the above rights, the Company also has the right to constitute a quorum at board meetings.

The JVC may execute the power project(s) on its own or through special purpose vehicles (“SPV”), each of which shall be a subsidiary of the JVC and the Company has the right of first refusal to arrange for any debt or equity that may be required by the SPV. Further, the Company has reserved the right to subscribe to equity capital of the SPV in the event the JVC decides not to subscribe to 100% of the share capital of such SPV.

In relation to transfer of shares, each of the Parties have right of first refusal against the other Party. The Company also has a tag-along right in the event the shareholding of BESL falls below 51%. The Parties have mutually agreed to indemnify each other for breach of any representation, warranty, covenant or agreement in the JV Agreement.

The JVC shall use its best endeavours to achieve an IPO by the end of 3 years from the date of signing of the JV agreement or such extended date as may be mutually agreed by BESL and the Company. The Parties shall subject to applicable laws, have the right to participate in the IPO by way of an offer for sale of a part or all of their equity shares.

OUR MANAGEMENT

Board of Directors

Under the Articles of Association, our Company is required to have not less than 3 directors and not more than 20 directors. We currently have 10 Directors on our Board of which 6 are Independent Directors.

The following table sets forth details regarding our Board as of the date of filing this Red Herring Prospectus with SEBI.

S. No.	Name, designation, father's name tenure, DIN and occupation	Age (years)	Address	Other directorships
1.	Mr. Tantra Narayan Thakur <i>Chairman and Managing Director</i> S/o Mr. Bindeshwar Thakur <i>Tenure:</i> 5 years effective from April 25, 2009 <i>DIN:</i> 00024322 <i>Occupation:</i> Service	61	B-1\46, 2 nd Floor, Safdarjung Enclave, New Delhi – 110 029	• PTC India Limited; • PTC Energy Limited; • Athena Energy Ventures Private Limited; • R.K. Wind Limited; • Ashmore PTC India Energy Infrastructure Advisors Private Limited; and • InfraCo Asia Development Pte. Ltd., Singapore.
2.	Dr. Ashok Haldia <i>Whole Time Director and Chief Financial Officer</i> S/o Late Mr. Hanuman Prasad Haldia <i>Tenure:</i> 5 years effective from August 13, 2008 <i>DIN:</i> 00818489 <i>Occupation:</i> Service	54	Suraj Kuteer, A-76, Sector 30, Gautam Budh Nagar, Noida 201 303.	• PTC Energy Limited; • Meenakshi Energy Private Limited; • PTC Bermaco Green Energy System Limited; • Rajasthan Financial Corporation (Statutory Corporation); and • Ind-Barath Energy (Utkal) Limited.
3.	Mr. Sudhir Kumar <i>Independent Director</i> S/o Mr. Rughan Mal Jain <i>Tenure:</i> liable to retire by rotation <i>DIN:</i> 02669103 <i>Occupation:</i> Service	54	Type VI/41, Railway Officers Enclave, San Martin Marg, Chanakya Puri, New Delhi – 110 021	• PTC India Limited; • NHPC Limited; • THDC Limited; • SJVN Limited; • North Eastern Electric Power Corporation Limited; and • NHDC Limited.
4.	Mr. Prathipati Abraham <i>Independent Director</i> S/o Mr. Prathipati Sundaran <i>Tenure:</i> liable to retire by rotation <i>DIN:</i> 00280426 <i>Occupation:</i> Ex-service	71	D-71, Nivedita Kunj, Sector 10, RK Puram, New Delhi – 110022.	• Raj West Power Limited; • GVK Power and Infrastructure Limited; • Taj GVK Hotels and Resorts Limited; • PTC India Limited; • JSW Energy Limited; • Lanco Infratech Limited; • Lanco Amarkantak Power Limited; • Nagarjuna Construction Company Limited; • NCC Infrastructure Holdings Limited; • Vijay Electricals Limited; and • Visaka Industries Limited.

S. No.	Name, designation, father's name tenure, DIN and occupation	Age (years)	Address	Other directorships
5.	Mrs. Rama Murali <i>Independent Director</i> D/o Mr. Kumdakonam Rangaswamy Ramaswamy Aiyangar <i>Tenure:</i> liable to retire by rotation <i>DIN :</i> 02685359 <i>Occupation:</i> Ex-service	62	155, Shriniketan CGHS Ltd, Plot 1, Sector 7, Dwarka, New Delhi - 110 075	None
6.	Dr. Uddesh Kohli <i>Independent Director</i> S/o Mr. Gokal Chand Kohli <i>Tenure:</i> liable to retire by rotation <i>DIN:</i> 00183409 <i>Occupation:</i> Ex-service	70	S-50, Greater Kailash – I New Delhi – 110 048	- Alstom Projects India Limited; - ICRA Limited; - Lanco Infratech Limited; - National Energy Trading and Services Limited; - Power Equity Capital Advisors Private Limited; - R.K. Wind Limited; and - Henkel India Limited.
7.	Mr. Surinder Singh Kohli* <i>Independent Director</i> S/o Mr. Avtar Singh Kohli <i>Tenure:</i> till the conclusion of next AGM <i>DIN:</i> 00169907 <i>Occupation:</i> Service	65	J-170, Rajouri Garden, New Delhi – 110 027	- Maharashtra Airport Development Company Limited; - SME Rating Agency of India Limited; - Infrastructure Development Finance Company Limited; - MBL Infrastructure Company Limited; - Ahluwalia Contracts (India) Limited; and - SPML Infra Limited.
8.	Mr. Ramarao Muralidharan Coimbatore <i>Independent Director</i> S/o Late Mr. Venkatrao Ramarao Coimbatore <i>Tenure:</i> liable to retire by rotation <i>DIN:</i> 02443277 <i>Occupation:</i> Ex-service	63	29 A, Kamla Street, Nehru Nagar, Chramepet, Chennai 600 044.	- City Union Bank Limited; and - ICICI Prudential Asset Management Company Limited.
9.	Mr. M.K. Goel <i>Non Executive Director</i> S/o Mr. Madho Ram Goel <i>Tenure:</i> liable to retire by rotation <i>DIN:</i> 00239813 <i>Occupation:</i> Service	54	#278-D, Pocket II, Mayur Vihar, Phase I, Delhi – 110 091	- Power Finance Corporation Limited; - Orissa Integrated Power Company Limited; - Sakhigopal Integrated Power Company Limited; - Ghoggarpalli Integrated Power Company Limited; - PFC Consulting Limited; - Tatiya Andhra Mega Power Limited; and - PTC India Limited.
10.	Mr. Neil Kant Arora <i>Non Executive Director</i>	41	Villa 3, Street 3, Terranova, Arrabian	- Dalian II Holding Company Limited; - Macquarie Capital Advisors (Dubai) Limited;

S. No.	Name, designation, father's name tenure, DIN and occupation	Age (years)	Address	Other directorships
	S/o Mr. Dwarka Das Arora <i>Tenure:</i> liable to retire by rotation <i>DIN:</i> 01541353 <i>Occupation:</i> Service		Ranches, Dubai, United Arab Emirates.	- Macquarie India Holdings Limited; - Macquarie Middle East Holdings Pty. Limited

* Additional Director

Except Mr. Neil Kant Arora who is a resident of United Arab Emirates, all the Directors of the Company are Indian nationals. Further, none of our Directors are related to each other.

Understanding with major shareholders pursuant to which Director(s) were appointed

Under the shareholders agreement dated December 28, 2007 (“SHA”), Macquarie India Holdings Limited and GS Strategic Investments Limited were entitled to appoint one director each for every block of 20% of the total paid up equity share capital of the Company held by them. However, pursuant to their shareholding falling below 20%, Macquarie India Holdings Limited and GS Strategic Investments Limited lost their right to appoint the directors on the board of the Company and the veto rights granted to them under the SHA. Despite the aforesaid, Mr. Neil Kant Arora, who is the representative of Macquarie India Holdings Limited continues to hold the position of director on the Board of Directors of the Company.

Brief Biographies of our Directors

The details of the biographies of our Directors as stated below are based on signed certificates provided by them.

Mr. Tantra Narayan Thakur, aged 61 years, is the Chairman and Managing Director of our Company. He is the founder director of our Company and has been on the Board since our incorporation. He holds a Bachelors degree in engineering. Mr. Thakur has more than 30 years of experience as a member of the Indian Audit and Accounts Service. Mr. Thakur has also served as a Director (Finance and Financial Operations), Power Finance Corporation Limited, where he was responsible for mobilizing resources for the company for on-lending to power projects in addition to accounting and compliance related matters. Currently, he is also the chairman and managing director of our Promoter namely PTC India Limited.

Dr. Ashok Haldia, aged 54 years, is a Whole Time Director and Chief Financial Officer of our Company. He is a member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India. He holds a Ph.D. degree in ‘Privatization of Public Enterprises in India’ from University of Rajasthan. He has been on the Board of the Company since August 13, 2008, prior to which he served as a secretary, Institute of Chartered Accountants of India, New Delhi for about a decade. Dr. Haldia has also worked with the Bureau of Public Enterprises, State Enterprises Department, Government of Rajasthan and Power Finance Corporation Limited.

Mr. Sudhir Kumar, aged 54 years, is an Independent Director of our Company and has been on the Board of our Company since March 22, 2010. He holds a Masters degree in Commerce from the Delhi School of Economics, University of Delhi. He is an Indian Administrative Services officer presently serving as Joint Secretary in Ministry of Power, Government of India. He has also served as the officer on special duty to Minister for Railways, Government of India. Presently, he is also on the board of our Promoter, PTC India Limited.

Mr. Prathipati Abraham, aged 71 years, is an Independent Director of our Company and has been on the Board of our Company since June 4, 2007. He holds a Masters degree in Arts from Andhra University, Visakhapatnam. Mr. Abraham has served as the secretary to the Ministry of Power, Government of India and is presently serving as the chairman of Maharashtra State Electricity Board. Presently, he is also on the board of our Promoter, PTC India Limited.

Mrs. Rama Murali, aged 62 years, is an Independent Director of our Company and has been on the Board of our Company since April 21, 2009. She holds a Bachelors of Arts (Hons) degree from Maharani College, Jaipur,

University of Rajasthan. She is a retired Indian Audit and Accounts Service officer. Mrs. Murali has served as the Joint Secretary, Department of Economic Affairs, Ministry of Finance. She has also served as the financial advisor in the Department of Scientific and Industrial Research, the Council of Scientific and Industrial Research, Government of India, and the New Delhi Municipal Committee where she was also the overall incharge of finance and accounts. She is also a life member of the Indian Institute of Public Auditors.

Dr. Uddesh Kohli, aged 70 years, is an Independent Director of our Company and has been on the Board of our Company since September 25, 2009. He holds a Bachelors degree (Hons) in Engineering from the Indian Institute of Technology, Roorkee. He also holds a Ph.D. degree in Economics from the Delhi School of Economics. Presently, Dr. Kohli is the chairman of Engineering Council of India and Construction Industry Arbitration Association. He was the chairman and managing director of Power Finance Corporation Limited and former adviser, Planning Commission (Government of India) and has also been associated with international bodies such as Asian Development Bank, United Nations Industrial Development Organization, United Nations Development Programme and United Nations Office for Project Services.

Mr. Surinder Singh Kohli, aged 65 years, is an Independent Director of our Company and has been on the Board of our Company since December 13, 2010. He holds Bachelors degree in Science (Mechanical Engineering) from Benaras Hindu University and a diploma in Industrial Finance from Indian Institute of Bankers. Prior to joining our Company he was the chairman and managing director of India Infrastructure Finance Company Limited, Punjab National Bank, Small Industries Development Bank of India and Punjab and Sind Bank respectively. He was also the chairman of the India Banks Association for two terms.

Mr. Ramarao Muralidharan Coimbatore, aged 63 years, is an Independent Director of our Company and has been on the Board of our Company since January 11, 2010. He holds a Bachelors of Science degree from Madras University and is a certified associate of Indian Institute of Bankers. Mr. Muralidharan has served as a whole-time member (finance and accounts) of Insurance Regulatory and Development Authority (“**IRDA**”). Prior to joining IRDA, he served in the Reserve Bank of India (“**RBI**”) for more than three decades in various capacities and was also heading the Department of Banking Policy and Regulation, RBI between 1998 to 2005 as the chief general manager. He has also been a member of the International Monetary Fund missions on financial sector assessment project of Uganda in 2001 and the assessment of the regime for insolvency of banks in Kuwait in 2004.

Mr. M.K. Goel, aged 54, is a Non Executive Director of our Company and has been on the Board of our Company since January 12, 2010. He holds a Bachelors degree in technology specializing in electrical engineering from Kanpur University. Currently he is associated with Power Finance Corporation Limited (“**PFC**”) as director (commercial) besides heading the human resources, administration, institutional appraisal and legal functions. Prior to joining PFC, Mr. Goel was working with NHPC Limited for about a decade. Presently, he is also on the board of our Promoter, PTC India Limited.

Mr. Neil Kant Arora, aged 41 years, is a Non Executive Director of our Company and has been on the Board of our Company since January 31, 2008. He holds a first class honours degree in Actuarial Science from the London School of Economics. At present, Mr. Arora is serving as an executive director with Macquarie Capital Group (“**Macquarie**”), Dubai and heads the Middle Eastern advisory team. Prior to this, he was based out of the Singapore office of Macquarie and heading the Asian infrastructure team. Mr. Neil Kant Arora is a resident of the United Arab Emirates.

Confirmation from Directors

None of our Directors, have held or are holding directorships in any listed companies whose shares have been or were suspended from being traded on the BSE and/ or the NSE or whose shares have been or were delisted from the stock exchange(s).

Borrowing powers of the Board

Pursuant to the shareholders resolution dated September 24, 2010 the Board of Directors or any committee of the Board was authorised to take loan, line of credit, cash credit limit, issue debentures, bonds, commercial papers, banks guarantee or any other fund based or non fund based borrowing from the banks, financial institutions and any other lenders including external commercial borrowing as it may deem fit and proper in the best interest of the Company which shall not exceed ₹ 15,000 million.

Remuneration of our Directors

Except Dr. Ashok Haldia who was appointed by way of an appointment letter dated August 13, 2008 (“**Appointment Letter**”), the Company has not entered into any kind of contract(s) or issued appointment letters with respect to any of its directors. Further, except Dr. Ashok Haldia, none of our Directors (including our Chairman and Managing Director who is also the chairman and managing director of our Promoter, PTC India Limited) are paid any remuneration.

Some of the key terms of the Appointment Letter *inter alia* include the following:

1. Dr. Haldia shall be responsible for the entire operations of the Company;
2. The appointment shall be for an initial period of five years subject to further reappointment;
3. Dr. Haldia’s appointment shall be subject to the superintendence, control and direction of the Board, provisions of the memorandum and articles of association of the Company and the provisions of the Companies Act, 1956; and
4. Dr. Haldia shall keep the information pertaining to the Company confidential.

The details of remuneration paid to Dr. Ashok Haldia for fiscal 2010 are as under:

Name	Basic Salary (₹)	House Rent Allowance (₹)	Other allowance (₹)	Gross Total (₹)
Dr. Ashok Haldia	1,188,000	594,000	1,408,847	3,190,847

Further, pursuant to the Board resolution dated April 29, 2008, the Independent Directors of the Company are entitled to a sitting fee of ₹ 10,000 for attending each meeting of the Board/ meeting of Committee of Directors. In addition thereto they are also entitled to a reimbursement of a maximum amount of ₹ 1500 per day towards expenses for local conveyance.

Shareholding of our Directors

The Articles of Association do not require the Directors to hold any qualification Equity Shares in our Company. Further, though none of our Directors hold any Equity Shares in their individual capacity, the Chairman and Managing Director of our Company, Mr. Tantra Narayan Thakur, holds 1 Equity Share as the nominee of our Promoter, PTC India Limited.

Bonus or profit sharing plan of the Directors

There is no bonus or profit sharing plan in place for our Directors.

Interests of Directors

The directors are interested to the extent of remuneration paid to them by our Company as detailed above. Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or to be allotted to them under the ESOP Scheme 2008 or that may be subscribed by or Allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Director, Mr. Neil Kant Arora, is the representative of Macquarie India Holdings Limited. Accordingly, he may be deemed to be interested in the Company to the extent of the Equity Shares of the Company held by Macquarie India Holdings Limited. Further, Mr. Tantra Narayan Thakur is the chairman and managing director of our Promoter.

Our Directors, Mr. P. Abraham and Mr. Sudhir Kumar are also directors on the board of our Promoter.

Our Director, Mr. M.K. Goel is interested in the capacity of a nominee director of Power Finance Corporation Limited on the board of our Promoter.

Our Directors have no interest in any property acquired by the Company within two years of the date of filing of this Red Herring Prospectus.

Except as stated in this Red Herring Prospectus in the section titled “*Related Party Transactions*” on page 174, our Directors do not have any other interest in our business.

Changes in our Board of Directors during the last three years

S. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	Mr. Shashi Shekhar	August 6, 2007	January 17, 2011	Resignation
2.	Mr. Surinder Singh Kohli	December 13, 2010	Continuing	Appointment
3.	Mr. Lakshmiah Balachandra Naidu	July 7, 2009	December 13, 2010	Resignation
4.	Mr. Jonathan Chung Kiu Mok	January 31, 2008	August 8, 2008 ¹	Resignation
5.	Mr. Neil Kant Arora	January 31, 2008	Continuing	Appointment
6.	Ms. Ambalika Banerjee	January 31, 2008	January 12, 2010 ²	Resignation
7.	Mr. Lakshmiah Balachandra Naidu	April 29, 2008	August 8, 2008 ³	Resignation
8.	Dr. Ashok Haldia	August 13, 2008	Continuing	Appointment
9.	Mr. Vijay Karnani	September 12, 2008 ⁴	April 30, 2009 ⁵	Resignation
10.	Mr. Kelvin Edward Flynn	September 12, 2008 ⁶	April 30, 2009 ⁷	Resignation
11.	Mrs. Rama Murali	April 21, 2009	Continuing	Appointment
12.	Mr. Vijay Karnani	July 7, 2009	November 9, 2009 ⁸	Resignation
13.	Dr. Uddesh Kohli	September 25, 2009 ⁹	Continuing	Appointment
14.	Mr. Ramarao Muralidharan Coimbatore	January 11, 2010 ¹⁰	Continuing	Appointment
15.	Mr. M.K. Goel	January 12, 2010	Continuing	Appointment
16.	Mr. Sudhir Kumar	March 22, 2010	Continuing	Appointment
17.	Mr. Deepak Amitabh	December 22, 2006	September 22, 2010 ¹¹	Resignation

1. The Board vide resolution dated October 27, 2008 took note of the resignation.

2. The Board vide resolution dated March 22, 2010 took note of the resignation.

3. The Board vide resolution dated October 27, 2008 took note of the resignation.

4. Appointed as Additional Director pursuant to Board resolution dated October 27, 2008.

5. The Board vide resolution dated July 7, 2009 took note of the resignation.

6. Appointed as Additional Director pursuant to Board resolution dated October 27, 2008.

7. The Board vide resolution dated July 7, 2009 took note of the resignation.

8. The Board vide resolution dated January 12, 2010 took note of the resignation.

9. Appointed as Additional Director pursuant to Board resolution dated September 25, 2009 and confirmed as Director pursuant to shareholders resolution dated September 24, 2010

10. Appointed as Additional Director pursuant to Board resolution dated November 3, 2009 and confirmed as Director pursuant to shareholders resolution dated September 24, 2010

11. The Board vide resolution dated September 24, 2010 took note of the resignation and confirmed as Director pursuant to shareholders resolution dated September 24, 2010

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to the Company immediately upon the listing of the Equity Shares with the Stock Exchanges. We believe we have complied with the requirements of corporate governance contained in the listing agreement, particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Shareholder’ and Investor Grievance Committee and the Remuneration Committee.

We have a Board constituted in compliance with the Companies Act and listing agreement with Stock Exchanges. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board has 10 directors, out of which 6 are Independent Directors.

Committees of the Board of Directors

The Company has constituted the following committees for compliance with corporate governance requirements:

a. Audit Committee

The Audit Committee was originally constituted pursuant to Board resolution dated June 4, 2007 and was subsequently re-constituted thrice pursuant to Board resolutions dated August 6, 2007, July 7, 2009 and November 9, 2010 respectively. The scope and terms of reference of the Audit Committee were adopted by the Board pursuant to its resolution dated December 13, 2010. It presently comprises of the following members:

Name of the Directors	Designation
Mrs. Rama Murali	Chairperson
Mr. Ramarao Muralidharan Coimbatore	Member
Mr. Prathipati Abraham	Member

Scope and terms of reference: The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the listing agreement.

The powers of the audit committee include the following:

- 1 To investigate any activity within its terms of reference
- 2 To seek information 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.

The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. 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 (2M) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing with the management the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application or 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 utilization of proceeds of a public or rights issue, if any, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and Internal auditors and adequacy of the internal control systems.
8. Reviewing the adequacy of Internal audit function including the appointment and removal of the internal audit firm and frequency of internal audit.
9. Discussion with Internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. 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.
12. 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.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Carrying out any other functions which may be specified under amendments from time to time as per the Listing Agreement, Companies Act, 1956 and other applicable status.

b. Remuneration Committee

The Remuneration Committee was constituted pursuant to Board resolution dated December 13, 2010. It presently comprises of the following members:

Name of the Directors	Designation*
Mrs. Rama Murali	Member
Mr. Prathipati Abraham	Member
Dr. Uddesh Kohli	Member

**The members shall appoint a chairman from amongst themselves.*

The company secretary of the Company shall act as the ex-officio secretary to the Remuneration Committee.

Scope and terms of reference:

The scope and terms of reference of the Remuneration Committee are in line with the listing agreement, provisions of the Companies Act, 1956 and any guidelines / circulars issued by Reserve Bank of India and include determining on behalf of the Board and the shareholders of the Company, the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

c. Shareholders' and Investor Grievance Committee

The Shareholders' and Investor Grievance Committee was constituted pursuant to Board resolution dated December 13, 2010. The Shareholders' and Investor Grievance Committee presently comprises of the following members:

Name of the Directors	Designation*
Dr. Uddesh Kohli	Member
Dr. Ashok Haldia	Member
Mr. Ramarao Muralidharan Coimbatore	Member

**The members shall appoint a chairman from amongst themselves.*

The company secretary of the Company shall act as the ex-officio secretary to the Shareholders' and Investor Grievance Committee.

Scope and terms of reference:

The Committee has the powers to promptly resolve the complaints of shareholders'/ investors such as non-receipt of shares after transfer, non-receipt of declared dividends, non-receipt of balance sheet and other related types of complaints/ queries that such shareholders'/ investors may have.

d. Committee of Directors for IPO

The Committee of Directors for IPO ("IPO Committee") committee was constituted pursuant to Board resolution dated March 22, 2010 and was subsequently re-constituted pursuant to Board resolution dated June 21, 2010. It presently comprises of the following members:

Name of the Directors	Designation
Mr. Tantra Narayan Thakur	Chairman
Dr. Ashok Haldia	Member
Mr. Prathipati Abraham	Member
Dr. Uddesh Kohli	Member

Scope and terms of reference: The IPO Committee has the following powers:

1. taking necessary decision related to the Issue and the pre-IPO private placement which shall include but not be limited to the structure of the IPO;
2. appointing required intermediaries such as merchant bankers, collection banks, registrar and share transfer agent, legal counsels, rating agency etc.;

3. taking necessary decision related to the size, pricing and timing of the proposed IPO;
4. taking necessary decision relating to obtaining necessary regulatory approvals, calling the shareholders meeting (including at shorter notice), dematerialization of the shares of the Company, executing necessary agreements with NSDL/CDSL/BSE/NSE or any other agency, affixation of the common seal of the company on necessary documents,
5. finalization of Draft Red Herring Prospectus and Red Herring Prospectus or any other actions as may be required to complete the IPO process and pre IPO private placement.

e. Compensation Committee for ESOP

The Compensation Committee for ESOP was constituted pursuant to the Board resolution dated April 29, 2008 and was subsequently, reconstituted pursuant to the Board resolution dated October 27, 2008, December 13, 2010 and March 1, 2011. It has been constituted for the purpose of preparing and managing an ESOP scheme for the Company and comprises of the following members:

Name of the Directors	Designation*
Mr. Tantra Narayan Thakur	Member
Mr. Surinder Singh Kohli	Member
Dr. Uddesh Kohli	Member

**The members shall appoint a chairman from amongst themselves.*

Scope and terms of reference:

The Compensation Committee *inter alia* performs the following functions and decides the following with regard to our Company:

1. the quantum of the option to be granted under ESOP per employee;
2. the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
3. the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
4. the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
5. the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
6. the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as right issues, bonus issues, merger, sale of division and others;
7. the grant, vest and exercise of option in case of employee who are on leave;
8. the procedure for cashless exercise of option; and
9. to frame suitable policies to ensure that there is no violation of SEBI (Insider Trading) Regulations, 1992 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 1995 by an employee.

f. Nomination Committee

The Nomination Committee was originally constituted as the Nomination cum Remuneration Committee pursuant to Board resolution dated August 5, 2008 and was subsequently reconstituted twice pursuant to Board resolutions dated October 27, 2008 and June 21, 2010. Further, the Nomination cum Remuneration Committee was renamed to its present name pursuant to board resolution dated December 13, 2010. It has been constituted for the purpose of ensuring proper compliance of the conditions precedent to appointment and to finalise appointment and terms of engagement. It presently comprises of the following members:

Name of the Directors	Designation
Mr. Tantra Narayan Thakur	Chairman
Mr. Prathipati Abraham	Member

g. Asset Liability Management Committee

The Asset Liability Management Committee was originally constituted pursuant to Board resolution dated

March 30, 2009. It has been constituted for the purpose of performing functions as required under the asset liability management policy and comprises of the following members:

Name of the Directors	Designation
Mr. Tantra Narayan Thakur	Chairman
Mr. P. Abraham	Member
Dr. Ashok Haldia	Member

h. Risk Management Committee

The Risk Management Committee was originally constituted pursuant to Board resolution dated July 7, 2009 and was subsequently re-constituted pursuant to Board resolution dated March 22, 2010 and December 13, 2010. It has been constituted for the purpose of reviewing risk management in relation to various risks, namely, market risk, credit risk, and operational risk and comprises of the following members:

Name of the Directors	Designation
Dr. Ashok Haldia	Member
Mr. Surinder Singh Kohli	Member

i. Committee of Directors for Issuance of Bonds

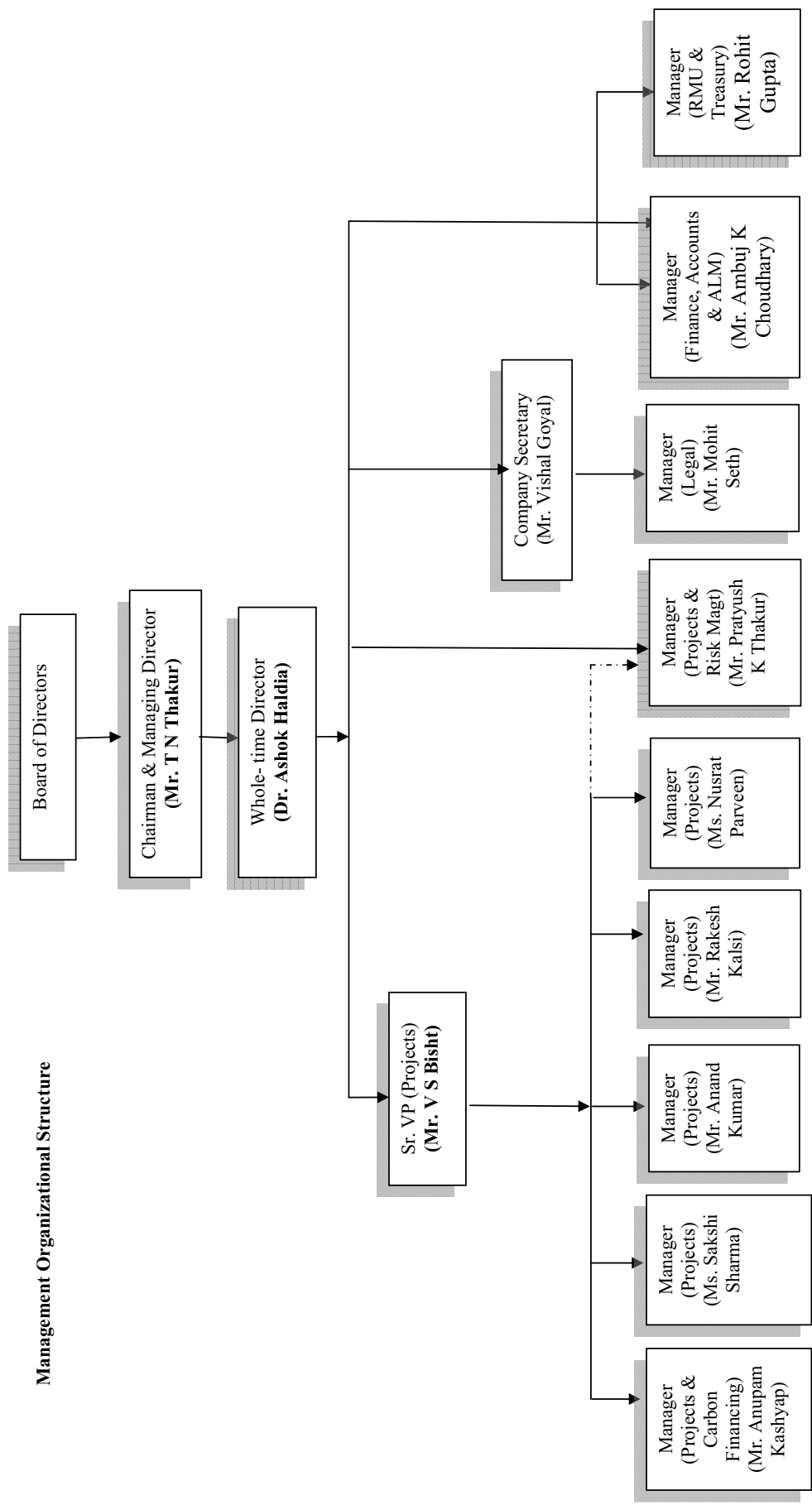
The Committee of Directors for issuance of Bonds was originally constituted pursuant to Board resolution dated August 21, 2009 and was subsequently re-constituted pursuant to Board resolution dated September 24, 2010. It has been constituted for the purpose of considering and determining the terms and conditions of proposed issues and allotments of secured non-convertible debenture and comprises of the following members:

Name of the Directors	Designation
Mr. Tantra Narayan Thakur	Chairman
Dr. Ashok Haldia	Member
Dr. Uddesh Kohli	Member

j. Committee of Directors

The Committee of Directors was originally constituted pursuant to Board resolution dated August 21, 2009 and was subsequently re-constituted pursuant to Board resolution dated September 24, 2010. It has been constituted for the purpose of considering and sanctioning debt financing or equity participation or both taken together to a single company upto ₹ 250 million, subject to an aggregate limit of overall limit by ₹ 1,000 million in a financial year. It presently comprises of the following members:

Name of the Directors	Designation
Mr. Tantra Narayan Thakur	Chairman
Dr. Ashok Haldia	Member
Dr. Uddesh Kohli	Member



* Organization chart does not show the employees on a sharing basis and the employees who are in process to join.

----- The chart illustrated the functional reporting for specific functions.

Key Management Personnel

All of our Key Management Personnel are permanent employees of our Company and none of them are related to each other or to any Director of our Company. Further, none of our Key Management Personnel were appointed as Directors or members of senior management pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

In addition to our whole-time Directors, Mr. Tantra Narayan Thakur and Dr. Ashok Haldia, the following are the Key Management Personnel of our Company. For details of our Directors see section titled “*Our Management - Brief Biographies of our Directors*” on page 155.

Mr. Vijay Singh Bisht, aged 47 years, is Senior Vice President of our Company and heads the debt division. He has been associated with our Company since February 4, 2008. He holds a Bachelors degree in Electrical Engineering from M M M Engineering College, Gorakhpur and is an MBA from FMS, University of Delhi. Prior to joining our Company, he was working with Power Finance Corporation Limited as deputy general manager and was responsible for the commercial appraisal of power projects and marketing of debt portfolio in Eastern and North Eastern region of India. He has also worked with Central Electricity Authority after qualifying for the Indian Engineering Services and was primarily involved in planning and techno-economic appraisal of hydro power projects. He received a remuneration of ₹ 2.66 million during FY 2009-10.

Mr. Vishal Goyal, aged 30 years, is the Company Secretary of our Company. He is responsible for secretarial work and also heads the legal department of our Company. He has been associated with our Company since February 25, 2008. He is an associate member of the Institute of Company Secretaries of India and holds an MBA (Finance) from Uttar Pradesh Technical University, Lucknow as well as a Bachelors degree in Law from C.C.S University, Meerut. Prior to joining our Company, he has worked with International Print-O-Pac Limited where he was responsible for facilitating legal, secretarial and resource mobilization and was also involved in private equity transactions. He received a remuneration of ₹ 0.78 million during FY 2009-10.

Mr. Ambuj K. Choudhary, aged 32 years, is the Manager (Finance and Accounts) of our Company. He is responsible for the accounting, taxation, asset-liability management and system implementation in the Company and has been associated with our Company since July 18, 2008. He is an associate member of the Institute of Chartered Accountants of India. Prior to joining our Company, he was working with Power Finance Corporation Limited where he was looking after foreign currency and short term assets of the company and was responsible for managing the non performing assets. He received a remuneration of ₹ 0.81 million during FY 2009-10.

Confirmation

The turnover of Key Management Personnel is not high compared to the industry.

Shareholding of the Key Management Personnel

Except Mr. Vijay Singh Bisht who holds 1 Equity Share as a nominee of our Promoter, PTC India Limited, none of our Key Management Personnel hold any Equity Shares in the Company.

Interests of Key Management Personnel

Our Key Management Personnel are interested to the extent of remuneration paid to them by our Company and may also be regarded as interested in the Equity Shares to be allotted to them under the ESOP Scheme 2008. For details of the ESOP Scheme 2008, see section titled “*Capital Structure*” on page 65 of this Red Herring Prospectus.

Bonus or profit sharing plan of the Key Management Personnel

Other than the performance linked incentive forming a part of the remuneration of our Key Management Personnel, there is no bonus or profit sharing plan in place for the Key Management Personnel.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the three years prior to the date of filing this Red Herring Prospectus are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation	Reason
1.	Mr. Ambuj K. Choudhary	Manager (Finance and Accounts)	July 18, 2008	-	Appointment
2.	Mr. Vishal Goyal	Company Secretary	February 25, 2008	-	Appointment
3.	Mr. Vijay Singh Bisht	Senior Vice President (Projects)	February 4, 2008	-	Appointment

Payment or benefit to officers of our Company

Our Promoter PTC India Limited has availed the group mediclaim and the group personal accident policies from United India Insurance Company Limited which also covers the employees of our Company.

Termination/ Retirement benefits paid to Key Management Personnel

Other than the statutory benefit like provident fund, there are no termination/ retirement benefits being provided to the Key Management Personnel.

OUR PROMOTER AND GROUP COMPANIES

Our Promoter, PTC India Limited

As on date of filing of this Red Herring Prospectus, the Promoter of our Company is PTC India Limited.

PTC India Limited (“PTC”) was incorporated on April 16, 1999 as Power Trading Corporation of India Limited under the Companies Act and received its certificate of commencement of business on July 15, 1999. Subsequently its name was changed to its present name by a fresh certificate of incorporation dated July 21, 2004. PTC is involved in the business of power trading. The equity shares of PTC are listed on the NSE and BSE.

The registered office of PTC is located at 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi 110 066.

Shareholding Pattern

The shareholding pattern of PTC as on December 31, 2010 was as follows:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	4	48,000,000	36,000,000	16.30	16.30	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
	Sub Total(A)(1)	4	48,000,000	36,000,000	16.30	16.30	0	0.00
2	Foreign							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
b	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
c	Institutions	0	0	0	0.00	0.00	0	0.00
d	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4	48,000,000	36,000,000	16.30	16.30	0	0.00
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI	58	53,406,907	53,406,907	18.13	18.13	0	0.00
(b)	Financial Institutions / Banks	17	28,604,189	28,604,189	9.71	9.71	0	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	17	61,371,082	61,371,082	20.84	20.84	0	0.00
(f)	Foreign Institutional Investors	95	56,713,877	56,713,877	19.25	19.25	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B)(1)	187	200,096,055	200,096,055	67.93	67.93	0	0.00

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of shares	As a percentage
B 2	Non-institutions							
(a)	Bodies Corporate	1,463	23,381,436	13,381,436	7.94	7.94	0	0.00
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	108,278	18,629,414	18,608,085	6.32	6.32	0	0.00
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	102	2,833,799	2,833,799	0.96	0.96	0	0.00
(c)	Any Other (specify)-trust and foundation	14	170,540	170,540	0.06	0.06	N.A.	N.A.
(c-i)	NRIs/OCBs	1,207	1,436,157	1,436,156	0.49	0.49	N.A.	N.A.
(c-ii)	Clearing Members	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B)(2)	111,064	46,451,346	36,430,016	15.7	15.77	0	0.00
(B)	Total Public Shareholding (B)=(B)(1)+(B)(2)	111,251	246,547,401	236,526,071	83.70	83.70	0	0.00
	TOTAL (A)+(B)	111,255	294,547,401	272,526,071	100.00	100.00	0	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
GRAND TOTAL (A)+(B)+(C)		111,255	294,547,401	272,526,071	100.00	0.00	0	0.00

(I)(c) Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Life Insurance Corporation of India	22,200,288	7.54
2	Reliance Capital Trustee Co Limited A/C Reliance Diversified	15,171,917	5.15
3	Damodar Valley Corporation Limited	10,000,000	3.4
4	Bajaj Allianz Life Insurance Company Limited	10,399,314	3.53
5	LIC of India - Market Plus 1	13,715,602	4.66
6	HDFC Standard Life Insurance Company Limited	13,154,342	4.47
7	Government Pension Fund Global	6,788,371	2.3
8	State Bank of India	7,338,860	2.49
9	LIC of India Market Plus	5,956,475	2.02
10	The Master Trust Bank of Japan Limited as Trustee of Blackrook	3,086,093	1.05
11	IDFC Premier Equity Fund	3,916,000	1.33
12	Birla Sunlife Trustee Co Private Limited A/C Birla Sun	3,300,000	1.12
13	Tata AIG Life Insurance Co Limited	3,082,112	1.05
14	Openheimer International Small Co Limited	7,000,000	2.38
15	Reliance Capital Trustee Co. Limited	3,000,000	1.02
TOTAL		128,109,374	43.49

(I)(b) Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”

Sr. No.	Name of the shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number of shares	As a % of grand total (A)+(B)+(C)	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
1.	NTPC Limited	12,000,000	4.074	0	0.00	0.00
2.	Power Finance Corporation Limited	12,000,000	4.074	0	0.00	0.00
3.	NHPC Limited	12,000,000	4.074	0	0.00	0.00
4.	Powergrid Corporation of India Limited	12,000,000	4.074	0	0.00	0.00
TOTAL		48,000,000	16.296	0	0.00	0.00

The promoters of PTC are as follows:

1. NTPC Limited;
2. Power Finance Corporation Limited;
3. Power Grid Corporation of India Limited; and
4. NHPC Limited.

The above mentioned promoters of our Promoter, PTC India Limited, are government companies being promoted by the President of India having more than 51% shareholding in each of the above mentioned promoters, as on September 30, 2010.

Board of Directors

As on the date of this Red Herring Prospectus, the board of directors of PTC comprises of:

1. Mr. Tantra Narayan Thakur;
2. Mr. Deepak Amitabh;
3. Mr. Sudhir Kumar;
4. Mr. Satish C. Mehta;
5. Mr. M.K. Goel;
6. Mr. R.N. Nayak;
7. Mr. D.P. Bagchi;
8. Mr. P Abraham;
9. Mr. I.J. Kapoor;
10. Mr. A.B.L. Srivastava;
11. Mr. Balachandran;
12. Mr. Ved Kumar Jain; and
13. Mr. Hemant Bhargava.

Mr. U.N. Panjiar was earlier disclosed as a director of PTC in the Draft Red Herring Prospectus. Since the permission of the Government of India approving the appointment of Mr. U.N. Panjiar as an Independent Director with effect from December 7, 2010 is pending, his name as a director of PTC has been omitted and intimation in this regard has been made to the NSE and BSE.

There has been no change in control of PTC in the last three (3) years preceding the date of the Red Herring Prospectus.

The changes in the board of PTC in the last three (3) years preceding the date of filing of the RHP are as follows:

S. No.	Name of Director	Date of Appointment	Date of Cessation
1.	Mr. T. N. Thakur	October 11, 2000	-
2.	Mr. Shashi Shekhar	January 25, 2008	January 17, 2011
3.	Mr. Deepak Amitabh	January 25, 2008	-
4.	Mr. Sudhir Kumar	July 15, 2009	-
5.	Mr. Satish C Mehta	December 20, 2008	-
6.	Mr. M.K. Goel	August 8, 2008	-

7.	Mr. R.N. Nayak	May 18, 2010	-
8.	Mr. D. P. Bagchi	May 7, 2004	-
9.	Mr. P. Abraham	June 1, 2004	-
10.	Mr. I.J. Kapoor	June 1, 2008	-
11.	Mr. A.B.L. Srivastava	June 1, 2008	-
12.	Mr. Balachandran	January 1, 2009	-
13.	Mr. Hemant Bhargava	June 25, 2010	-
14.	Mr. Girish Pradhan	December 29, 2003	March 6, 2009
15.	Mr. M.S. Verma	May 7, 2004	September 23, 2010
16.	Mr. G.P. Gupta	May 7, 2004	September 23, 2010
17.	Mr. R.S. Sharma	July 27, 2004	May 20, 2008
18.	Mr. Satnam Singh	March 1, 2005	August 7, 2008
19.	Mr. S.P. Sen	April 28, 2006	May 8, 2008
20.	Mr. R.G. Yadav	March 12, 2007	April 30, 2010
21.	Mrs. Preeti Saran	September 28, 2007	October 31, 2008
22.	Mr. I.C. P. Keshari	March 16, 2009	July 3, 2009
23.	Mr. Ved Kumar Jain	December 7, 2010	-

The face value of the equity shares of our Promoter, PTC India Limited is ₹ 10.

Financial Information

(₹ In Millions)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Equity Capital	2,945.47	2,274.19	2,274.19
Reserves and Surplus	18,016.90	13,091.04	12,521.37
Income	78,445.07	66,261.38	39,493.09
Profit after Tax	941.01	908.32	486.25
Earning Per Share	3.31	3.99	2.93

Share quotations

Highest and lowest trading prices of the shares of PTC on the BSE in the last six months:

Month	High (₹)	Low (₹)
September, 2010	126.70	114.00
October, 2010	137.35	117.40
November, 2010	141.90	114.90
December, 2010	127.25	111.05
January, 2011	126.50	102.05
February, 2011	101.35	80.90

Market capitalization on the BSE as on February 28, 2011 was ₹ 23,932.19 million.

Highest and lowest trading prices of the shares of PTC on the NSE in the last six months:

Month	High (₹)	Low (₹)
September, 2010	127.05	114.05
October, 2010	137.55	117.65
November, 2010	141.80	115.80
December, 2010	127.95	110.50
January, 2011	126.40	108.45
February, 2011	101.20	80.65

Market capitalization on the NSE as on February 28, 2011 was ₹ 23,843.82 million.

Mechanism for investor grievance

PTC has appointed MCS Limited as its registrar and transfer agent and all dematerialization requests and other communications regarding change of address, dividend and queries related to investor services is sent to them. Issues relating to investor grievances are reviewed by the investor grievance committee of the board of directors of PTC, which meets as per requirements. An exclusive email id, i.e. cs@ptcindia.com has also been created to

receive the investor grievances. All complaints are resolved within 7 days. The investor grievance committee comprises of Mr. P Abraham as chairman and Mr. D. P. Bagchi as a member to resolve all investor complaints.

Confirmations

Our Company confirms that the PAN, bank account number, company registration number and the address of the RoC where our Promoter is registered will be submitted to the Stock Exchanges at the time of filing of this Red Herring Prospectus with them.

Group Companies

As on the date of this Red Herring Prospectus, the companies which are a part of our Group Companies are as follows:

- 1) Barak Power Private Limited;
- 2) PTC Energy Limited;
- 3) RS India Global Energy Limited;
- 4) Ashmore PTC India Energy Infrastructure Advisors Private Limited; and
- 5) Ashmore PTC India Energy Infrastructure Trustee Private Limited

The equity shares of none of our Group Companies are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years. Details of our Group Companies are provided below.

1. Barak Power Private Limited

Barak Power Private Limited (“**Barak Power**”) was incorporated on September 1, 2008 under the Companies Act as a private limited company. Its registered office is located at 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi 110 066. Presently, Barak Power has not commenced any business operations, although as per its memorandum of association, it is *inter-alia* permitted to engage in the business of building, owning and operating a thermal power plant in Silchar, Assam.

As on January 31, 2011, the shareholding of Barak Power is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of shareholding
1.	Bharat Heavy Electricals Limited	50,000	50.00
2.	PTC India Limited	50,000	50.00
Total		100,000	100.00

Financial Performance

Since Barak Power was incorporated in 2008, the financial performance for Barak Power for Fiscals 2009 and 2010 are mentioned below:

(in ₹ million, except per share data)

	Fiscal 2010	Fiscal 2009
Reserves (excluding revaluation reserve)	-	-
Net Sales	-	-
Profit after tax	(0.08)	-
Basic earnings per share	(0.79)	-
Diluted earnings per share	(0.79)	-
Net Asset Value	0.92	0.93

2. PTC Energy Limited

PTC Energy Limited (“**PEL**”) was incorporated on August 1, 2008 under the Companies Act as a public limited company and received its certificate of commencement of business on August 22, 2008. Its registered office is located at 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi 110 066. PEL is engaged in the business of fuel intermediation and consultancy.

As on January 31, 2011, the shareholding of PEL is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of shareholding
1.	PTC India Limited	41,000,000	99.99
2.	Mr. S.S. Sharma	1	0.00*
3.	Mr. Sanjeev Mehra	1	0.00*
4.	Mr. Rakesh Kumar	1	0.00*
5.	Mr. Prabhat Varshney	1	0.00*
6.	Mr. Ramesh Chander Chaudhary	1	0.00*
7.	Mr. Harish Saran	1	0.00*
Total		41,000,006	100.00

* Negligible

Financial Performance

Since PEL was incorporated in 2008, the financial performance for PEL for Fiscals 2009 and 2010 are mentioned below:

(in ₹ million, except per share data)

	Fiscal 2010	Fiscal 2009
Reserves (excluding revaluation reserve)	-	-
Net Sales*	275.04	-
Profit after tax	11.20	(22.92)
Basic earnings per share	0.27	(4.23)
Diluted earnings per share	0.27	(4.23)
Net Asset Value	398.28	387.08

*including other operating income

3. R.S. India Global Energy Limited

RS India Global Energy Limited (“**RSIGEL**”) was incorporated on December 10, 2008 as RS India Global Energy Private Limited under the Companies Act and was subsequently converted into a public limited company and has received a fresh certificate of incorporation from the RoC dated April 28, 2009. Its registered office is located at 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi 110 066. It is engaged in the business of developing wind farms and conducting operation, maintenance and ancillary work to undertake the construction of transmission lines and facilitate exchange power.

As on January 31, 2011, the shareholding of RSIGEL is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of shareholding
1.	PTC Energy Limited	23,402,542	48.00
2.	R.S. India Infrapower Private Limited	21,287,255	43.66
3.	Vighneshvara Infrastructure Private Limited	4,065,459	8.34
4.	Mr. Ashok Kumar	10	0.00*
5.	Mrs. Meetika Yadav	10	0.00*
6.	Mr. Pawan Kumar	10	0.00*
7.	Mrs. Sunita Yadav	10	0.00*
Total		48,755,296	100.00

* Negligible

Financial Performance

Since RSIGEL was incorporated in 2008, the financial performance for RSIGEL for Fiscals 2009 and 2010 are mentioned below:

(in ₹ million, except per share data)

	Fiscal 2010	Fiscal 2009
Reserves (excluding revaluation reserve)	-	-
Net Sales	-	-
Profit after tax	(3.64)	0.19
Basic earnings per share	0.07	0.04
Diluted earnings per share	0.08	0.05
Net Asset Value	8.59	9.87

4. Ashmore PTC India Energy Infrastructure Advisors Private Limited

PTC incorporated Ashmore Advisors pursuant to the shareholders agreement dated April 5, 2010 executed between PTC India Limited, Ashmore Group Plc and Ashmore Investments (India Energy) Limited with the main object to carry on the business of acting as managers, trustees, administrators of one or more venture capital funds, investment funds and/ or any other funds in or outside India, unit trusts or consortium, set up in or outside India.

Ashmore Advisors was incorporated on May 19, 2010 under the Companies Act. Its registered office is located at 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi 110 066.

Presently, Ashmore Advisors has not commenced any business operations.

Though there are two subscribers to the memorandum of association of Ashmore Advisors, the shares are yet to be allotted to such subscribers.

Financial Performance

As Ashmore Advisors has not presently commenced any business operations its financial performance is Nil

5. Ashmore PTC India Energy Infrastructure Trustee Private Limited

PTC incorporated Ashmore Trustee pursuant to the shareholders agreement dated April 5, 2010 executed between PTC India Limited, Ashmore Group Plc and Ashmore Investments (India Energy) Limited with the main object to carry on the business of undertaking, acting as and carrying on the office(s) and duties of trustee, to setup, promote, settle and execute trusts for raising funds in any manner from any person in India or abroad; to hold property in trust for the benefit of the beneficiaries of the trust; to deploy funds raised to acquire, hold, deal with all or any property, assets or securities and earn returns on their investments.

Ashmore Trustee was incorporated on May 31, 2010 under the Companies Act. Its registered office is located at 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi 110 066.

Presently, Ashmore Trustee has not commenced any business operations.

Though there are two subscribers to the memorandum of association of Ashmore Trustee, the shares are yet to be allotted to such subscribers.

Financial Performance

As Ashmore Trustee has not presently commenced any business operations its financial performance is Nil

Interests of our Promoters and Group Companies

The Promoter is interested in the Company to the extent of its shareholding in the Company. For details see the section titled “*Capital Structure*” on page 65.

Except certain power purchase/ sale agreements entered with entities stated below, our Promoter, PTC India Limited, is not directly or indirectly interested in any other contract, agreement or arrangement entered into by the Company, and no payments have been made or proposed to be made by our Promoter, PTC India Limited in respect of such contracts, agreements or arrangements entered into by the Company:

- Meenakshi Energy Private Limited;
- PTC Bermaco Green Energy Systems Limited;
- Ind-Barath Energy (Utkal) Limited;
- East Coast Energy Private Limited;
- Meenakshi Energy and Infrastructure Holdings Private Limited;
- Thermal Powertech Corporation India Limited;
- Athena Chattisgarh Power Private Limited;
- Surana Power Limited;

- MB Power (Madhya Pradesh) Limited;
- Orissa Power Consortium Limited;
- RKM Powergen Private Limited; and
- Rukminirama Steel Rollings Private Limited.

Further four directors of the Promoter are Directors also on the Board of the Company.

Except as disclosed above, our Promoters and Group Companies have no business interest in our Company. Further, the Promoters and Group Companies confirm that they have no interest in the property acquired by the Company during the last two years prior to the date of filing of this Red Herring Prospectus.

Payment or Benefits to the Promoters

Except as stated in the section titled ***“Related Party Transactions”*** on page 174, there has been no payment of benefits to the Promoters, Promoter Group or Group Companies during the last two years prior to the date of filing of this Red Herring Prospectus.

Disassociation by the Promoter:

Our Promoter has not disassociated from any company in the last three (3) years preceding the date of this Red Herring Prospectus:

Other Confirmations

Our Promoter and Group Companies have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Additionally, the Promoter or none of the Group Companies have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

None of the Group Companies have become sick companies under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against them. Further no application has been made, in respect of any of the Group Companies, to the Registrar of Companies for striking off their names. Additionally, none of our Group Companies have become defunct in the five years preceding the filing of this Red Herring Prospectus.

Litigation

For details relating to the legal proceeding involving the Promoters and Group Companies, see the section titled ***“Outstanding Litigation and Material Developments”*** on page 254.

Common Pursuits

The memoranda of association of our Group Companies namely, Barak Power Private Limited, Ashmore PTC India Energy Infrastructure Advisors Private Limited and Ashmore PTC India Energy Infrastructure Trustee Private Limited permit such Group Companies to engage in the business of providing financial or other assistance, which is similar to the business of our Company. For associated risk factor, see the section titled ***“Risk Factors”*** on page 14.

RELATED PARTY TRANSACTIONS

For details on related party transactions of our company on a stand alone and consolidated basis, see the section titled “*Financial Information*” on page 176.

DIVIDEND POLICY

The declaration and payment of dividend on the Equity Shares will be recommended by our Board and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also from time to time pay interim dividend. Our Company has not declared any dividends on Equity Shares since its incorporation.

SECTION V – FINANCIAL INFORMATION

FINANCIAL INFORMATION

AUDITORS' REPORT ON RESTATED FINANCIAL STATEMENTS

To,
The Board of Directors,
PTC India Financial Services Limited,
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi – 110 066,
India

Dear Sirs,

1. We have examined the attached financial information of PTC India Financial Services Limited (the Company), as approved by the Board of Directors of the Company, prepared in terms of the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India ('SEBI') - (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the SEBI ICDR Regulations) and pursuant to Section 11 of the Securities and Exchange Board of India Act, 1992 (the 'SEBI Act') and in terms of our engagement agreed upon with the Company in accordance with our engagement letter dated September 9, 2010 in connection with the proposed initial public offering of equity shares (IPO).

2. Financial Information as per Audited Financial Statements

We have examined the attached 'Summary Statement of Assets and Liabilities, as restated' of the Company as at December 31, 2010, March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007 (Annexure I), the attached 'Summary Statement of Profit and Losses, as restated' (Annexure II) and 'Summary Statement of Cash Flows, as restated' (Annexure III) of the Company for the nine months period ended December 31, 2010, years ended March 31, 2010, March 31, 2009, March 31, 2008 and period September 8, 2006 to March 31, 2007, together referred to herein as 'Restated Summary Statements'. These Restated Summary Statements have been extracted by the management from the financial statements of the Company as at and for the nine months period ended December 31, 2010, years ended March 31, 2010, March 31, 2009, and March 31, 2008 and period September 8, 2006 to March 31, 2007 and have been approved by the Board of Directors for those respective years/ periods. The Financial Statements of the Company as at and for the nine months period ended December 31, 2010 have been approved by the Board of Directors and the years ended March 31, 2010, March 31, 2009, March 31, 2008 and the period September 8, 2006 to March 31, 2007 have been adopted by the members.

The financial statements as at and for the nine months period ended December 31, 2010 and year ended March 31, 2010, were audited by us. The financial statements as at and for the year ended March 31, 2009 were audited by Price Waterhouse, New Delhi, Chartered Accountants and as at and for the year ended March 31, 2008 and period from September 8, 2006 to March 31, 2007 were audited by Ravi Rajan & Co., Chartered Accountants, and accordingly reliance has been placed on the financial information examined by them for the said years/ period.

3. Based on our examination of the Restated Summary Statements, we state that:
 - a. Restated Summary Statements are after making adjustments and regroupings as in our opinion were appropriate and more fully described in Annexure V (B) on "Material Adjustments" of the restated financial information;
 - b. The Restated Summary Statements has been made after incorporating adjustments for the material amounts in the respective financial years/period to which they relate;
 - c. There are no extra-ordinary items that need to be disclosed separately in the Restated Summary Statements.
 - d. There are no qualifications in the auditors' report on the financial statements that require adjustments to the Restated Summary Statements.

4. Other financial information:
- a. We have also examined the restated financial information of the Company as at and for the nine months period ended December 31, 2010, years ended March 31, 2010, March 31, 2009, March 31, 2008 and period September 8, 2006 to March 31, 2007, listed below, which is proposed to be included in the offer document, as approved by the Board of Directors of the Company and annexed to this report:
 - i. Details of Fixed Assets as appearing in Annexure IV A;
 - ii. Details of Investments as appearing in Annexure IV B;
 - iii. Details of Current Assets and Loans and Advances as appearing in Annexure IV C;
 - iv. Details of Loan Funds as appearing in Annexure IV D;
 - v. Details of Security against the Secured Loan as appearing in Annexure IV E;
 - vi. Details of Current liabilities and Provisions as appearing in Annexure IV F;
 - vii. Details of Share Capital, Reserves and Surplus and Miscellaneous Expenditure (To the extent not written off) as appearing in Annexure IV G;
 - viii. Details of Income from Investments as appearing in Annexure IV H;
 - ix. Details of Personnel Expenses as appearing in Annexure IV I;
 - x. Details of Administration and Other Expenditures as appearing in Annexure IV J;
 - xi. Details of Interest and Other Charges as appearing in Annexure IV K;
 - xii. Significant Accounting Policies and Notes to the Restated Summary Statements as appearing in Annexure V;
 - xiii. Details of Related Party disclosure as appearing in Note 5 of Annexure V;
 - xiv. Statement of Accounting Ratios as appearing in Annexure VI;
 - xv. Details of Rates of Dividends declared by the Company as appearing in Annexure VII;
 - xvi. Statement of Tax Shelters as appearing in Annexure VIII; and
 - xvii. Capitalization Statement as at December 31, 2010 as appearing in Annexure IX.
 5. Based on our examination of the financial information of the Company attached to this report, we state that in our opinion, the 'Restated Summary Statements' and 'Other Financial Information' mentioned above, as at and for the nine months period ended December 31, 2010, years ended March 31, 2010, March 31, 2009, March 31, 2008 and period September 8, 2006 to March 31, 2007, have been prepared in accordance with paragraph B (1) of Part II of Schedule II of the Act, the SEBI ICDR Regulations and the SEBI Act.
 6. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by Price Waterhouse, New Delhi, Chartered Accountants or by Ravi Rajan & Co., Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to herein.
 7. This report is intended solely for use of the management and for inclusion in the Offer Documents, in connection with the proposed initial public offering of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Deloitte Haskins & Sells

Chartered Accountants
(Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 090295)

GURGAON, MARCH 1, 2011

ANNEXURE – 1 : SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in millions)

	Particulars	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
I	Fixed assets					
	Gross block	352.31	350.48	0.92	0.49	-
	Less: Accumulated depreciation/amortisation	41.29	0.78	0.32	0.08	-
	Net block	311.02	349.70	0.60	0.41	-
	Capital work-in-progress (including capital advances)	0.08	0.96	-	-	-
		311.10	350.66	0.60	0.41	-
II	Investments	4,405.41	4,067.04	2,000.12	1,117.88	-
III	Loan financing	5,951.15	2,662.01	200.00	-	-
IV	Deferred tax assets (net)	-	-	3.62	5.01	-
V	Current assets, loans and advances					
	Sundry debtors	4.38	0.01	-	-	-
	Cash and bank balances	664.06	2,344.74	4,086.92	1.42	40.57
	Loans and advances	297.14	118.39	7.40	3.16	-
	Other current assets	49.68	47.52	6.80	0.45	0.69
	Total current assets, loans and advances	1,015.26	2,510.66	4,101.12	5.03	41.26
	Total assets (A = I+II+III+IV+V)	11,682.92	9,590.37	6,305.46	1,128.33	41.26
VI	Loan funds					
	Secured loans	4,773.69	3,108.01	200.00	-	-
	Total loan funds	4,773.69	3,108.01	200.00	-	-
VII	Deferred tax liabilities (net)	71.84	43.75	-	-	-
VIII	Current liabilities and provisions					
	Current liabilities	174.99	78.81	11.78	22.02	18.41
	Provisions	17.66	0.43	0.23	0.49	0.23
	Total current liabilities and provisions	192.65	79.24	12.01	22.51	18.64
	Total liabilities (B = VI+VII+VIII)	5,038.18	3,231.00	212.01	22.51	18.64
	Net worth (A – B)	6,644.74	6,359.37	6,093.45	1,105.82	22.62
IX	Net worth represented by					
	Share capital (C)					
	- Equity share capital	4,345.83	4,345.83	4,345.83	900.00	40.00
	Employees stock options outstanding (D)	4.28	12.40	1.00	-	-
	Reserves and surplus	2,313.32	2,001.14	1,746.62	206.79	-
	Less : Debit balance in profit and loss account	-	-	-	(0.97)	(17.38)
	Net reserves and surplus (E)	2,313.32	2,001.14	1,746.62	205.82	(17.38)
	Less: Miscellaneous expenditure (F)	18.69	-	-	-	-
	(to the extent not written off or adjusted)					
	Net worth (C) + (D) + (E) - (F)	6,644.74	6,359.37	6,093.45	1,105.82	22.62

Note :

The above statement should be read with the significant accounting policies and notes to the restated summary statement of assets and liabilities, profit and loss account and cash flows statement as appearing in Annexure V.

ANNEXURE – II : SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rupees in millions)

	Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
I	Income					
	- From investments	141.42	212.81	103.12	30.94	-
	- From interest					
	- on loan financing	541.30	135.74	0.14	-	-
	- on fixed deposits	38.05	139.39	3.39	0.44	1.63
	- Fee based income	66.69	46.77	9.33	-	-
	- Income from sale of power	35.45	0.01	-	-	-
	- Others	2.53	0.18	0.02	-	-
	Total income	825.44	534.90	116.00	31.38	1.63
II	Expenditures					
	Interest and other charges	286.42	116.04	0.18	-	-
	Personnel expenses	6.36	25.70	9.55	2.74	-
	Administration and other expenditure	33.43	25.69	19.23	17.13	18.45
	Depreciation/ amortisation	40.51	0.47	0.24	0.08	-
	Provision for contingencies	15.80	-	-	-	-
	Total expenditures	382.52	167.90	29.20	19.95	18.45
III	Profit / (loss) before tax and extraordinary items	442.92	367.00	86.80	11.43	(16.82)
IV	Provision for tax					
	- Current tax	102.65	65.11	-	-	0.56
	- Deferred tax charge / (benefit)	28.09	47.37	1.39	(5.01)	-
	- Fringe benefit tax	-	-	0.11	0.03	-
	Total tax charge / (benefit)	130.74	112.48	1.50	(4.98)	0.56
	Net profit / (loss) after tax and before extraordinary items	312.18	254.52	85.30	16.41	(17.38)
V	Extraordinary item (net of tax)	-	-	-	-	-
VI	Net Profit / (loss) as restated	312.18	254.52	85.30	16.41	(17.38)
	Balance brought forward from previous year/period	270.84	67.27	(0.97)	(17.38)	-
VII	Surplus/(deficit) available for appropriation	583.02	321.79	84.33	(0.97)	(17.38)
	Appropriation:					
	Dividend on equity shares	-	-	-	-	-
	Amount transferred to special reserve u/s 45 IC of RBI Act.	(62.45)	(50.95)	(17.06)	-	-
	Accumulated profit / (loss) carried to balance sheet	520.57	270.84	67.27	(0.97)	(17.38)

Note :

The above statement should be read with the significant accounting policies and notes to the restated summary statement of assets and liabilities, profit and loss account and cash flows statement as appearing in Annexure V.

ANNEXURE – III : SUMMARY STATEMENT OF CASH FLOWS STATEMENT, AS RESTATED

(Rupees in millions)

	Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
I	CASH FLOW FROM OPERATING ACTIVITIES :					
	Profit / (loss) before tax and extra ordinary items, as restated	442.92	367.00	86.80	11.43	(16.82)
	Adjustment for:					
	Depreciation/amortisation	40.51	0.47	0.24	0.08	-
	Provision for contingencies	15.80	-	-	-	-
	Employee stock options	(8.12)	11.40	1.00	-	-
	Profit/(loss) on sale of non trade current investments (net)	-	(0.06)	23.47	(4.80)	-
	Dividend income on investment other than in power project companies	(12.08)	(46.41)	(122.17)	(26.14)	-
	Interest on fixed deposits	(38.05)	(139.39)	(3.39)	(0.44)	(1.63)
	Interest – others	-	-	(0.04)	(0.02)	-
	Interest and other charges	286.42	116.04	0.18	-	-
	Loss on sale of derivative	-	-	-	11.13	-
	Provision for diminution in investment	-	-	-	0.43	-
	Operating profit before working capital changes	727.40	309.05	(13.91)	(8.33)	(18.45)
	Increase/decrease:					
	Trade receivables, current assets and other loans and advances	(253.09)	(70.92)	(6.95)	(1.50)	-
	Trade and other payables	38.85	(4.51)	(10.61)	4.04	18.45
	Loan financing	(3,289.14)	(2,462.01)	(200.00)	-	-
	Investment in power project companies (net)	(164.17)	(2,066.92)	(882.24)	(309.71)	-
	Cash used in operations	(2,940.15)	(4,295.31)	(1,113.71)	(315.50)	-
	Direct taxes paid	(66.57)	(119.39)	(1.54)	(2.32)	(0.37)
	Net cash used in operating activities	(3,006.72)	(4,414.70)	(1,115.25)	(317.82)	(0.37)
II	CASH FLOW FROM INVESTING ACTIVITIES					
	Purchase of fixed assets	(0.96)	(350.58)	(0.44)	(0.49)	-
	Proceeds from sale of fixed assets	0.01	0.06	0.01	-	-
	Profit / (loss) on sale of non trade current investments (net)	-	0.06	(23.47)	4.80	-
	Dividend income on investment other than in power project companies	12.08	46.41	122.17	26.14	-
	Interest on fixed deposits	64.47	112.87	1.16	1.13	0.94
	Interest – others	-	-	0.04	0.02	-
	Loss on sale of derivative	-	-	-	(11.13)	-
	Provision for diminution in investment	-	-	-	(0.43)	-
	Purchase of investments other than in power project companies (net)	(168.89)	-	-	(808.16)	-
	Net cash generated/ (used) from/ in investing activities	(93.29)	(191.18)	99.47	(788.12)	0.94
III	CASH FLOW FROM FINANCING ACTIVITIES					
	Proceeds from long term borrowings	1,761.68	2,662.01	200.00	-	-
	Proceeds / repayments from / of short term borrowings	(96.00)	246.00	-	-	-
	Proceeds from issue of equity share capital (including share premium)	-	-	4,901.33	1,066.79	40.00
	Interest and other charges	(227.66)	(44.31)	(0.05)	-	-
	Share issue expenses for proposed Initial Public Offer	(18.69)	-	-	-	-

	Net cash inflow from financing activities	1,419.33	2,863.70	5,101.28	1,066.79	40.00
	Net increase/(decrease) in cash and cash equivalents (I+II+III)	(1,680.68)	(1,742.18)	4,085.50	(39.15)	40.57
	Opening cash and cash equivalents	2,344.74	4,086.92	1.42	40.57	-
	Closing cash and cash equivalents	664.06	2,344.74	4,086.92	1.42	40.57
	Closing cash and cash equivalents comprise :					
	Balance with scheduled banks in:					
	- Current accounts	27.92	22.10	7.43	1.42	-
	- Fixed deposit accounts	636.14	2,322.64	4,079.49	-	40.57
	Total	664.06	2,344.74	4,086.92	1.42	40.57

Notes :

- 1 The above statement should be read with the significant accounting policies and notes to the restated summary statement of assets and liabilities, profit and loss account and cash flows statement as appearing in Annexure V.
- 2 The above cash flows statement has been prepared under the indirect method set out in AS-3 notified under the Companies (Accounting Standards) Rules, 2006.

ANNEXURE – IV A 1 : DETAILS OF FIXED ASSETS AS AT DECEMBER 31, 2010

(Rupees in millions)

Particulars	GROSS BLOCK - AT COST			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31.03.2010	Additions during the period	Deletions / adjustments	As at 31.12.2010	Upto 31.03.2010	For the period	Deletions / adjustments	Upto 31.12.2010	As at 31.12.2010	As at 31.03.2010
Tangible assets :										
Building	1.19	-	-	1.19	0.02	0.04	-	0.06	1.13	1.17
Plant and machinery (Wind mill)	347.94	-	-	347.94	0.15	40.17	-	40.32	307.62	347.79
Office equipments	0.25	0.32	0.01	0.56	0.11	0.09	-	0.20	0.36	0.14
Computers	0.95	0.23	-	1.18	0.47	0.18	-	0.65	0.53	0.48
Furniture and fixtures	0.10	0.09	-	0.19	0.01	0.02	-	0.03	0.16	0.09
Intangible assets :										
Softwares	0.05	1.20	-	1.25	0.02	0.01	-	0.03	1.22	0.03
Total	350.48	1.84	0.01	352.31	0.78	40.51	-	41.29	311.02	349.70
Capital works in progress (including capital advances)									0.08	0.96

ANNEXURE – IV A 2 : DETAILS OF FIXED ASSETS AS AT MARCH 31, 2010

(Rupees in millions)

Particulars	GROSS BLOCK - AT COST			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31.03.2009	Additions during the year	Deletions / adjustments	As at 31.03.2010	Upto 31.03.2009	For the year	Deletions / adjustment s	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible assets :										
Building	-	1.19	-	1.19	-	0.02	-	0.02	1.17	-
Plant and machinery (Wind mill)	-	347.94	-	347.94	-	0.15	-	0.15	347.79	-
Office equipments	0.22	0.09	0.06	0.25	0.06	0.06	0.01	0.11	0.14	0.16
Computers	0.62	0.33	-	0.95	0.25	0.22	-	0.47	0.48	0.37
Furniture and fixtures	0.03	0.07	-	0.10	-	0.01	-	0.01	0.09	0.03
Intangible assets :										
Softwares	0.05	-	-	0.05	0.01	0.01	-	0.02	0.03	0.04
Total	0.92	349.62	0.06	350.48	0.32	0.47	0.01	0.78	349.70	0.60
Capital works in progress (including capital advances)									0.96	-

ANNEXURE – IV A 3 : DETAILS OF FIXED ASSETS AS AT MARCH 31, 2009

(Rupees in millions)

Particulars	GROSS BLOCK - AT COST			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31.03.2008	Addition s during the year	Deletions / adjustment s	As at 31.03.2009	Upto 31.03.2008	For the year	Deletions / adjustment s	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Tangible assets :										
Building	-	-	-	-	-	-	-	-	-	-
Plant and machinery (Wind mill)	-	-	-	-	-	-	-	-	-	-
Office equipments	0.11	0.12	0.01	0.22	0.01	0.05	-	0.06	0.16	0.10
Computers	0.38	0.24	-	0.62	0.07	0.18	-	0.25	0.37	0.31
Furniture and fixtures	-	0.03	-	0.03	-	-	-	-	0.03	-
Intangible assets :										
Softwares	-	0.05	-	0.05	-	0.01	-	0.01	0.04	-
Total	0.49	0.44	0.01	0.92	0.08	0.24	-	0.32	0.60	0.41
Capital works in progress (including capital advances)									-	-

ANNEXURE – IV A 4 : DETAILS OF FIXED ASSETS AS AT MARCH 31, 2008

(Rupees in millions)

Particulars	GROSS BLOCK - AT COST			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31.03.2007	Addition s during the year	Deletions / adjustment \$	As at 31.03.2008	Upto 31.03.2007	For the year	Deletions / adjustment \$	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Tangible assets :										
Building	-	-	-	-	-	-	-	-	-	-
Plant and machinery (Wind mill)	-	-	-	-	-	-	-	-	-	-
Office equipments	-	0.11	-	0.11	-	0.01	-	0.01	0.10	-
Computers	-	0.38	-	0.38	-	0.07	-	0.07	0.31	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-
Intangible assets :										
Softwares	-	-	-	-	-	-	-	-	-	-
Total	-	0.49	-	0.49	-	0.08	-	0.08	0.41	-
Capital works in progress (including capital advances)									-	-

ANNEXURE – IV A 5 : DETAILS OF FIXED ASSETS AS AT MARCH 31, 2007

(Rupees in millions)

Particulars	GROSS BLOCK - AT COST			DEPRECIATION / AMORTISATION			NET BLOCK
	Additions during the period	Deletions/ adjustments	As at 31.03.2007	For the period	Deletions / adjustments	Upto 31.03.2007	As at 31.03.2007
Tangible assets :							
Building	-	-	-	-	-	-	-
Plant and machinery (Wind mill)	-	-	-	-	-	-	-
Office equipments	-	-	-	-	-	-	-
Computers	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-
Intangible assets :							
Softwares	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Capital works in progress (including capital advances)							-

ANNEXURE - IV B : DETAILS OF INVESTMENTS

(Rupees in millions)

Particulars	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
(A) Long term investment(at cost)					
(i) Trade - Unquoted					
In Associates - Equity shares, fully paid up of face value of Rs.10 each					
- Ind-Barath Energy (Utkal) Limited (105,000,000 shares)	1,050.00	1,050.00	-	-	-
- Ind-Barath Power Gencom Limited (55,630,000 shares)	556.30	556.30	556.30	-	-
- Indian Energy Exchange Limited (5,766,026 shares as at December 31, 2010; 6,939,190 shares as at March 31, 2010 and March 31, 2009; and 6,500,000 shares as at March 31, 2008)	57.66	69.39	69.39	65.00	-
- Meenakshi Energy Private Limited (60,341,081 shares as at December 31, 2010; 43,550,000 shares as at March 31, 2010; and 15,000,000 shares as at March 31, 2009)	603.41	435.50	150.00	-	-
- PTC Bermaco Green Energy Systems Ltd. (1,374,646 shares as at December 31, 2010; 843,684 shares at March 31, 2010; and 490,838 shares as at March 31, 2009)	13.75	8.44	4.91	-	-
- RS India Wind Energy Limited (61,121,415 shares as at December 31, 2010; 57,311,415 shares at March 31, 2010 and March 31, 2009; and 22,000,000 shares as at March 31, 2008)	611.21	573.11	573.11	220.00	-
- Varam Bio Energy Private Limited (4,390,000 shares as at December 31, 2010 and March 31, 2010; 4,111,942 shares as at March 31, 2009; and 2,471,319 shares as at March 31, 2008)	43.90	43.90	41.12	24.71	-
In Equity shares, fully paid up of face value of Rs. 10 each					
- East CoastEnergy Private Limited (125,000,000 shares at December 31, 2010 and 96,511,403 shares as at March 31, 2010)	1,250.00	965.11	-	-	-
Debentures, fully paid up					
- Compulsorily and fully convertible debentures in East Coast Energy Private Limited (6 debentures of face value Rs. 100,000,000 each)	-	-	600.00	-	-
- Optionally convertible debentures in Meenakshi Energy & Infrastructure Holdings Private Limited (34 debentures of face value Rs. 10,000,000 each)	-	340.00	-	-	-
- Optionally convertible debentures in Varam Bio Energy Private Limited (90 debentures of face value Rs. 500,000 each as at December 31, 2010; and 40 debentures of face value Rs. 500,000 each as at March 31, 2010)	45.00	20.00	-	-	-
(ii) Non trade - Quoted					
Equity shares, fully paid up of face value of Rs. 10 each					
- Container Corporation of India Limited (1,040 shares as at December 31, 2010, March 31, 2010 and March 31, 2009; and 2,020 shares as at March 31, 2008)	1.03	1.03	1.03	3.99	-
- Power Grid Corporation of India Limited (81,839 shares as at December 31, 2010,	4.26	4.26	4.26	5.04	-

March 31, 2010 and March 31, 2009; and 96,839 shares as at March 31, 2008)					
Sub-total (A)	4,236.52	4,067.04	2,000.12	318.74	-
(B) Current Investments (Non trade - Unquoted)(At cost or fair market value whichever is lower)					
(Face value of Rs. 10 each unless otherwise stated)					
Mutual funds					
- Birla Sunlife Saving Plan-IP-DDR (3,670,278 units)	36.73	-	-	-	-
- HDFC CMF-Treasury Advantage Plan-DDR (7,138,982 units)	71.61				
- Templeton India Ultra Short Term Bond Fund-DDR (6,048,027 units)	60.55	-	-	-	-
- AIG Short Term Fund-Growth Option (199,776 units of face value Rs. 1000 each)	-	-	-	200.00	-
- Birla Dynamic Bond Fund-Growth Option (2,375,207 units)	-	-	-	25.00	-
- Birla Sunlife Income Fund-Growth Option (1,684,205 units)	-	-	-	50.00	-
- Grindlays Super Saver Short Income Fund - Growth Option (2,818,251 units)	-	-	-	30.00	-
- ICICI Prudential Interval Fund-II-Quarterly Plan-Growth Option (2,500,000 units)	-	-	-	25.00	-
- JP Morgan India Liquid Plus Fund - Dividend Option (1,214,214 units)	-	-	-	12.15	-
- Optimix Dynamic Multi Manager Fund-Dividend Option (1,000,000 units)	-	-	-	10.00	-
- Principal Income Fund-Growth Option (1,855,687 units)	-	-	-	25.00	-
- Principal Liquid Plus Fund-Dividend Option (48,576,767 units)	-	-	-	48.58	-
- Reliance Income Fund-Growth Option (999,364 units)	-	-	-	25.00	-
- Tata Dynamic Bond Fund-1 month-Growth Option (4,775,493 units)	-	-	-	50.16	-
- Templeton India GSF-Composite Plan-Growth Option (1,878,269 units)	-	-	-	50.00	-
- Templeton India Income Fund-Growth Option (901,209 units)	-	-	-	25.00	-
- Templeton India Short Term Income Plan-Growth Option (51,735 units of face value Rs. 1000 each)	-	-	-	50.00	-
- Templeton India Short Term Income Plan-Dividend Option (41,649 units of face value Rs. 1000 each)	-	-	-	52.43	-
Portfolio management services					
- HDFC Asset Management Company Limited	-	-	-	76.98	-
- JM Financial Services Private Limited	-	-	-	14.85	-
- HDFC Asset Management Company Limited and JM Financial Services Private Limited	-	-	-	28.99	-
Sub-total (B)	168.89	-	-	799.14	-
Total (A)+(B)	4,405.41	4,067.04	2,000.12	1,117.88	-
Aggregate cost of quoted investments	5.29	5.29	5.29	9.03	-

Aggregate cost of unquoted investments	4,400.12	4,061.75	1,994.83	1,108.85	-
Total	4,405.41	4,067.04	2,000.12	1,117.88	-
Aggregate market value of quoted investments (Based on last traded price available as at the end of years/ periods)	9.36	10.14	8.57	13.01	-

ANNEXURE - IV C : DETAILS OF CURRENT ASSETS AND LOANS AND ADVANCES

(Rupees in millions)

Particulars	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Sundry debtors					
Unsecured considered good					
Less than six months	4.38	0.01	-	-	-
Sub-total (A)	4.38	0.01	-	-	-
Cash and bank balances					
Balance with scheduled banks in :					
- Current accounts	27.92	22.10	7.43	1.42	-
- Fixed deposit accounts	636.14	2,322.64	4,079.49	-	40.57
Sub-total (B)	664.06	2,344.74	4,086.92	1.42	40.57
Loans and advances					
(Unsecured, considered good)					
- Advances recoverable in cash or in kind or value to be received #	273.33	50.67	0.75	1.06	-
- Advance against investment	-	5.31	2.80	-	-
- Balance with central excise on current accounts	2.09	4.61	0.33	-	-
- Advance income tax (net of provisions)	21.60	57.68	3.40	2.01	-
- Advance fringe benefit tax (net of provisions)	0.12	0.12	0.12	0.09	-
Sub-total (C)	297.14	118.39	7.40	3.16	-
Other current assets					
Interest accrued but not due on :					
- Fixed deposits	2.33	28.75	2.23	-	0.69
- Loans	25.75	18.43	0.14	-	-
- Debentures	0.28	0.34	4.43	-	-
- Employee loan	-	-	-	0.45	-
Interest accrued and due on :					
- Loans	21.32	-	-	-	-
Sub-total (D)	49.68	47.52	6.80	0.45	0.69
Total (A)+(B)+(C)+(D)	1,015.26	2,510.66	4,101.12	5.03	41.26
# Includes advance for purchase of Certified Emission Rights (CERs)	272.38	50.00	-	-	-

ANNEXURE - IV D : DETAILS OF LOAN FUNDS

(Rupees in millions)

Particulars	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Secured loans					
Term loans from banks:					
- Term loan	2,623.69	862.01	200.00	-	-
- Short term loan	150.00	246.00	-	-	-
Debentures	2,000.00	2,000.00	-	-	-
Total	4,773.69	3,108.01	200.00	-	-

1. The particulars of security given against each loan is mentioned in Annexure – IV E.
2. There are no secured loans taken from the directors, promoters, promoters' group, group companies or associated companies for the aforementioned years/ periods.

ANNEXURE - IV E : DETAILS OF SECURITY AGAINST THE SECURED LOANS

(1) Secured Term loans from banks availed by Company

(Rupees in million)					
S.No.	Name of lender	Facility granted and loan documentation	Amount outstanding as at Dec 31, 2010	Rate of Interest (%)	Security
1	Punjab National Bank	Line of Credit for long term loan agreement dated March 23, 2009 and Deed of Amendment dated February 8, 2010	300.00	Floating interest rate linked to 2.5% above the lender's Base Rate prevailing on the date of interest payment, payable monthly	1. Assignment of security interest of the Borrower in the project receivables financed by the Borrower 2. First pari passu charge shared with other banks on current assets by way of debt or equity (other than the assets created by the line of credit of other banks / Lenders) present and future of the Borrower company and exclusive charge on the assets created through the Loan granted by the Punjab National Bank
					Repayable in 8 years by 32 equal quarterly installments starting after 2 years from the date of disbursement
					3. Escrow Account from where all the transaction / receivables in respect of the projects financed by the Borrower shall be routed.
2	Punjab National Bank	Long term loan agreement dated September 23, 2010 for 6MW Wind farm of Company	245.80	Floating interest rate linked to 2.5% above the lender's Base rate prevailing on the date of interest payment, payable monthly	Repayable in 36 equal quarterly installments, starting from February, 2011
3	Union Bank of India	Line of Credit for long term loan agreement dated September 25, 2009	568.72	Floating interest rate linked to 2.25% above the lender's Base Rate prevailing on the date of interest payment, payable monthly	1. Assignment of security interest of the Borrower in the project receivables financed by the Borrower 2. First pari passu charge on the current assets by way of book debt or
					Repayable in 12 years by 48 equal quarterly installments starting after 3 years from date of documentation

						equity and other receivable (other than the assets created by the line of credit of other financial institutions/banks) present and future of the Borrower.	
						3. Escrow Account from where all the transaction / receivables in respect of the projects financed by the Borrower out of term loan granted by Union Bank of India shall be routed.	
4	Indian Bank	Line of Credit for long term loan agreement dated May 4, 2009 and Deed of Amendment dated September 10, 2010	254.72		Floating interest rate linked to 2% below the lender's 'BPLR' plus term premium, prevailing on the date of interest payment, payable monthly	1. Assignment of security interest of the Borrower in the project receivables financed by the Borrower. 2. First pari passu charge shared with other banks on the current assets by way of debt or equity (other than the assets created by the line of credit of other financial institutions / banks) present and future of the borrower (PFS) and exclusive change on the assets created through the loan granted by Indian Bank 3. Escrow Account from where all the transaction / receivables in respect of the projects financed by the Borrower out of term loan granted by Indian Bank shall be routed.	Repayable in 12 years by 48 equal quarterly installments starting after 3 years from the date of documentation
5	Oriental Bank of Commerce	Line of Credit for long term loan agreement dated December 16, 2009	254.45		Floating interest rate linked to 2% above the lender's Base Rate prevailing on the date of interest payment, payable monthly	1. Assignment of security interest of the Borrower in the project receivables financed by the Borrower 2. First pari passu charge with other lenders on the current assets including book debts created out of the term loan of Oriental Bank of Commerce (save	Repayable in 8 years by 32 equal quarterly installments after moratorium period of 1 year from the date of documentation.

						and except the monies/ assets, created by/ related to, the line of credit obtained/availed from other banks/ financial institutions/ lenders) present and future of the Borrower.	
						3. Escrow Account from where all the transaction / receivables in respect of the projects financed by the Borrower out of term loan granted by Oriental Bank of Commerce shall be routed.	
6	Corporation Bank	Line of Credit for long term loan agreement dated November 16, 2009	1,000.00	Floating interest rate linked to 1.75% above the lender's Base Rate prevailing on the date of interest payment, payable monthly		1. Assignment of security interest of the Borrower in project receivables financed by the Borrower	Repayable in 12 years by 48 quarterly installments starting after 3 years from the date of documentation.
						2. First pari passu charge on current assets of the Company including book debt with other banks (other than the assets created by the line of credit of other banks)	

ANNEXURE - IV E : DETAILS OF SECURITY AGAINST THE SECURED LOANS

(2) Secured short term loan from bank availed by the Company

(Rupees in million)						
S.No.	Name of lender	Facility granted	Amount outstanding as at Dec 31, 2010	Rate of Interest (%)	Security	Repayment schedule
1	Punjab National Bank	Short Term Loan against FDRs	150.00	2% over and above the applicable rate of FDRs	FDRs	Repayable from the proceeds of the maturity of FDRs or on the availability of funds from Company

ANNEXURE - IV E : DETAILS OF SECURITY AGAINST THE SECURED LOANS

(3) Secured Debentures by the Company

(Rupees in million)					
S.No.	Nature of the Debenture	Amount outstanding as at Dec 31, 2010	Rate of Interest (%)	Security	Redemption terms
1	1,000 Secured redeemable non convertible debentures of Rs. 1,000,000 each (Series 1) allotted on October 1, 2009	1,000	10.60, payable annually	Secured by way of (a) first charge on the receivables from assets created by the proceeds of the Debentures (b) pari passu charge on the receivables of the loan assets created out of its own sources which are not charged to any other lenders. Security Trustee for the debenture is IDBI Trusteeship Services Ltd.	Redeemable at par in three equal installments commencing from September 30, 2012.
2	1,000 redeemable non convertible debentures of Rs. 1,000,000 each (Series 2) allotted on February 3, 2010	1,000	9.35, payable annually	Secured by way of first charge on the receivables from assets created by the proceeds of the Debentures. Security Trustee for the debenture is IDBI Trusteeship Services Ltd.	Redeemable entirely at par on February 2, 2012.

ANNEXURE - IV F : DETAILS OF CURRENT LIABILITIES AND PROVISIONS

(Rupees in millions)

Particulars	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Current liabilities					
- Sundry creditors	40.66	5.89	11.13	22.02	18.41
- Other liabilities	3.71	1.06	0.52	-	-
- Interest accrued but not due on loan funds	130.62	71.86	0.13	-	-
Sub-total (A)	174.99	78.81	11.78	22.02	18.41
Provisions					
- Provision for gratuity	0.39	0.06	0.05	-	-
- Provision for leave encashment	1.47	0.37	0.18	0.49	-
- Contingent provision against standard assets	15.80	-	-	-	-
- Provision for income tax (net of advances)	-	-	-	-	0.19
- Provision - others	-	-	-	-	0.04
Sub-total (B)	17.66	0.43	0.23	0.49	0.23
Total (A)+(B)	192.65	79.24	12.01	22.51	18.64

**ANNEXURE - IV G : DETAILS OF SHARE CAPITAL, RESERVES AND SURPLUS AND MISCELLANEOUS
EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF)**

(Rupees in millions)

Particulars	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Share capital					
Authorised share capital					
No. of Equity shares of Rs. 10 each (Nos)	1,000,000,000	600,000,000	600,000,000	300,000,000	300,000,000
Share capital (in Rs. millions)	10,000.00	6,000.00	6,000.00	3,000.00	3,000.00
Issued share capital					
No. of Equity shares of Rs. 10 each fully paid up (Nos)	434,583,335	434,583,335	434,583,335	243,333,334	4,000,006
Share capital (in Rs. millions)	4,345.83	4,345.83	4,345.83	2,433.33	40.00
Subscribed and paid-up share capital					
Equity share capital*					
No. of Equity shares of Rs. 10 each fully paid up (Nos)	434,583,335	434,583,335	434,583,335	90,000,010	4,000,006
Share capital (in Rs. millions)	4,345.83	4,345.83	4,345.83	900.00	40.00
Total	4,345.83	4,345.83	4,345.83	900.00	40.00
Reserves and surplus					
Securities premium	1,662.29	1,662.29	1,662.29	206.79	-
Statutory reserve	130.46	68.01	17.06	-	-
Profit and loss account	520.57	270.84	67.27	-	-
Less : Debit balance in profit and loss account	-	-	-	(0.97)	(17.38)
Total	2,313.32	2,001.14	1,746.62	205.82	(17.38)
Miscellaneous expenditure (to the extent not written off)					
Share issue expenses for proposed Initial Public Offer	18.69	-	-	-	-
Total	18.69	-	-	-	-
*Of the above equity shares, the number of shares held by PTC India Limited, the holding company and its nominees	337,250,001	337,250,001	337,250,001	50,000,000	4,000,006

ANNEXURE - IV H : DETAILS OF INCOME FROM INVESTMENTS

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Profit on sale of long term trade investments in equity shares	123.66	-	-	-	-
Profit/ (loss) on sale of non trade current investments (net)	-	0.06	(23.47)	4.80	-
Dividend income					
- On non trade long term investment	0.09	0.11	0.15	0.14	-
- On non trade current investment	11.99	46.30	122.02	26.00	-
Interest on debentures	5.68	166.34	4.42	-	-
Total	141.42	212.81	103.12	30.94	-

ANNEXURE - IV I : DETAILS OF PERSONNEL EXPENSES

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Salaries and other allowances	11.37	11.46	7.27	1.91	-
Contribution to provident and other funds	0.51	0.58	0.34	0.09	-
Employee stock options outstanding *	(8.12)	11.40	1.00	-	-
Staff welfare	2.60	2.26	0.94	0.74	-
Total	6.36	25.70	9.55	2.74	-

* Net off forfeiture / surrender of Employee stock options.

ANNEXURE - IV J : DETAILS OF ADMINISTRATION AND OTHER EXPENSES

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Legal and professional #	12.74	11.08	6.67	4.79	0.74
Fund raising expenses	12.45	8.61	-	-	-
Rates and taxes	0.23	0.64	0.28	-	17.65
Insurance	0.26	-	-	-	-
Rent	1.84	1.22	0.71	-	-
Travelling and conveyance	1.87	1.75	0.74	0.28	0.06
Communication expenses	0.48	0.56	0.20	0.34	-
Business development	1.86	0.18	0.02	0.07	-
Donation	-	0.30	0.40	-	-
Directors' sitting fees	0.41	0.24	0.06	0.07	-
Repairs and maintenance - others	0.48	0.42	0.11	-	-
Books and periodicals	0.03	0.07	0.10	-	-
Loss on foreign currency transaction	-	-	-	-	-
Miscellaneous expenses	0.78	0.62	0.14	0.02	-
Expenses relating to increase in share capital	-	-	9.80	-	-
Loss on sale of derivatives	-	-	-	11.13	-
Provision for diminution in investment	-	-	-	0.43	-
Total	33.43	25.69	19.23	17.13	18.45
# Includes expenses towards credit rating agencies	3.93	2.07	0.31	-	-

ANNEXURE - IV K : DETAILS OF INTEREST AND OTHER CHARGES

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Interest on rupee term loan from bank	135.50	41.61	0.13	-	-
Financial charges	0.61	3.63	0.05	-	-
Interest on debentures	150.31	70.80	-	-	-
Total	286.42	116.04	0.18	-	-

ANNEXURE - V

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFIT AND LOSS ACCOUNT AND CASH FLOW STATEMENT

(A) Significant accounting policies

(i) Basis of accounting

These financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956, the relevant provisions of the Companies Act, 1956, Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "ICDR Regulations") and the related clarifications thereto issued by the Securities and Exchange Board of India.

(ii) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(iii) Fixed assets including intangible assets and depreciation

Fixed assets including intangible assets are stated at cost less accumulated depreciation/amortisation. Cost of acquisition comprises purchase price, duties, levies and any directly attributable cost of bringing the asset to its working condition for the intended use.

Depreciation on fixed assets (other than intangible assets) is charged on a pro-rata basis at the written down value rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase.

Intangible assets comprising of software are amortised on a straight line method over a period of 5 years or less depending on the estimated useful life of the assets.

(iv) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long Term Investments are stated at cost. A provision for diminution (if any) is made to recognize a decline other than temporary in the value of investment.

Current Investments are carried at the lower of cost and fair value.

(v) Revenue recognition

- a) Interest and other dues are accounted on accrual basis.
- b) Dividend is accounted when the right to receive is established.
- c) Fee based incomes are recognized when reasonable right of recovery is established and the revenue can be reliably measured.
- d) Revenue from power supply is accounted on accrual basis.

(vi) Employee stock options

The Company calculates the employee stock compensation expense based on the intrinsic value

method wherein the excess of intrinsic price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company, is recognized as deferred stock compensation expense and is amortized over the vesting period of options.

(vii) Employee benefits

Provident fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the government funds are due.

Gratuity liability and long term employee benefits are provided on the basis of actuarial valuation made at the end of each financial year as per projected unit credit method.

Gains and losses arising out of actuarial valuations are recognized immediately in the profit and loss account as income or expense.

Liability for leave encashment and gratuity in respect of employees on deputation with the Company are accounted for on the basis of terms and conditions of the deputation agreement with the holding company.

(viii) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rates prevalent at the time of transaction. Differences on settlement of such transactions are recognized in the profit and loss account. All monetary items denominated in foreign currency at the balance sheet date are translated at the year end rates and resultant exchange differences are recognized in profit and loss account.

(ix) Earnings per share (EPS)

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax (and includes the post tax effect of any extra ordinary items) attributable to equity shareholders. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effect of potential dilutive equity shares.

(x) Taxation

Provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognized on unabsorbed depreciation and carried forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

(xi) Provisions and contingencies

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of obligation cannot be made.

(xii) Miscellaneous expenditures

Preliminary expenses are charged to the profit and loss account for the period in which the expenses are

incurred.

(B) Material adjustments

(i) Prior period expenses

In the financial statements for the year ended March 31, 2008, the Company has classified certain items as prior period items in Profit and loss account which pertains to period September 8, 2006 to March 31, 2007. Accordingly, for the purpose of Restated Summary Statement, the said items have been appropriately adjusted in the period September 8, 2006 to March 31, 2007.

(ii) Material regrouping

Appropriate adjustments have been made in the restated financial information, whenever required, by a reclassification of the corresponding items of assets, liabilities and cash flow statement, in order to bring them in line with the groupings as per audited financials of the Company for the nine months period ended December 31, 2010.

(C) Notes to accounts

1. Estimated amount of contracts remaining to be executed on capital account and not provided for :

(Rupees in million)				
As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
0.09	0.24	-	-	-

2. Employee Stock Option

The Company instituted the Employee Stock Option Plan – ESOP 2008 to grant equity based incentives to all its eligible employees. During the year ended March 31, 2009, the first tranche of ESOP was approved by the shareholders on October 27, 2008 and the Company granted two types of options i.e. Growth options granted to the employees and exercisable at intrinsic value as on the date of grant as certified by an independent valuer and Founder Member Options exercisable at face value of shares i.e. Rs 10 per share, representing one share for each option upon exercise. Further, during the year ended March 31, 2010, second tranche of ESOP 2008 was approved by the shareholders on October 23, 2009 and provided for grant of 10,075,000 options exercisable at a price of Rs 16 per share, representing one share for each option upon exercise. The maximum tenure of these options granted is 4 years from the respective date of grant

Movement in Stock Options	For the nine months period ended December 31, 2010		For the year ended March 31, 2010		For the year ended March 31, 2009	
	Growth Options	Founder Member Options	Growth Options	Founder Member Options	Growth Options	Founder Member Options
Outstanding at the beginning of the period/ year	18,395,500	1,210,000	8,865,000	1,210,000	-	-
Add: Granted during the period/ year	-	-	10,075,000	-	8,865,000	1,210,000
Less: Forfeited/ surrender during the period/ year	13,928,900	1,200,000	544,500	-	-	-
Options outstanding as at the end of the period/ year	4,466,600	10,000	18,395,500	1,210,000	8,865,000	1,210,000

The fair value of each stock option granted under ESOP 2008 as on the date of grant has been computed using Black-Scholes Option Pricing Model without inclusion of Dividend Yield and the model inputs are given as under:

	Options granted during the year ended March 31, 2010	Options granted during the year ended March 31, 2009	
	Growth Options	Growth Options	Founder member Options
Price Per Option (Rs.)	16	16	10
Volatility	29.64%	73.60%	73.60%
Risk Free Rate of Interest	7.27%	7.00%	7.00%
Option Life (years)	5	5	5
Fair Value Per Option	10.55	11.36	12.76

There is no history of dividend declaration by the Company, hence the dividend yield has been assumed as Rs. Nil.

Effect on Financial Position

1. Impact on Profitability

Particulars	(Rupees in millions)		
	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
Profit as reported for the period/year	312.18	254.52	85.30
Add: Employee stock compensation under intrinsic value method	(8.12)	11.40	1.00
Less: Employee stock compensation under fair value method	(47.64)	62.46	15.96
Pro forma profit	351.70	203.46	70.34

2. Impact on Basic/diluted EPS

Particular	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
- As reported (in Rupees)			
Basic	0.72	0.59	0.35
Dilutive	0.70	0.59	0.35
- As pro forma (in Rupees)			
Basic	0.81	0.47	0.29
Dilutive	0.70	0.47	0.29

3. Disclosures required as per AS – 15 (Revised) “Employee Benefits”

(A) Gratuity

Changes in the present value of the defined benefit obligation:

Particulars	(Rupees in millions)		
	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
Opening defined benefit obligation	0.06	0.05	-
Current service cost	0.12	0.04	0.05
Interest cost	-	0.01	-
Actuarial losses / (gains)	0.21	(0.04)	-
Closing defined benefit obligation	0.39	0.06	0.05

Reconciliation of present value of defined benefit obligation and fair value of plan assets

Particulars	(Rupees in millions)		
	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
Closing defined benefit obligation	0.39	0.06	0.05
Closing fair value of plan assets	-	-	-

Net asset/(liability) recognized in balance sheet	(0.39)	(0.06)	(0.05)
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Expense recognized in profit and loss account

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
Current service cost	0.12	0.04	0.05
Interest cost	-	0.01	-
Net actuarial losses / (gains)	0.21	(0.04)	-
Net expense	0.33	0.01	0.05

(B) Leave encashment

Changes in the present value of the defined benefit obligation:

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
Opening defined benefit obligation	0.38	0.18	-
Current service cost	0.36	0.23	0.18
Interest cost	0.02	0.01	-
Actuarial losses / (gains)	0.71	(0.05)	-
Closing defined benefit obligation	1.47	0.37	0.18

Reconciliation of present value of defined benefit obligation and fair value of plan assets

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
Closing defined benefit obligation	1.47	0.37	0.18
Closing fair value of plan assets	-	-	-
Net asset/(liability) recognized in balance sheet	(1.47)	(0.37)	(0.18)

Expense recognized in profit and loss account

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
Current service cost	0.36	0.23	0.18
Interest cost	0.02	0.01	-
Net actuarial losses / (gains)	0.71	(0.05)	-
Net expense	1.09	0.19	0.18

(C) The principal assumptions used in determining defined retirement obligations for the Company's plans are shown below:

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
Discounting Rate	8.00%	7.50%	7.00%
Future Salary Increase	5.50%	5.00%	4.50%

The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors on long term basis.

The Company has adopted revised Accounting Standard – 15 “Employee Benefits” notified under the Companies (Accounting Standards) Rules, 2006 effective from April 1, 2008. Considering that the adoption of Accounting Standard – 15 by the Company before April 1, 2008 does not have material impact on the accumulated balances of employee benefits, the management has not determined the effect on the assets/liabilities for the year ended March 31, 2008 and period September 08, 2006 to March 31, 2007, had the revised Standard been adopted by the Company for each of those year/period.

(D) In respect of the defined contribution plans, the Company has recognized the following amounts in the profit and loss account:

(Rupees in millions)			
Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009
Employer's contribution to provident fund	0.51	0.60	0.32

4. The Company's main business is to provide finance for energy value chain through investment and lending into such projects. All other activities revolve around the main business. The Company does not have any geographic segments. As such, there are no separate reportable segments as per Accounting Standard - 17 'Segment Reporting' notified under the Companies (Accounting Standards) Rules, 2006.

5. As per Accounting Standard – 18, related parties are as follows;

Related parties where control exists or with whom transactions have taken place during the years/periods are given below:

(A) List of related parties and relationships

Holding company : PTC India Limited (w.e.f. September 8, 2006)

Associate companies : Ind-Barath Energy (Utkal) Limited (w.e.f. September 2, 2009)
: Ind-Barath Power Gencom Limited (w.e.f. August 28, 2008)
: Indian Energy Exchange Limited (w.e.f. January 05, 2008)
: Meenakshi Energy Private Limited (w.e.f. March 23, 2009)
: PTC Bermaco Green Energy Systems Ltd. (w.e.f. February 07, 2009)
: RS India Wind Energy Limited (w.e.f. February 15, 2008)
: Varam Bio Energy Private Limited (w.e.f. January 17, 2008)

Key management personnel : Mr. Ashok Haldia (Director) (w.e.f. August 13, 2008)

(B) Details of related party transactions in the ordinary course of the business:

(i) Transactions with holding company

(Rupees in millions)					
Nature of transactions	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Issue of share capital	-	-	2,832.50	500.00	40.00
Securities premium received	-	-	1,087.50	-	-
Reimbursement of expenses *	14.08	10.93	6.82	2.05	18.39
Balances outstanding as at the year end					
- Payable	5.74	-	5.83	20.44	18.39
* Includes remuneration of director	2.23	2.89	1.89	-	-

(ii) **Transactions with key management personnel**

(Rupees in millions)

Nature of transactions	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Reimbursement of expenses	0.13	0.10	0.16	-	-
Remuneration paid**	2.23	3.19	1.89	-	-

** Also included under reimbursement of expenses to holding company as disclosed at (i) above.

(iii) **Transactions with associate companies**

(Rupees in millions)

Nature of transactions	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Investment in equity share capital :					
- Ind-Barath Energy (Utkal) Limited	-	1,050.00	-	-	-
- Ind-Barath PowerGencom Limited	-	-	556.30	-	-
- Indian Energy Exchange Limited	-	-	4.39	65.00	-
- Meenakshi Energy Private Limited	167.91	285.50	150.00	-	-
- PTC Bermaco Green Energy Systems Ltd.	5.31	3.53	4.91	-	-
- RS India Wind Energy Limited	38.10	-	353.11	220.00	-
- Varam Bio Energy Private Limited	-	2.78	16.41	24.71	-
Advance against investment :					
- PTC Bermaco Green Energy Systems Ltd.	-	5.30	0.01	-	-
- Varam Bio Energy Private Limited	-	-	2.78	-	-
Investment in debentures:					
- Varam Bio Energy Private Limited	25.00	20.00	-	-	-
Sale of investment in equity share capital (at face value)					
- India Energy Exchange Limited	11.73	-	-	-	-
Investment in equity shares balances outstanding at the end of period/year:					
- Ind-Barath Energy (Utkal) Limited	1,050.00	1,050.00	-	-	-
- Ind-Barath PowerGencom Limited	556.30	556.30	556.30	-	-
- Indian Energy Exchange Limited	57.66	69.39	69.39	65.00	-
- Meenakshi Energy Private Limited	603.41	435.50	150.00	-	-
- PTC Bermaco Green Energy Systems Ltd.	13.75	8.44	4.91	-	-
- RS India Wind Energy Limited	611.21	573.11	573.11	220.00	-
- Varam Bio Energy Private Limited	43.90	43.90	41.12	24.71	-
Advance against investment					

Nature of transactions	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
balances outstanding as at the end of period/year:					
- PTC Bermaco Green Energy Systems Ltd.	-	5.31	0.01	-	-
- Varam Bio Energy Private Limited	-	-	2.78	-	-
Investment in debentures balances outstanding as at the end of period/year :					
- Varam Bio Energy Private Limited	45.00	20.00	-	-	-

6. The percentage holding and the investment in associate companies is given below:

Name of the associate company	% Holding as at December 31, 2010	Face value Rupees per share	As at December 31, 2010 (Rupees in millions)	As at March 31, 2010 (Rupees in millions)	As at March 31, 2009 (Rupees in millions)	As at March 31, 2008 (Rupees in millions)	As at March 31, 2007 (Rupees in millions)
Ind-Barath Energy (Utkal) Limited	20.55%	10	1,050.00	1,050.00	-	-	-
Ind-Barath PowerGencom Limited	26%	10	556.30	556.30	556.30	-	-
Indian Energy Exchange Limited	21.12	10	57.66	69.39	69.39	65.00	-
Meenakshi Energy Private Limited	20.41%	10	603.41	435.50	150.00	-	-
PTC Bermaco Green Energy Systems Ltd.	26%	10	13.75	8.44	4.91	-	-
RS India Wind Energy Limited	37%	10	611.21	573.11	573.11	220.00	-
Varam Bio Energy Private Limited	26%	10	43.90	43.90	41.12	24.71	-
Total			2,936.23	2,736.64	1,394.83	309.71	-

7. Based on the information available with the Company, there are no dues as at March 31, 2010 payable to enterprises covered under “Micro, Small and Medium Enterprises Development Act, 2006”. No interest is paid / payable by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.

8. Deferred Tax

The breakup of deferred tax assets/ (liabilities) is as under:

	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Deferred tax asset arising on account of timing differences in :					
- Preliminary expenses	1.47	2.35	3.60	4.80	-
- Provision for retirement benefits	0.62	0.14	0.07	0.21	-
- Contingent provision against standard assets	5.24	-	-	-	-

Less: Deferred tax liability arising on account of timing differences in : - Depreciation	79.17	46.24	0.05	-	-
Net deferred tax assets/ (liabilities)	(71.84)	(43.75)	3.62	5.01	-

9. Total number of electricity units generated and sold;

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Units generated and sold (KWH)	9,583,012	3,006	-	-	-

10. Managerial remuneration:

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Salary and allowances	2.07	2.76	1.64	-	-
Perquisites	0.05	0.29	0.17	-	-
Contribution to provident funds	0.11	0.14	0.08	-	-
Total	2.23	3.19	1.89	-	-

Note: The above figures do not include leave encashment and gratuity as it is provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

11. Auditors' remuneration (excluding service tax)

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Statutory audit	-	0.50	0.60	0.06	0.02
Tax audit	-	0.15	0.10	0.01	-
Other services (including limited review, audit of interim financial statements and other miscellaneous certificates)	1.46	0.25	0.20	-	-
Total	1.46	0.90	0.90	0.07	0.02

12. Expenditure incurred in foreign currency

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Books and periodicals	-	-	0.07	-	-
Front end fees	-	1.37	-	-	-
Travelling	0.53	0.04	-	-	-
Other	0.53	0.01	-	-	-
Total	1.06	1.42	0.07	-	-

13. In December, 2010, the Company has filed a Draft Red Herring Prospectus with the Securities and Exchange Board of India proposing to bring out an Initial Public Issue of its equity shares. Share issue expenses amounting to Rs. 18.69 millions are being carried in the balance sheet as at December 31, 2010 as

miscellaneous expenditure (to the extent not written off or adjusted) pending issue of shares. On completion of issue of shares, these will be adjusted against the securities premium account.

- 14.** As a matter of prudence, the Company has given effect to an RBI Circular No. DNBS.PD.CC.No.207/03.02.002 /2010-11 dated 17th January, 2011 and accordingly created provision for contingencies against standard assets in its financial statement for the nine months period ended December 31, 2010.
- 15.** Previous years'/ period's figures have been regrouped/ recast, wherever necessary to conform to the presentation for the nine months period ended December 31, 2010.

ANNEXURE - VI : STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Particulars	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Face value per Equity share (Rs.)	10	10	10	10	10
Earnings / (losses) per share					
- Basic earnings / (losses) per share (Rs.)	0.72	0.59	0.35	0.31	(4.34)
- Diluted earnings / (losses) per share (Rs.)	0.70	0.59	0.35	0.31	(4.34)
Return on net worth (%)	4.70	4.00	1.40	1.48	(76.83)
Net asset value per Equity share (Rs.)	15.29	14.63	14.02	12.29	5.65
Weighted average numbers of Equity shares used in calculating Basic Earnings per share	434,583,335	434,583,335	240,600,458	52,622,957	4,000,006
Add: Weighted average numbers of Equity shares which would be issued on the allotment against share application money or exercise of option *	950,331	-	-	-	-
Weighted average numbers of Equity shares used in calculating Diluted Earnings per share	435,533,666	434,583,335	240,600,458	52,622,957	4,000,006
Total number of equity shares outstanding as at the end of the year/period	434,583,335	434,583,335	434,583,335	90,000,010	4,000,006

* The effect of potential equity shares are anti dilutive for the years ended March 31, 2010, March 31, 2009, March 31, 2008 and period ended March 31, 2007 and, therefore, have not been considered for calculation of diluted earnings per share for these years.

Notes :

1. The ratios has been computed as below :

Basic earning per share (Rs.)

$$\frac{\text{Net profit / (loss) as restated attributable to equity shareholders}}{\text{Total weighted average number of equity shares outstanding during the year/period}}$$

Diluted earning per share (Rs.)

$$\frac{\text{Net profit / (loss) as restated attributable to equity shareholders}}{\text{Potential weighted average number of equity shares outstanding during the year/period}}$$

Return on net worth (%)

$$\frac{\text{Net profit / (loss) as restated}}{\frac{\text{Net worth as restated at the end of the year/period}}{\text{Net worth}}}$$

Net asset value per Equity share (Rs.)

$$\frac{\text{Net worth as restated at the end of the year/period}}{\text{Number of Equity shares outstanding at the end of the year/period}}$$

2. Net worth means sum of Equity share capital, Employees stock options outstanding and Net reserves and surplus minus Miscellaneous expenditure (to the extent not written off).

3. The figures disclosed above are based on the restated financial statement of the Company.

ANNEXURE - VII : DETAILS OF RATES OF DIVIDEND

(Rupees in millions)

Particulars	Face value (Rs./ share)	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Class of shares						
Equity share capital	10	4,345.83	4,345.83	4,345.83	900.00	40.00
Dividend		-	-	-	-	-
Dividend tax		-	-	-	-	-

ANNEXURE - VIII : STATEMENT OF TAX SHELTERS

(Rupees in millions)

Particulars	For the nine months period ended December 31, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the period September 8, 2006 to March 31, 2007
Income tax rates applicable					
Normal tax rates (other than on long term capital gain)	33.22%	33.99%	33.99%	33.99%	33.66%
Tax rate on long term capital gain	22.15%	22.66%	22.66%	22.66%	22.44%
Net profit / (loss) before tax as restated	442.92	367.00	86.80	11.43	(16.82)
Less: Long term capital gain	123.66	-	-	-	-
Net profit / (loss) before tax as restated excluding long term capital gain taxable at other than normal tax rates	319.26	367.00	86.80	11.43	(16.82)
Adjustments:					
Permanent differences					
Dividend income exempt	(12.08)	(46.41)	(122.17)	(26.14)	-
Disallowance under section 14 A	20.71	12.77	0.55	0.56	-
Loss under capital gains head	-	-	23.47	10.79	-
Others	(6.77)	11.79	9.82	0.05	0.82
Total permanent differences	1.86	(21.85)	(88.33)	(14.74)	0.82
Timing differences					
Depreciation	(99.13)	(139.07)	(0.06)	(0.09)	-
Provision for employee benefits	1.43	0.21	0.15	0.09	-
Preliminary expenses under section 35D	(2.65)	(3.53)	(3.53)	(3.53)	17.67
Others	15.80	-	0.61	-	-
Total timing differences	(84.55)	(142.39)	(2.83)	(3.53)	17.67
Net adjustments	(82.69)	(164.24)	(91.16)	(18.27)	18.49
Profit/(Loss) before brought forward losses	236.57	202.76	(4.36)	(6.84)	1.67
Brought forward business losses	-	(11.20)	(6.84)	-	-
Total taxable profits/ (losses) (excluding long term capital gain)	236.57	191.56	(11.20)	(6.84)	1.67
Tax as per normal rates	78.58	65.11	-	-	0.56
Tax on long term capital gain (net of brought forward capital losses)	24.07	-	-	-	-
Total tax as per income tax	102.65	65.11	-	-	0.56

Notes :

1. The aforesaid statement of tax shelters is based on the profit / (loss) as per the Restated summary statement of profit and loss of the Company.
2. Provision for Tax is based on provisional computation for the period ended December 31, 2010.

ANNEXURE - IX : CAPITALISATION STATEMENT AS AT DECEMBER 31, 2010

(Rupees in millions)

Particulars	Pre-Issue	Post-Issue
Long term debt	4,568.25	[*]
Short term debt	205.44	[*]
Total debt	4,773.69	[*]
Shareholder's funds		
Equity share capital	4,345.83	[*]
Employees Stock options outstanding	4.28	
Reserves and surplus		
- Securities premium account	1,662.29	see note 5 below
- Profit and loss account	520.57	[*]
- Other reserves and surplus	130.46	[*]
Miscellaneous expenditure (to the extent not written off)	(18.69)	
Total shareholder's funds	6,644.74	[*]
Long term debt / Equity	0.69	see note 5 below
Total debt / Shareholders' funds	0.72	see note 5 below

Notes :

1. Short term debts represents debts which are due within twelve months from December 31, 2010.
2. Long term debt represents debt other than short term debt, as defined above.
3. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company as at December 31, 2010.

4. Long term debt / Equity

Long term debt

Shareholders' funds

5. The corresponding post issue figures are not determined at this stage pending the completion of the Book building process and hence have not been furnished.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our restated audited financial statements as of and for the years ended March 31, 2008, 2009, 2010 and as of and for the period ended March 31, 2007 (from our inception on September 8, 2006), and as of and for the nine months ended December 31, 2010, prepared in accordance with the Companies Act, Indian GAAP and the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section titled "**Financial Information**" beginning on page 176 of this Draft Red Herring Prospectus, as well as the section titled "**Selected Statistical Information**" beginning on page 238 of this Draft Red Herring Prospectus.*

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

We were incorporated on September 8, 2006. Thus, our financial results for the period from September 8, 2006 (inception) to March 31, 2007 are not directly comparable to our financial results for subsequent fiscal years.

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section titled "**Risk Factors**" on page 14.*

Overview

We are an Indian non-banking financial institution promoted by PTC to make principal investments in, and provide financing solutions for, companies with projects across the energy value chain. We believe we are one of the few financial institutions in India that provide both equity and debt financing, including short-term and long-term debt, as well as structured debt financing. With a focus on infrastructure development, we offer an integrated suite of services including provision financing to, and make investments in, private sector Indian companies in the power sector, including for power generation, equipment supply and fuel source projects. We are currently focused primarily on power generation projects in India. We also provide fee-based syndication and advisory services as well as carbon credit financing against certified emissions reduction (CER).

Principal Investments. We make strategic equity investments in companies in the energy value chain in India, including in greenfield and brownfield projects. The nature and extent of our equity participation in such companies vary in accordance with the requirements, opportunities and risks associated with the relevant project, but we generally do not retain management control. As of December 31, 2010, our Board had approved equity commitments for ten companies for an aggregate amount of ₹ 5,641.66 million, with projects aggregating 3,221.45 MW of power generation capacity. Of these equity commitments, as of December 31, 2010, we had entered into definitive agreements for investments in eight companies for an aggregate amount of ₹ 4,827.67 million, with projects aggregating 2,621.45 MW of power generation capacity. As of December 31, 2010, our principal investments aggregated ₹ 4,186.23 million in eight companies including in Indian Energy Exchange Limited ("IEX"), India's first nationwide, automated and online electricity trading platform. Our current portfolio of principal investments are mostly greenfield projects, which typically involve between two and five years of development activity prior to commencement of commercial operations. Three of our principal investment projects, with an aggregate power generation capacity of 175.60 MW, have commenced commercial operation. In September 2010, we liquidated a portion of our investment in IEX for a gain. Further, as of December 31, 2010 our Board had approved funding in the form of optionally convertible debentures aggregating ₹ 385.00 million to two companies. As of December 31, 2010 we had disbursed ₹ 385.00 million, out of which ₹ 340.00 million has been repaid, and ₹ 45.00 million remains outstanding.

Debt Finance. We provide fund based and non-fund based debt financing, including short-term and long-term debt, as well as structured debt financing. In addition to financing project companies, we also provide bridge financing to promoters of power projects. As of December 31, 2010, our Board had approved debt commitments aggregating ₹ 22,567.30 million to 31 companies, with projects aggregating 8,982.20 MW of power generation capacity. Of these approved debt commitments, as of December 31, 2010, we had entered into definitive agreements for financing arrangements for an aggregate amount of ₹ 11,198.72 million to 17 companies, with power projects aggregating 8,283 MW of power generation capacity. As of December 31, 2010, we had outstanding loan financing of ₹ 5,951.15 million to 13 companies with projects representing 6,794 MW of aggregate power generation capacity. As of December 31, 2010, we did not have any non-performing assets in our outstanding loan portfolio.

Fee-based and other Services. We provide various fee-based services including facility agent and security agent services, as well as advisory services such as techno-economic feasibility studies for power projects in India. In addition, in March 2010 we commenced carbon credit financing, which involves purchase of future CERs from power project developers for sale to third parties.

As of December 31, 2010 our Board had approved funding in form of funding against CERs aggregating ₹ 306.11 million to two companies with projects aggregating 108 MW capacity.

Sources of Funds. Our primary sources of funds include equity, term loans and non-convertible debentures ("NCDs") issued by us. We have issued secured NCDs on a private placement basis in October 2009 and February 2010. As of December 31, 2010, we had ₹ 2,000.00 million in outstanding NCDs and ₹ 2773.69 million in other borrowings. As of December 31, 2010, our NCDs represented 41.90% of our outstanding total indebtedness. Our long-term bank borrowings have been rated "LA+ (positive outlook)" by ICRA, while our NCDs have been rated "LA+ (positive outlook)" by ICRA and "BWR AA" (stable outlook) by Brickwork. Our short-term borrowings have been rated "A1+" by ICRA, which is the highest credit quality rating assigned by ICRA to short term debt instruments. In October 2010, we have also entered into ECB agreement with Deutsche Investitions - UND Entwicklungsgesellschaft MBH ("DEG") for an aggregate amount of US\$ 26.00 million (₹1165.06 million) for on-lending to renewable energy projects. We have also raised funds through capital contributions from our Promoter and our other shareholders.

In fiscal 2008, 2009 and 2010, and in the nine months ended December 31, 2010, our total income was ₹ 31.38 million, ₹ 116.00 million and ₹ 534.90 million, and ₹ 825.44 million, respectively, and our profit after tax was ₹ 16.41 million, ₹ 85.30 million, ₹ 254.52 million, and ₹ 312.18 million, respectively. We maintain our capital adequacy ratios above the minimum levels of 15.0% prescribed by the RBI for IFCs. Our capital adequacy ratios were 97.90%, 275.36%, 88.30% and 60.57% as of March 31, 2008, 2009 and 2010, and December 31, 2010, respectively.

Factors Affecting Results of Operations

Our business, results of operations and financial condition are affected by a number of factors, including the performance of the Indian economy and the power sector generally and the projects we finance in particular. The following is a discussion of the factors that have had, and we expect will continue to have, a significant effect on our financial results:

Timely execution of projects

Given the long gestation periods for projects we fund, the projects are susceptible to changes in various factors, such as interest rates, statutory regulations and policies, the cost and availability of raw materials and other key inputs and general economic conditions. These factors could affect projects' viability in the implementation stages, which impact the ability of the borrowers to service our loans in a timely manner. Moreover, in certain cases, borrowers are not required to make any repayments until the commencement of project operations, impacting our results of operations in the event of delays in execution of the project. If borrowers fail to make payments of interest or principal in a timely manner may also affect the asset classification as per the terms of applicable prudential norms and consequently we may be unable to recognise revenue from these loans on an accrual basis and may also call for additional provisioning in accordance with applicable prudential norms. Similarly, a delay in the execution of projects in which we have made principal investments has a direct effect on our ability to make profitably exit from such investments in a timely manner, thereby impacting our results of operations.

Availability of cost effective sources of funds and ability to raise capital

Our ability to compete effectively is dependent on our ability to maintain a low effective cost of funds. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors, whether due to a change in GoI policy or a reduction in our credit rating or due to other factors, we may not be able to offer competitive interest rates to our borrowers. We recently have been classified by the RBI as one of the few Infrastructure Finance Companies, or IFCs, in India, which we believe improves our ability to raise funds on a cost-competitive basis and take higher debt exposure in power projects.

Interest rate volatility

Our results of operations are affected by volatility in interest rates. Our business is significantly dependent on interest income from our lending and treasury operations. In fiscal 2010 and in the nine months ended December 31, 2010, interest income represented 51.44% and 70.19%, respectively, of our total income in such periods. Accordingly, we are affected by volatility in interest rates in our lending and treasury operations. Our policy is to attempt to balance the proportion and maturity of our interest-earning assets, which bear fixed interest rates, with interest-bearing liabilities. A majority of our liabilities, such as our secured non-convertible debentures, and short term loans carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Due to these factors, interest rates in India have historically experienced and may continue to experience a relatively high degree of volatility.

When interest rates decline, our borrowers may seek re-pricing of our loans to them based on the terms of their loan agreements with us or due to commercial considerations resulting from competitive conditions. Additionally, if we are unable or unwilling to competitively re-price our loans, we may be subject to greater levels of pre-payments on such loans.

When interest rates rise, we may be more susceptible to such increases than our competitors that have access to lower cost funds, particularly if we have a higher portion of floating rate borrowings or borrowings with shorter durations than that of our competitors. Although we are able to reset interest rates in accordance with the terms of certain of our financing arrangements, we may be unable to do so in a favourable manner because of competitive pressures. If our cost of borrowing is more susceptible to increases of interest rates than our competitors, we may not be able to competitively price our loans.

Growth of the power sector in India

Our financial results are significantly affected by general economic conditions prevailing in India and in particular by developments in the power sector, including increases in the demand for power and expectations for power-related projects and increased investments in integrated power projects in India.

We believe that the power sector will continue to be one of the prime driving forces of the Indian economy and that the continued growth of the Indian economy will be met by increased investment in the power sector, both public and private. A total capacity addition of 78,700 MW is planned for the 11th Five-Year Plan which should result in significant investments in the power generation sector. According to the White Paper on Strategy for Eleventh Plan, prepared by the Central Electricity Authority and Confederation of Indian Industry, August 2007, the total fund requirement has been assessed to ₹ 10.32 trillion. We believe our business has been, and will continue to be, a prime beneficiary from the increased growth of, and investment into, the Indian power sector.

Power sector development in India has historically been the preserve of central and state governments, and has been constrained by various factors such as shortages of public funding, political considerations and issues of transparency and accountability. The statutory and regulatory framework for the Indian power sector has changed significantly in recent years and the impact of these changes is yet to be completely seen. The Electricity Act provides a framework for reforms in the sector, but in many areas the details and timing are yet to be determined. It is expected that many of these reforms will take time to be fully implemented. Furthermore, there could be additional changes in the areas of tariff and other policies, the unbundling of GoI owned power utilities, restructuring of companies in the power sector, open access and parallel distribution, and licensing requirements for, and tax incentives applicable to, companies in the power sector.

Competition

Competition in our industry depends on, among other things, the ongoing evolution of Government policies relating to the industry, the entry of new participants into the industry and the extent to which there is consolidation among banks, financial institutions and NBFCs in India. Our ability to compete effectively is dependent on our ability to maintain a low effective cost of funds. With the growth of our business, we are increasingly reliant on funding from the equity and debt markets and commercial borrowings. The market for such funds is competitive and our ability to obtain funds on acceptable terms or at all will depend on various factors including our ability to maintain and improve our credit ratings. The activity of identifying, completing and harvesting attractive investments is also highly competitive. We will be competing for investments with many other entities providing capital resources, including financial institutions focused on power sector investments, infrastructure funds, private equity funds, public and private companies and hedge funds. Similarly, these entities may seek to dispose off infrastructure assets at the same time as us, thereby resulting in a decline in the value of such assets. However, we believe we have a significant competitive advantage being a subsidiary of PTC, which is the market leader for power trading solutions in India (according to the Central Electricity Regulatory Commission monthly report on short term transactions of electricity for December, 2010). PTC along with its affiliates provides comprehensive solutions in the energy value chain including services such as power trading, co-development, fuel-intermediation, consulting and is in the process of setting up an energy equity fund. We believe the synergies among the group entities provide us with early access to potential business opportunities, ability to understand and cater to the needs of the developers with agility and in a comprehensive manner.

Performance of companies we invest in

We generally take minority equity position in project companies and do not manage, operate or control such companies. Although we may seek to obtain board representation or other management rights, in connection with our investments in such projects, there can be no assurance that these rights, if sought, will be obtained. Furthermore, even in the case where we may have certain rights to be represented on the board of directors of the project companies in which we invest or to participate in certain significant business decisions or have other management rights, we do not expect to have an active role in the day-to-day operations of those project companies. These investments will be subject to the risk that such companies may make business, financial or management decisions with which we do not agree, or that the majority stakeholders or the management of such companies may take risks or otherwise act in a manner that does not serve our interest. The actions taken by the management of project companies that we do not control may affect our financial performance.

Critical Accounting Policies

Critical accounting policies are those that are important both to the portrayal of our Company's financial condition and results of operations and that also require management's most subjective and complex judgments. In order to provide an understanding about how management forms its judgment about the most appropriate accounting policy to be followed for complex transactions and future events, our Company identifies the following critical accounting policies:

Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Fixed assets including intangible assets and depreciation

Fixed assets including intangible assets are stated at cost less accumulated depreciation/amortisation. Cost of acquisition comprises purchase price, duties, levies and any directly attributable cost of bringing the asset to its working condition for the intended use.

Depreciation on fixed assets (other than intangible assets) is charged on a pro-rata basis at the written down value rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing upto ₹ 5,000 are fully depreciated in the year of purchase.

Intangible assets comprising of software are amortized on a straight line method over a period of 5 years or less depending on the estimated useful life of the assets.

Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long Term Investments are stated at cost. A provision for diminution (if any) is made to recognize a decline other than temporary in the value of investment. Current investments are carried at the lower of cost and fair value.

Revenue recognition

- Interest and other dues are accounted on accrual basis.
- Dividend is accounted when the right to receive is established.
- Fee based incomes are recognised when reasonable right of recovery is established and the revenue can be reliably measured.
- Revenue from power supply is accounted on accrual basis.

Employee stock options

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of intrinsic price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company, is recognized as deferred stock compensation expense and is amortized over the vesting period of options.

Provisions and contingencies

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow or resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of obligation cannot be made

Performance Indicators

We use a variety of tools to measure our performance from year on year. These indicators are presented in tabular form in the section titled “***Selected Statistical Information***” beginning on page 238.

Under net interest margin analysis we try to measure the efficiency of our borrowing and lending operations using tools such as

- Net interest income, which represents our total interest income net of total interest expense;
- Yield, which is the ratio of interest income on loan financing to the yearly average of interest earning assets;
- Cost of funds, which is the ratio of interest expense to the yearly average of interest bearing liabilities;
- Spread, which is the difference between yield and cost of funds; and
- Net interest margin, which is the ratio of net interest income to average interest earning assets.

For additional details on the calculation of certain performance indicators included in the discussion that follows, including the definitions thereof, see the section titled “*Selected Statistical Information*” beginning on page 238.

Principal Components of Income and Expenditure

Income

Our income consists of income from investments, income from interest, fee based income, income from the sale of power and other income.

- Investment income comprises interest on investment in convertible debentures of project companies, dividend income from our investment in mutual funds, capital gains from our sale of principal investments, and capital gains from short term current investments, particularly mutual funds. Since most of our principal investments are in greenfield and brownfield projects, we have not so far received any dividend income from our principal investments in project companies. We may in the future receive such dividend income from our equity investments which will be reflected in income from investments.

We made our first equity investment in December 2007 in IEX. In fiscal 2008, we made a total investment of ₹ 309.71 million in three projects. In fiscal 2009, we made additional equity investment of ₹ 1,085.12 million in six projects, including the three projects we invested in fiscal 2008. We followed this in fiscal 2010, with additional equity investment of ₹ 2,306.92 million in an aggregate of five projects, including projects in which we had made investments earlier. Most of these projects are greenfield and brownfield projects, and have not commenced operations, except for the three projects we invested in fiscal 2008.

- Income from interest includes interest on loan financing and interest on fixed deposits. Interest on loan financing comprises interest income on short term and long term loans extended to our borrowers, and interest on fixed deposits.
- Income from sale of power reflects income from the sale of power to Bangalore Electricity Supply Company Limited (BESCOM). The power is produced by our windmill in the State of Karnataka with an installed capacity of 6 MW that was commissioned on March 31, 2010, from which we sell power.
- Fee based income comprises primarily processing fees and upfront fees in connection with our loan financing business. Fee based income also includes income from the provision of various financial services, including letters of comfort issued for borrowers in favour of banks, consultancy fees.
- Other income comprises miscellaneous income, including interest on employee loans, if any and certain miscellaneous income, including payments received by us for technical fees incurred by us in connection with assessing potential investment opportunities in power projects.

Expenditure

Our expenditure includes:

- Interest and other charges relating to interest on loans availed by us and on our debentures, as well as commitment and agency fees, upfront fees and related bank charges.
- Personnel expenses, which include staff costs comprising salaries, contributions to provident, gratuity and superannuation funds and other staff welfare expenses as well as expenses relating to our employee stock option schemes.
- Administration and other expenses, which include legal and professional (recurring fees for (a) legal advisors for legal due diligence in connection with potential debt financing and principal investment opportunities, (b) for credit rating agencies, and (c) retainers for tax and regulatory compliances), fund raising expense relating to our debenture issuances, rates and taxes, rent, travelling and conveyance, communication, business development, donation, directors' sitting fees, repairs and maintenance, books and periodicals, loss on foreign currency translation and miscellaneous expenses as well as expenses relating to increase in share capital; and

- Depreciation and amortization.

Results of Operations

The following is a summary of our profit and loss account for the periods indicated.

Particulars	Nine months ended December 31, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008	Period between September 8, 2006 to March 31, 2007
Income					
- From investments	141.42	212.81	103.12	30.94	-
- From interest					
- on loan financing	541.30	135.74	0.14	-	-
- on fixed deposits	38.05	139.39	3.39	0.44	1.63
- Fee based income	66.69	46.77	9.33	-	-
- Income from sale of power	35.45	0.01	-	-	-
- Others	2.53	0.18	0.02	-	-
Total income	825.44	534.90	116.00	31.38	1.63
Expenditures					
Interest and other charges	286.42	116.04	0.18	-	-
Personnel expenses	6.36	25.70	9.55	2.74	-
Administration and other expenses	33.43	25.69	19.23	17.13	18.45
Depreciation/ amortisation	40.51	0.47	0.24	0.08	-
Provision for contingencies	15.80				
Total expenditures	382.52	167.90	29.20	19.95	18.45
Profit / (loss) before tax and extraordinary items	442.92	367.00	86.80	11.43	(16.82)
Provision for tax					
- Current tax	102.65	65.11	-	-	0.56
- Deferred tax charge / (benefit)	28.09	47.37	1.39	(5.01)	-
- Fringe benefit tax	-	-	0.11	0.03	-
Total tax charge / (benefit)	130.74	112.48	1.50	(4.98)	0.56
Net profit / (loss) after tax and before extraordinary items	312.18	254.52	85.30	16.41	(17.38)
Extraordinary item (net of tax)	-	-	-	-	-
Net Profit / (loss) as restated	312.18	254.52	85.30	16.41	(17.38)

Nine months ended December 31, 2010

Our total income was ₹ 825.44 million in the nine months ended December 31, 2010.

Income from investments

Income from investments was ₹ 141.42 million in the nine months ended December 31, 2010, comprising primarily ₹ 123.66 million in profit on the sale of long term trade investments. This was attributable to the sale of a portion of our equity investment in IEX, which was our first sale in principal investments. As a result of the sale in September 2010, our shareholding in IEX reduced to 21.12% from 26.00% prior to the sale.

In the nine months ended December 31, 2010 our income from non-trade current investments was ₹ 11.99 million. This represents a significant decline compared to prior periods. This was because of a reduction in income from dividends from mutual funds purchased with our temporary surplus funds. Our temporary surplus funds have been progressively utilized in our principal investments business, thereby resulting in a corresponding progressive decline in investments in mutual funds.

Similarly, our income from debentures in the nine months ended December 31, 2010 was ₹ 5.68 million, representing a significant decline compared to prior periods. This was attributable primarily to the (i) conversion in March 2010 into equity shares of ₹ 600.00 million of convertible debentures of an investee company; and (ii) redemption in April 2010 of ₹ 340.00 million of convertible debentures of another investee company. In prior periods we earned income from dividends from these debentures, which included ₹ 600.00 million of convertible debentures in which we invested in March 2009, and ₹ 340.00 million of convertible debentures in which we invested in September 2009.

Income from interest on loan financing

Income from interest on loan financing was ₹ 541.30 million in the nine months ended December 31, 2010. We earned interest on our loan financing portfolio of ₹ 5,951.15 million as of December 31, 2010. The loan financing portfolio includes ₹ 3,289.14 million in net disbursements in the nine months ended December 31, 2010.

Income from interest from fixed deposits

Income from interest on fixed deposits was ₹ 38.05 million in the nine months ended December 31, 2010. This represents a significant decline compared to prior periods. This was because of a reduction in income from interest from fixed deposits, which primarily consisted of our temporary surplus funds. Our temporary surplus funds have been progressively utilized in our principal investments business, thereby resulting in a corresponding progressive decline in our fixed deposits.

Fee based income

Fee based income was ₹ 66.69 million in the nine months ended December 31, 2010. Our fee based income comprised primarily processing fees and upfront fees on loan financing arrangements sanctioned by our Board. Fee based income also included fees for techno-economic advisory, fees for issuing letter of comfort and facility agent fees. The net loan financing amount sanctioned by our Board in the nine months ended December 31, 2010 was ₹ 8,080.95 million.

Income from sale of power

We recorded an income of ₹ 35.45 million from the sale of power in the nine months ended December 31, 2010, which represented the first financial period of operations of our windmill project.

Other income

Our other income was ₹ 2.53 million in the nine months ended December 31, 2010.

Expenditure

Our total expenditure was ₹ 382.52 million in the nine months ended December 31, 2010. As a percentage of our total income, our expenditure was 46.34% in the nine months ended December 31, 2010.

Interest and other charges

Interest and other charges was ₹ 286.42 million in the nine months ended December 31, 2010. We paid interest on our outstanding borrowings of ₹ 4,773.69 million as of December 31, 2010, including ₹ 1,665.68 million in net additional borrowings in the nine months ended December 31, 2010. As a percentage of total income, interest payments and other charges was 34.70% in the nine months ended December 31, 2010.

Personnel expenses

Our personnel expenses was ₹ 6.36 million in the nine months ended December 31, 2010. Personnel expenses was less than 0.80% of total income in the nine months ended December 31, 2010. Personnel expenses was significantly lower than that in to prior periods because of the surrender or forfeiture of ESOPs aggregating 15.13 million in the nine months ended December 31, 2010. This resulted in a write back of ESOPs charged to our income statement in earlier periods.

Administrative and other expenses

Our administrative and other expenses was ₹ 33.43 million in the nine months ended December 31, 2010. The main constituents of our administrative and other expenses was legal and professional expenses of ₹ 12.74 million in the nine months ended December 31, 2010 paid to retainers, consultants, rating agencies and auditors for various services, including to Dhir & Dhir Associates for legal due diligence on potential investments in power projects, to KPMG for regulatory and compliance services, and to Derivium for risk management. We also paid ₹ 12.45 million in fees for availing external commercial borrowing in the nine months ended December 31, 2010. As a percentage of total income, administrative and other expenses were 4.05% in the nine months ended December 31, 2010.

Depreciation and Amortization

Depreciation and amortization expense was ₹ 40.51 million in the nine months ended December 31, 2010. Our depreciation and amortization expenses in the nine months ended December 31, 2010 was attributable almost entirely to the depreciation of our 6 MW windmill that we acquired on March 31, 2010. As a percentage of total income, depreciation and amortization expense was 4.91% in the nine months ended December 31, 2010.

Provision for contingencies

Our provision for contingencies was ₹ 15.80 million in the nine months ended December 31, 2010. As a percentage of total income, provision for contingencies was 1.91% in the nine months ended December 31, 2010. This is the first financial period in which we have created a provision for contingencies against our standard assets as a response to the RBI circular dated January 17, 2011, attributable to loan financing, advances against CERs, as well as interest accrued on infrastructure loans.

Profit before Tax and Extraordinary Items

Our profit before tax and extraordinary items was ₹ 442.92 million in the nine months ended December 31, 2010. As a percentage of total income, our profit before tax and extraordinary items was 53.66% in the nine months ended December 31, 2010.

Provision for Taxation, Deferred Tax Liability and Fringe Benefit Tax

Our provision for tax was ₹ 130.74 million in the nine months ended December 31, 2010, comprising provision for current tax of ₹ 102.65 million and provision for deferred tax charge of ₹ 28.09 million. The provision for deferred tax liability in the nine months ended December 31, 2010 was created on account of timing difference on the written down value of our windmill due to the different rates of depreciation under the Income Tax Act and the Companies Act. For additional details, please refer Note 8. Part C of Annexure V to our restated financial statements included in this Red Herring Prospectus.

Net Profit as Restated

As a result of the foregoing, net profit as restated was ₹ 312.18 million in the nine months ended December 31, 2010.

Fiscal 2010 compared to Fiscal 2009

Income

Our total income increased by ₹ 418.90 million, or 361.12%, from ₹ 116.00 million in fiscal 2009 to ₹ 534.90 million in fiscal 2010.

Income from investments

Income from investments increased 106.37% to ₹ 212.81 million in fiscal 2010 from ₹ 103.12 million in fiscal 2009. The increase was attributable primarily to an increase in our income from our investments in debentures, which increased to ₹ 166.34 million in fiscal 2010 compared to ₹ 4.42 million in fiscal 2009. Our income from our investments in debentures in fiscal 2010 was attributable to interest income from (i) ₹ 600.00 million of convertible debentures of East Coast Energy Private Limited in which we invested in March 2009, and (ii) ₹

340.00 million of convertible debentures of Meenakshi Energy and Infrastructure Holdings Private Limited in which we invested in September 2009.

Dividend income from our investments in mutual funds in fiscal 2010 of ₹ 46.41 million, declining 62.01% from ₹ 122.17 million in fiscal 2009. This was because of a reduction in income from dividends from mutual funds purchased with our temporary surplus funds. This was for two reasons: (i) in fiscal 2010, we adopted a new investment policy that required us to maintain at least 50% of our temporary surplus funds in fixed deposits, which resulted in us reducing the level of our temporary surplus funds invested in mutual funds; and (ii) our aggregate surplus funds have been progressively utilized in our principal investments business, thereby resulting in a corresponding progressive decline in our investments in mutual funds.

Although we made significant equity investments in fiscal 2009 and 2010, since most of our existing equity investments are in greenfield and brownfield projects under various stages of implementation, we were yet to receive any dividend or capital gain income from our equity investments in fiscals 2009 and 2010. In fiscal 2009, we made aggregate equity investments of ₹ 1,085.12 million in six projects, while in fiscal 2010 we made aggregate equity investments of ₹ 2,306.92 million in five projects (in two additional projects compared to fiscal 2009).

Income from interest on loan financing

Interest on loan financing was ₹ 135.74 million in fiscal 2010, compared to ₹ 0.14 million in fiscal 2009. This increase was because most of our loan disbursements took place during fiscal 2010. We earned interest on our loan financing portfolio of ₹ 2,662.01 million as of March 31, 2010, including ₹ 2,462.91 million in net disbursements in fiscal 2010.

Income from interest from fixed deposits

Income from interest on fixed deposits increased to ₹ 139.39 million in fiscal 2010 from ₹ 3.39 million in fiscal 2009. This increase was mainly attributable to the following reason: (i) in fiscal 2010, we adopted a new investment policy that required us to maintain at least 50% of our surplus funds in fixed deposits, which resulted in us increasing the level of our surplus funds in fixed deposits.

Fee based income

Fee based income increased by ₹ 37.44 million, or 401.28%, to ₹ 46.77 million in fiscal 2010 from ₹ 9.33 million in fiscal 2009. Our fee based income comprised primarily processing fees and upfront fees on loan financing arrangements sanctioned by our Board. Our fee based income also included fees for issuing letters of comfort. The net loan financing amount sanctioned by our Board in fiscal 2010 was ₹ 11,643.70 million, compared to ₹ 2,842.65 million in fiscal 2009.

Income from sale of power

We commenced the operation of our windmill project on March 31, 2010, and recorded an income of ₹ 0.01 million from sale of power in fiscal 2010.

Other income

Our other income increased to ₹ 0.18 million in fiscal 2010 from ₹ 0.02 million in fiscal 2009. This increase was largely due to write back in fiscal 2010 of excess provisions recognized in fiscal 2009 for personnel expenses.

Expenditure

Our total expenditure increased by ₹ 138.70 million, or 475.00%, from ₹ 29.20 million in fiscal 2009 to ₹ 167.90 million in fiscal 2010. The increased expenditure resulted primarily from an increase in other interest and other charges relating to our borrowings. As a percentage of our total income, our expenditure was 31.39% in fiscal 2010 as compared to 25.17% in fiscal 2009.

Interest and other charges

Interest and other charges increased significantly by ₹ 115.86 million from ₹ 0.18 million in fiscal 2009 to ₹ 116.04 million in fiscal 2010. This increase was primarily due to increased interest paid on our outstanding borrowings, which aggregated ₹ 3,108.01 million as of March 31, 2010, including ₹ 2,908.01 million in net additional borrowings in fiscal 2010. As a percentage of total income, interest payments and other charges increased from 0.15% in fiscal 2009 to 21.69% in fiscal 2010.

Personnel expenses

Our personnel expenses, including staff costs, increased by ₹ 16.15 million, or 169.11%, from ₹ 9.55 million in fiscal 2009 to ₹ 25.70 million in fiscal 2010. The increase was primarily due to the increased charge on account of ESOP expenses for the second tranche of our ESOP issued in October 2009 as well as on account of increase in number of employees. Charge towards ESOP expenses increased from ₹ 1.0 million in fiscal 2009 to ₹ 11.40 million in fiscal 2010. As a percentage of total income, personnel expenses however decreased from 8.23% in fiscal 2009 to 4.80% in fiscal 2010.

Administrative and other expenses

Our administrative and other expenses increased by ₹ 6.46 million, or 33.59%, from ₹ 19.23 million in fiscal 2009 to ₹ 25.69 million in fiscal 2010. The increase was primarily due to fund raising expenses of ₹ 8.61 million, comprising fees paid to the arrangers, incurred in fiscal 2010 relating to our non-convertible debenture issues as well as an increase in legal and professional expenses. As a percentage of total income, administrative and other expense however decreased from 16.58% in fiscal 2009 to 4.80% in fiscal 2010.

Depreciation and amortization

Depreciation and amortization expense increased by ₹ 0.23 million, or 95.83%, from ₹ 0.24 million in fiscal 2009 to ₹ 0.47 million in fiscal 2010 attributable to our 6 MW windmill, which we acquired on March 31, 2010. As a percentage of total income, depreciation and amortization expense decreased from 0.21% in fiscal 2009 to 0.09% in fiscal 2010.

Profit before Tax and Extraordinary Items

Our profit before tax and extraordinary items increased by ₹ 280.20 million, or 322.81%, from ₹ 86.80 million in fiscal 2009 to ₹ 367.00 million in fiscal 2010. As a percentage of total income, our profit before tax and extraordinary items however decreased from 74.83% in fiscal 2009 to 68.61% in fiscal 2010.

Provision for Taxation, Deferred Tax Liability and Fringe Benefit Tax

Provision for current year taxation was ₹ 65.11 million for fiscal 2010. We did not create a provision for current year taxation in fiscal 2009 because most of the income earned was from dividend from investments in mutual funds, which is currently exempt from income tax.

Our provisions created for deferred tax liability for fiscal 2010 were ₹ 47.37 million as compared to ₹ 1.39 million for fiscal 2009. The higher provision for deferred tax liability in fiscal 2010 was created on account of timing difference on the written down value of our windmill due to the different rates of depreciation under the Income Tax Act and the Companies Act. For additional details, please refer Note 8. Part C of Annexure V to our restated financial statements included in this Draft Red Herring Prospectus.

Fringe benefit tax for fiscal 2009 was ₹ 0.11 million. We did not incur any fringe benefit tax in fiscal 2010 as this was repealed from fiscal 2010.

Net Profit as Restated

As a result of the foregoing, net profit as restated increased by ₹ 169.22 million, or 198.38%, from ₹ 85.30 million in fiscal 2009 to ₹ 254.52 million in fiscal 2010.

Fiscal 2009 compared to Fiscal 2008

Our total income increased 269.66% to ₹ 116.00 million in fiscal 2009 from ₹ 31.38 million in fiscal 2008. This increase was attributable primarily to our income from investments in mutual funds. We commenced our loan financing business by disbursing our first loan of ₹ 200.00 million on March 30, 2009. Accordingly, we recorded ₹ 0.14 million in interest from debt financing in fiscal 2009, and did not record any revenues from loan financing in fiscal 2008.

Income from investments

Income from investments increased 233.29% to ₹ 103.12 million in fiscal 2009 from ₹ 30.94 million in fiscal 2008. The increase was attributable primarily to dividend income from our investments in mutual funds of ₹ 122.17 million in fiscal 2009, offset in part by a loss on the sale of non trade current investments, comprising shares, of ₹ 36.02 million.

The increase in dividend income was due to the equity infusion of ₹ 1,901.33 million by our shareholders in April 2008 and ₹ 3,000.00 million in March 2009, resulting in an increase in temporary surplus funds in fiscal 2009 compared to fiscal 2008. As these temporary surplus funds were scheduled to be utilized over a period of time, pending disbursement into power projects, these temporary surplus funds were deployed in non trade current investments, primarily mutual funds, resulting in increased income from dividends in fiscal 2009 compared to fiscal 2008.

We incurred a loss on the sale of shares (non trade current investments) of ₹ 36.02 million in fiscal 2009 compared to a profit on the sale of shares of ₹ 4.09 million in fiscal 2008. This was because we incurred losses on selling treasury equity investments that we had made in fiscal 2008 through various discretionary portfolio management schemes.

Although we made significant principal equity investments in fiscal 2008 and 2009, since most of our existing equity investments are in greenfield and brownfield projects under various stages of implementation, we did not receive any dividend or capital gain income on account of our principal equity investments in fiscal 2009 or fiscal 2008. In fiscal 2009, we made aggregate equity investments of ₹ 1,085.12 million in a total of six projects (including three additional projects in fiscal 2009), while in fiscal 2008 we made aggregate equity investments of ₹ 309.71 million in three projects.

Income from interest from fixed deposits

Income from interest on fixed deposits increased to ₹ 3.39 million in fiscal 2009 from ₹ 0.44 million in fiscal 2008. This increase was because of increased temporary surplus funds in fiscal 2009 compared to fiscal 2008 because of the equity infusion by shareholders described above, thereby resulting in higher levels of funds held in fixed deposits in fiscal 2009 compared to fiscal 2008.

Fee based income

Fee based income in fiscal 2009 was ₹ 9.33 million. We did not record any fee based income in fiscal 2008 because we only commenced disbursing loans in fiscal 2009.

Other Income

Our other income in fiscal 2009 was ₹ 0.02 million. We did not record other income in fiscal 2008.

Expenditure

Our total expenditure increased by ₹ 9.25 million, or 46.37%, from ₹ 19.95 million in fiscal 2008 to ₹ 29.20 million in fiscal 2009. The increased expenditure resulted primarily from increase in personnel expenses. As a percentage of our total income, our expenditure was 63.58% in fiscal 2008 as compared to 25.17% in fiscal 2009.

Interest and Other Charges

We did not incur any interest or other charges in fiscal 2008 because we did not incur any debt until fiscal 2009. Our interest and other charges in fiscal 2009 was ₹ 0.18 million, which constituted 0.15% of our total income in fiscal 2009.

Personnel Expenses

Our personnel expenses, including staff costs, increased by ₹ 6.81 million, or 248.54%, from ₹ 2.74 million in fiscal 2008 to ₹ 9.55 million in fiscal 2009. The increase was primarily due to recruitment of additional employees, including senior management commensurate with the growth in operations of our Company. As a percentage of total income, personnel expenses decreased from 8.73% in fiscal 2008 to 8.23% in fiscal 2009.

Administrative and Other Expenses

Our administrative and other expenses increased by ₹ 2.10 million, or 12.26%, from ₹ 17.13 million in fiscal 2008 to ₹ 19.23 million in fiscal 2009. The increase was primarily due to increases in rent expense, legal and professional expenses, travel expenses and rates and taxes, reflecting our growth in operations.

As a percentage of total income, administrative and other expense decreased from 54.59% in fiscal 2008 to 16.58% in fiscal 2009.

Depreciation and Amortization

Depreciation and amortization expense increased by 200.00% from ₹ 0.08 million in fiscal 2008 to ₹ 0.24 million in fiscal 2009 due to increase in office infrastructure.

As a percentage of total income, depreciation and amortization expense decreased from 0.25% in fiscal 2008 to 0.21% in fiscal 2009.

Profit before Tax and Extraordinary Items

Our profit before tax and extraordinary items increased by ₹ 75.37 million, or 659.41%, from ₹ 11.43 million in fiscal 2008 to ₹ 86.80 million in fiscal 2009.

As a percentage of total income, our profit before tax and extraordinary items increased from 36.42% in fiscal 2008 to 74.83% in fiscal 2009.

Provision for Taxation, Deferred Tax Liability and Fringe Benefit Tax

We did not create provisions for current year taxation in fiscal 2009 or fiscal 2008 because there was no business income, and the majority of our income came from dividend income from investments in mutual funds, which is currently tax exempt.

Our provision created for deferred tax liability for fiscal 2009 was ₹ 1.39 million for fiscal 2009 as compared to a deferred tax benefit of ₹ 5.01 million in fiscal 2008.

Our provision created for fringe benefit tax for fiscal 2009 was ₹ 0.11 million and for fiscal 2008 was ₹ 0.03 million. The increase was due to the increase in the number of employees.

Net Profit as Restated

Our profit after tax and extraordinary items (net of taxes) increased by ₹ 68.89 million, or 419.80%, from ₹ 16.41 million in fiscal 2008 to ₹ 85.30 million in fiscal 2009.

Liquidity and Capital Resources

As our Company's debt finance business consists of borrowing funds and on-lending such funds to its customers in the form of loan products, our Company may experience timing differences between receipt of fund from borrowings and on-lending of such funds. These timing differences result in ongoing, but temporary cash

balances on our Company's books.

Cash flows

As of December 31, 2010, we had cash and cash equivalents of ₹ 664.06 million. As of March 31, 2010, we had cash and cash equivalents of ₹ 2,344.74 million, compared to ₹ 4,086.92 million, ₹ 1.42 million and ₹ 40.57 million as on March 31, 2009, 2008 and 2007, respectively.

(₹ in million)

	Fiscal			Nine Months ended December 31
	2008	2009	2010	2010
Net cash flow from (used in) operating activities	(317.82)	(1,115.25)	(4,414.70)	(3,006.72)
Net cash flow from (used in) investing activities	(788.12)	99.47	(191.18)	(93.29)
Net cash flow from financing activities	1,066.79	5,101.28	2,863.70	1,419.33
Net increase/(decrease) in cash and cash equivalents	(39.15)	4,085.50	(1,742.18)	(1,680.68)

Cash flow used in operating activities. Outward cash flows relating to loans and advances we disburse (net of repayments) is reflected in operating activities by way of increase in loan assets, whereas the inward cash flows from external funding we procure (net of repayments) to disburse these loans and advances are reflected in financing activities. Therefore, our disbursement of loans is the primary cause of our negative cash flow from operating activities.

Cash flow used in operating activities in fiscal 2008 of ₹ 317.82 million resulted primarily from our purchase of investments in power project companies (net) of ₹ 309.71 million attributable to investments in three projects.

Cash flow used in operating activities in fiscal 2009 of ₹ 1,115.25 million resulted primarily from our purchase of investments in power project companies (net) of ₹ 882.24 million and disbursement of loan financing of ₹ 200.00 million. In fiscal 2009, we made additional equity investment of ₹ 1,085.12 million in six projects, including the three projects we invested in fiscal 2008.

Cash flow used in operating activities in fiscal 2010 of ₹ 4,414.70 million resulted primarily from disbursement of loan financing of ₹ 2,462.01 million and purchase of investments in power project companies (net) of ₹ 2,066.92 million. In fiscal 2010, we made additional equity investment of ₹ 2,306.92 million in an aggregate of eight projects, including projects in which we had made investments earlier.

Cash flow used in operating activities in the nine months ended December 31, 2010 of ₹ 3,006.72 million resulted primarily from disbursement of loan financing of ₹ 3,289.14 million and purchase of investments in power project companies (net) of ₹ 164.17 million.

Cash flow from or used in investing activities.

Our cash flow used in investing activities in fiscal 2008 was ₹ 788.12 million, and consisted mainly of cash outflows of ₹ 808.16 million relating to purchase of investments other than power project companies (net), partially offset by cash inflows of ₹ 26.14 million in dividend income on investment other than power project companies.

Our cash flow from investing activities in fiscal 2009 was ₹ 99.47 million, and consisted mainly of cash inflows of ₹ 122.17 million in dividend income on investment other than power project companies, partially offset by cash outflows of ₹ 23.47 million from loss on sale of non-trade current investments (net).

Our cash flow used in investing activities in fiscal 2010 was ₹ 191.18 million, and consisted mainly of cash outflows of ₹ 350.58 million for purchases of fixed assets, partially offset by cash inflows of ₹ 112.87 million from interest on fixed deposits.

Our cash flow used in investing activities in the nine months ended December 31, 2010 was ₹ 93.29 million, and consisted mainly of purchase of investments other than power project companies of ₹ 168.89 million

(comprising investments in debt mutual funds), offset in part by cash inflows from interest on fixed deposits of ₹ 64.47 million.

Cash flow from financing activities.

Our cash flow from financing activities in fiscal 2008 was ₹ 1,066.79 million, which constituted proceeds from issue of equity share capital (including share premium).

Our cash flow from financing activities in fiscal 2009 was ₹ 5,101.28 million, comprising cash inflow of ₹ 4,901.33 million constituting proceeds from issue of equity share capital (including share premium) and ₹ 200.00 million in proceeds from long term borrowings.

Our cash flow from financing activities in fiscal 2010 was ₹ 2,863.70 million, comprising cash inflow of ₹ 2,662.01 million constituting proceeds from long term borrowings and ₹ 246.00 million constituting proceeds from short term borrowings.

Our cash flow from financing activities in the nine months ended December 31, 2010 was ₹ 1,419.33 million, comprising proceeds from long term borrowings of ₹ 1761.68 million, offset in part by interest and other charges of ₹ 227.66 million.

Financial Condition

The following table sets forth the net assets as on March 31, 2007, 2008, 2009 and 2010 and December 31, 2010:

Particulars					(₹ in million)
	As on March 31,				As on
	2007	2008	2009	2010	December 31, 2010
Total assets	41.26	1,128.33	6,305.46	9,590.37	11,682.92
Total liabilities	18.64	22.51	212.01	3,231.00	5,038.18
Net worth	22.62	1,105.82	6,093.45	6,359.37	6,644.74

Our net worth, which we define as our total assets less our total liabilities, increased by 4,788.68% from ₹ 22.62 million as of March 31, 2007 to ₹ 1,105.82 million as of March 31, 2008, by 451.03% from ₹ 1,105.82 million as of March 31, 2008 to ₹ 6,093.45 million as on March 31, 2009, and by 4.36% from ₹ 6,093.45 million as of March 31, 2009 to ₹ 6,359.37 million as of March 31, 2010. Our net worth increased by 4.29% to ₹ 6,644.74 million as of December 31, 2010 from ₹ 6,359.37 million as of March 31, 2010.

Assets

The following table sets forth the principal components of our assets as of March 31, 2007, 2008, 2009 and 2010 and December 31, 2010:

Particulars					(₹ in million)
	As on March 31,				As on
	2007	2008	2009	2010	December 31, 2010
Net block (Fixed Assets)	-	0.41	0.60	349.70	311.02
Capital Work-in-progress	-	-	-	0.96	0.08
Investments	-	1,117.88	2,000.12	4,067.04	4,405.41
Loan financing	-	-	200.00	2,662.01	5,951.15
Deferred tax assets (net)	-	5.01	3.62	-	-
Cash and bank balances	40.57	1.42	4,086.92	2,344.74	664.06
Loans and advances	-	3.16	7.40	118.39	297.14
Sundry debtors	-	-	-	0.01	4.38
Other current assets	0.69	0.45	6.80	47.52	49.68
Total assets	41.26	1,128.33	6,305.46	9,590.37	11,682.92

Our total assets increased by 2,634.68% from ₹ 41.26 million as of March 31, 2007 to ₹ 1,128.33 million as of March 31, 2008, by 458.83% from ₹ 1,128.33 million as of March 31, 2008 to ₹ 6,305.46 million as of March 31, 2009, and by 52.10% from ₹ 6,305.46 million as of March 31, 2009 to ₹ 9,590.37 million as of March 31, 2010. Our total assets increased by 21.82% from ₹ 9,590.37 million as of March 31, 2010 to ₹ 11,682.92 million as of December 31, 2010.

Our total interest-earning assets (excluding fixed deposits), comprising our loan financing portfolio and investments in debentures, increased by 277.75% from ₹ 800.00 million as of March 31, 2009 to ₹ 3,022.01 million as of March 31, 2010. Our total interest-earning assets increased by 98.42% from ₹ 3,022.01 million as of March 31, 2010 to ₹ 5996.15 million as on December 31, 2010. We did not have any interest-earning assets (excluding fixed deposits) as of March 31, 2007 and 2008.

Liabilities

The following table sets forth the principal components of the our liabilities as of March 31, 2007, 2008, 2009 and 2010 and December 31, 2010:

Particulars	As on March 31				(₹ in million)
					As on
	2007	2008	2009	2010	December 31, 2010
Loan funds	-	-	200.00	3,108.01	4,773.69
Deferred tax liability (net)	-	-	-	43.75	71.84
Current liabilities	18.41	22.02	11.78	78.81	174.99
Provisions	0.23	0.49	0.23	0.43	17.66
Total liabilities	18.64	22.51	212.01	3,231.00	5,038.18

Our total liabilities increased by 20.76% from ₹ 18.64 million as of March 31, 2007 to ₹ 22.51 million as of March 31, 2008, by 841.85% from ₹ 22.51 million as of March 31, 2008 to ₹ 212.01 million as on March 31, 2009, and by 1,423.98% from ₹ 212.01 million as of March 31, 2009 to ₹ 3,231.00 million as of March 31, 2010. Our total liabilities increased by 55.93% from ₹ 3,231.00 million as of March 31, 2010 to ₹ 5,038.18 million as of December 31, 2010. The most significant element of these increases was on account of higher outstanding borrowings necessitated by the growth in our loan financing business.

Our total interest-bearing liabilities increased by 1,454.01% from ₹ 200.00 million as of March 31, 2009 to ₹ 3,108.01 million as of March 31, 2010. Our total interest-bearing liabilities increased by 53.59% from ₹ 3,108.01 million as of March 31, 2010 to ₹ 4,773.69 million as on December 31, 2010.

CAPITAL RESOURCES

Equity

Equity from PTC India Ltd. was our initial source of funding. In December 2007, GS Strategic Investments Limited and Macquarie India Holdings Limited agreed to each take 20% of our equity, leaving PTC India Ltd. with 60%. Currently, PTC India Ltd. holds 77.6% stake while the remaining 22.4% is held equally between Goldman Sachs Strategic Investments Limited and Macquarie India Holdings Limited.

Loan Funds

Our loan funds comprised secured loans. Our loan funds have shown a substantial increase on account of higher outstanding loan borrowings necessitated by the growth in our loan financing business. As of March 31, 2010, our loan funds increased by ₹ 2,908.01 million or 1,454.01%, to ₹ 3,108.01 million from ₹ 200.00 million as of March 31, 2009. As of December 31, 2010, our loan funds were ₹ 4,773.69 million.

Our secured loans include funds generated from placement of bonds and commercial borrowings.

Placements of secured bonds. We have raised funds from the bond markets by issuing two series of non-convertible debentures totalling ₹ 2,000 million in fiscal 2010. Both series bonds are taxable bonds. As of December 31 30, 2010, we had aggregate outstanding bonds of ₹ 2,000.00 million.

Commercial borrowings. We make rupee-denominated borrowings through term loans from banks and financial institutions. As of December 31, 2010, the aggregate amount of outstanding rupee-denominated term loans was ₹ 2,623.69 million.

Off-Balance Sheet Arrangements and Financial Instruments

Contingent Liabilities

As of December 31, 2010, we did not have any contingent liabilities.

Undisbursed Approvals

We also issue in the ordinary course of our business loan sanctions which are not accounted for as a liability on our balance sheet. As of December 31, 2010, we had documented, unfunded outstanding loan sanctions of ₹ 5,247.57 million.

Foreign Exchange Transactions

Currently we do not have any foreign exchange exposure. However, in October 2010 we entered into an agreement with DEG, Germany, in connection with a term loan facility of US\$ 26.00 million (₹ 1165.06 million) in external commercial borrowings. We will be unable to drawdown this credit facility until we have in place hedging arrangements to the extent of the entire foreign exchange exposure as required by applicable RBI regulations.

Hedging Transactions

We do not currently undertake any hedging transactions. However, we are required under applicable RBI guidelines to adopt hedging policies to cover all foreign currency risk arising from foreign currency borrowings. We intend to undertake hedging transactions concurrent on incurring any foreign currency borrowings.

Capital Expenditure

Our business has not in the past required substantial capital expenditure. Our net fixed assets of ₹ 311.10 million as of December 31, 2010 consist mainly of a wind mill, buildings, furniture and fixtures, computers, and office equipment.

Quantitative and Qualitative Disclosure about Market Risk

The following discussion about our market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates. We also are exposed to regulatory risk in relation to our financing and principal investment activities. We do not use derivative financial instruments.

Interest Rate Risk

Management's objective is to minimize the cost of borrowing through an appropriate mix of fixed and floating rate debt. If prevailing interest rates were to increase 100 basis points over the rates at December 31, 2010, and the variable rate of interest on outstanding borrowings remained constant, our interest expense would increase by ₹ 15.39 million, and net profit after taxes would decrease by ₹ 10.37 million in the nine months ended December 31, 2010.

Liquidity risk

In accordance with our policy for investment of surplus funds, we aim to use our treasury to manage liquidity, provide a steady source of income with minimal risks and increase the overall return on assets. Our treasury policy lays down guidelines for the permissible types of investments we can make and their monitoring. Through our treasury operations, we maintain liquidity to repay borrowings as they mature and make new loans and investments as opportunities arise. Our investments are predominantly in units of debt mutual funds, and in bank deposits. Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying borrowings. This could be due to a decline in the expected collection, or our inability to raise adequate resources at an appropriate price. This risk is minimized through a mix of strategies, including the maintenance of back up bank credit lines and following a forward-looking borrowing programme based on projected loans and maturing obligations. We also monitor liquidity risk through our asset liability management function with the help of liquidity gap reports. This involves the categorization of all assets and liabilities in different maturity profiles, and evaluating them for any mismatches in any particular maturities, especially in the short-term. The asset liability management policy is based on RBI guidelines and ALCO guidelines and establishes the maximum

allowed mismatches in the various maturities. The objectives of our asset liability management policy are to develop a framework for market risk management, align market risk management with our overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities consistent with the interest rate view and risk-management objectives. The asset liability management policy involves liquidity risk management by preparing and analyzing the liquidity gap reports and providing preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps. The asset liability management policy also provides the guidelines for managing currency risk. We are also required to submit Asset Liability Management Return on monthly / half yearly basis to RBI. The following table sets out a summary of our asset liability maturity profile (statement of structural liquidity) prepared by us as of December 31, 2010:

(₹ in millions)

	Up to 1 month	1 - 12 months	1 - 3 years	3 - 5 years	More than 5 years	Total as of December 31, 2010
Liabilities/ Outflow						
Equity capital	-	-	-	-	4,345.83	4,345.83
Reserves and surplus	-	-	-	-	2,313.32	2,313.32
Borrowings						
Secured NCDs	-	-	1,666.67	333.33	-	2,000.00
Bank borrowings	150.00	55.44	310.06	497.14	1761.05	2,773.69
Other borrowings	-	-	-	-	-	-
Current liabilities and provisions	3.82	35.43	-	-	-	39.25
Interest payable on borrowings	19.10	483.76	805.83	477.10	797.31	2,583.10
Total	172.92	574.63	2782.56	1,307.57	9,217.51	14,055.19
Assets/ Inflow						
Fixed assets	-	-	-	-	311.10	311.10
Investments	-	-	-	-	4,191.51	4,191.51
Cash and bank balance	212.79	-	-	-	-	212.79
Inflow from loans and advances	9.19	1,391.28	1,139.83	768.39	2,687.46	5,996.15
Other assets	276.90	347.38	272.38	-	-	896.66
Interest Receivable on Loans and other assets	63.12	614.22	1,029.35	789.63	1,546.51	4,042.83
Total	562.00	2,352.88	2,441.56	1,558.03	8,736.58	15,651.05
Mismatch (Asset-Liabilities)	389.09	1,778.25	(341.00)	250.46	(480.93)	1,595.86
Cumulative gaps	389.09	2,167.34	1,826.34	2,076.79	1,595.86	

Regulatory Risk

Our activities are subject to extensive regulation and licensing requirements by the RBI, India's central bank. The passage of additional local, state, or central legislation or any events of non-compliance could materially, adversely impact our results of operations and financial condition.

Analysis of Certain Changes

Significant economic changes

Except as described in the section titled “*Management's Discussion and Analysis of Financial Condition and Results of Operations*”, to the best of our knowledge, there are no significant economic changes that will have a material adverse impact on our operations and finances.

Known trends or uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above in the section titled “***Management's Discussion and Analysis of Financial Condition and Result of Operations-Factors Affecting Results of Operations***” on page 219 and the uncertainties described in the section titled “***Risk Factors***” on page 14. To our knowledge, except as we have described in this Draft Red Herring Prospectus, there are no known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

Seasonality of business

Our business is not affected by any seasonal changes.

Increase in Our revenue

In addition to increase in the volume of our lending and investing activities, the introduction of new financial products and services in the ordinary course of business, including loan syndication, would also contribute to increase in our revenue.

Significant Regulatory Changes

Except as described in the section titled “***Regulations and Policies***” on page 118, there have been no significant regulatory changes that could affect our income from continuing operations.

Future relationship between expenditure and revenues

Except as described in the sections titled “***Risk Factors***”, “***Our Business***”, “***Management's Discussion and Analysis of Financial Condition and Results of Operations***” and “***Selected Statistical Information***” on pages 14, 102, 218 and 238, respectively, to the best of our knowledge, there is no future relationship between expenditure and revenues that will have a material adverse impact on our operations and finances.

New products or business segment

We design new products from time to time based on needs of our clients. Apart from the new products under development as mentioned in section titled “***Our Business***” on page 102, we have no current plans to develop new products or establish any new business segments.

Dependence on few customers

As described in the section titled “***Selected Statistical Information-Concentration of Outstanding Loans***” on page 240, our infrastructure loans are concentrated in the power sector and to certain borrowers.

Competitive conditions

We expect competition to increase in the infrastructure lending sector due to, among other things, the increase of new participants, as described above in the section titled “***Management's Discussion and Analysis of Financial Condition and Result of Operations-Factors Affecting Results of Operations***” on page 219 and in the section titled “***Risk Factors***” on page 14.

Unusual or infrequent events or transactions

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

Significant Developments after December 31, 2010 that may Affect Our Future Financial Operations

Subsequent to December 31, 2010, our Board has, in the ordinary course of business, approved additional equity commitments for principle investments as well as additional debt commitments for our debt finance business. Except as stated in this Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last restated summary statements as disclosed in this Draft Red Herring Prospectus which materially and

adversely affects or is likely to affect, our trading or profitability, or the value of our assets or our ability to pay our liabilities within the next twelve months of the date of the last restated financial statements as disclosed in this Draft Red Herring Prospectus.

SELECTED STATISTICAL INFORMATION

The following information should be read together with our financial statements included in this Draft Red Herring Prospectus as well as the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 218. The amounts presented in this section are based on our restated unconsolidated financial statements prepared in accordance with Indian GAAP and internally generated statistical data.

NET INTEREST MARGIN ANALYSIS

The following table sets forth, for the periods indicated, the average balances for interest earning assets and interest bearing liabilities together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost for each period.

The average balance for interest earning assets and interest-bearing liabilities is calculated as the weighted average of interest earning asset and interest bearing liabilities for the period it remains outstanding on a daily average basis. Our calculation of the average balance may not be comparable with other Indian banks and financial institutions for the following reasons: (1) we have not considered fee based income associated with the loan financing business or fee based charges payable to the banks because ours is a new business, and including these fee based income and charges may reflect an unrealistically high net interest margins, and (2) we have not considered interest income earned through fixed deposits contrary to the practice followed by banks and financial institutions. We believe, however, that due to the nature of our portfolio, which is concentrated on relatively longer-term assets and liabilities, the volatility of our assets and liabilities is lower than that of most banks and financial institutions.

The following table sets forth information relating to the performance of our loan financing business. The average yield on interest-earning assets is the ratio of interest income to average interest-earning assets. The average cost of interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

(₹ in million, except percentages)

	Fiscal					
	2007			2008		
	Average balance	Interest income/ expense	Average yield/ cost	Average balance	Interest Income/ expense	Average yield/ cost
Total interest-earning assets (1)	-	-	-	-	-	-
Total interest-bearing liabilities	-	-	-	-	-	-
Net interest income	-	-	-	-	-	-
Net interest margin(2)	-	-	-	-	-	-

(₹ in million, except percentages)

	Fiscal					
	2009			2010		
	Average balance	Interest income/ expense	Average yield/ cost	Average balance	Interest income/ expense	Average yield/ cost
Total interest-earning assets (1)	25.75	4.56	17.71%	1588.22	302.08	19.02%
Total interest-bearing liabilities	1.10	0.13	11.86%	1060.39	112.41	11.76%
Net interest income	24.65	4.43	5.84%	527.82	189.67	7.26%
Net interest margin(2)	-	-	17.20%	-	-	11.94%

(₹ in million, except percentages)

	For the nine months period ended December 31,		
	2010		
	Average balance	Interest income/ expense	Average yield/ cost
Total interest-earning assets(1)	3474.23	546.99	15.74%
Total interest-bearing liabilities	2811.48	285.81	10.17%
Net interest income	662.75	261.18	5.58%
Net interest margin(2)	-	-	7.52%

* [Annualized]

(1) Total interest earning assets consist of loans.

(2) The net interest margin is the ratio of net interest income to average interest-earning assets.

The following table sets forth, for the periods indicated, the allocation of the changes in our interest income and interest expense between changes in average volume and changes in average rates. The changes in net interest income and interest expense and between periods have been reflected as attributed either to volume or rate changes. For the purposes of this table, changes, which are due to both volume and rate, have been allocated solely to changes in rate.

For further information regarding the impact of changes in interest rates, see the section titled “Management's Discussion and Analysis of Financial Condition and Result of Operations” on page 218.

(₹ in million, except percentages)

	Fiscal 2008 vs. Fiscal 2007			Fiscal 2009 vs. Fiscal 2008		
	Net change in interest income or expense	Change due to change in average volume (1)	Change due to change in average rate(2)	Net change in interest income or expense	Change due to change in average volume (1)	Change due to change in average rate(2)
Interest income	-	-	-	4.56	4.56	-
Interest expense(3)	-	-	-	0.13	0.13	-
Net interest income	-	-	-	4.43	4.43	-

(₹ in million, except percentages)

	Fiscal 2010 vs. Fiscal 2009		
	Net change interest income or expense	Change due to change in average volume (1)	Change due to change in average rate(2)
Interest income	297.52	276.66	20.86
Interest expense (3)	112.28	125.66	(13.38)
Net interest income	185.24	151.00	34.24

(1) The change due to a change in average volume was calculated from the change in average balance over the two years multiplied by the average rate in the earlier year, ignoring the variation during the year.

(2) The change due to a change in average rate is the total change less the change due to volume.

(3) Including other charges and resource mobilization expenses.

FINANCIAL RATIOS

The following table sets forth, for the periods indicated, the yields, spreads and net interest margins on our interest-earning assets.

(₹ in million, except percentages)

	Fiscal				For the nine months period ended December, 31
	2007	2008	2009	2010	2010
Interest income	-	-	4.56	302.08	546.99
Average interest-earning assets	-	-	25.75	1,588.22	3,474.23
Interest expense	-	-	0.13	112.41	285.81
Average interest-bearing liabilities	-	-	1.10	1,060.39	2,811.48
Net interest income	-	-	4.43	189.67	261.18
Average total assets	20.63	584.80	3,716.89	7,947.92	10,636.65
Average interest-earning assets as a percentage of average total assets	-	-	0.69%	19.98%	32.66%
Average interest-bearing liabilities as a percentage of average total assets	-	-	0.03%	13.34%	26.43%
Yield(1)	-	-	17.71%	19.02%	15.74%
Cost of funds(2)	-	-	11.86%	10.60%	10.17%
Spread(3)	-	-	5.84%	8.42%	5.58%
Net interest margin(4)	-	-	17.20%	11.94%	7.52%

- (1) Yield represents the ratio of interest income to average interest earning assets.
- (2) Cost of funds represents the ratio of interest expense and other charges (including resource mobilization expenses) to average interest bearing liabilities.
- (3) Spread is the difference between yield and cost of funds.
- (4) Net interest margin is the ratio of net interest income to average interest-earning assets.

The difference between net interest margin and spread arises due to the difference in the amount of average interest-earning assets and average interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, net interest margin is greater than the spread. If average interest-bearing liabilities exceed average interest-earning assets, net interest margin is less than the spread.

RETURNS ON EQUITY AND ASSETS

The following table sets forth, for the periods indicated selected financial ratios.

(₹ in million, except percentages)

	Fiscal				For the nine months period ended December 31,
	2007	2008	2009	2010	2010
Profit after tax, as restated	(17.38)	16.41	85.30	254.52	312.18
Average total assets	20.63	584.80	3,716.89	7,947.92	10,636.65
Average net worth (1)	11.31	564.22	3,599.64	6,226.41	6,502.05
Profit after tax as a percentage of average total assets	(84.25%)	2.81%	2.29%	3.20%	2.93%
Profit after tax as a percentage of average net worth	(153.72%)	2.91%	2.37%	4.09%	4.80%
Average net worth as a percentage of average total assets	54.81%	96.48%	96.85%	78.34%	61.13%

- (1) Net worth is defined as Shareholders' fund less Reserve for Bad and Doubtful Debts under section 36(1)(viii)(c) of Income Tax Act, 1961.

GROWTH STATISTICS

The following table sets forth, for the periods indicated, selected growth statistics.

(₹ in million, except percentages)

	Fiscal			
	2007	2008	2009	2010
Loan sanctions	-	-	2,842.65	15,428.70
Loan disbursements	-	-	200.00	2,462.01
Loan operating Income	-	-	9.47	182.51
Profit after tax as restated	(17.38)	16.41	85.30	254.52
Loan assets	-	-	200.00	2,662.01
Total assets	41.26	1,128.33	6,305.46	9,590.37

CONCENTRATION OF OUTSTANDING LOANS

The following table sets forth the ten individual borrowers to whom we had the greatest amount of loans outstanding as on December 31, 2010.

(₹ in million, except percentages)

Borrower	Outstanding loans	Percent of total outstanding loans
Konaseema Gas Power Limited	1,000.00	16.80%
Thermal Powertech Corp. India Ltd	1,000.00	16.80%
Athena Chhattisgarh Power Pvt. Ltd	900.00	15.12%
Surana Power Limited	800.00	13.44%
ICOMM Tele limited	528.40	8.88%

Bajaj Energy Private limited	437.90	7.36%
Jhajjar Power Limited	318.72	5.36%
OCL India Limited	300.00	5.04%
Amreli Power Projects (P) Ltd.	160.60	2.70%
A A Energy Ltd	159.05	2.67%
TOTAL	5,604.67	94.18%

(₹ in million, except percentages)		
Borrower Group	Outstanding loans	Percent of total outstanding loans
RKM Powergen Private Limited	202.04	3.39%
TOTAL		

In addition to our exposure to borrowers resulting from our outstanding loans, we may also have exposures to borrowers, including the ten individual borrowers and borrower groups referred to above, in the form of unfunded loan sanctions.

Classification of Assets

We are a non deposit taking systemically important NBFC and we are regulated by various provisions of Reserve bank of India (RBI). Classification of Assets are guided by the “Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007” issued by the RBI, which is produced here under,

Various assets class are defined here under:

Standard Assets

A standard asset is the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.

As a matter of prudence, the Company has given effect to an RBI Circular No. DNBS.PD.CC.No.207/03.02.002 /2010-11 dated 17th January, 2011 and accordingly created provision for contingencies against standard assets in its financial statement for the nine months period ended December 31, 2010.

Non-performing Assets

A non-performing asset, or NPA, is defined as an asset that is a substandard asset, a doubtful asset or a loss asset.

- an asset, in respect of which, interest has remained overdue for a period of six months or more;
- a term loan inclusive of unpaid interest, when the installment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;
- a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;
- a bill which remains overdue for a period of six months or more;
- the interest in respect of a debt or the income on receivables under the head ‘other current assets’ in the nature of short term loans/advances, which facility remained overdue for a period of six months or more;
- any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;
- the lease rental and hire purchase installment, which has become overdue for a period of twelve months or more;

- in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset.

Substandard Assets

A substandard asset is defined as:

- an asset which has been classified as non-performing asset for a period not exceeding 18 months.
- an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

Provided that the classification of infrastructure loan as a sub-standard asset shall be done separately in accordance with the provisions of paragraph 20 of “**Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007**” issued by the RBI.

Doubtful Assets

A doubtful asset is defined as an asset which remains a substandard asset for a period not exceeding 18 months.

Loss Assets

A loss asset is defined as:

- an asset which has been identified as loss asset by the non-banking financial company or its internal or external auditor or by the Reserve Bank of India during the inspection of the non-banking financial company, to the extent it is not written off by the non-banking financial company; and
- an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

Loans and advances and any other form of credit are classified as standard assets, sub-standard assets, doubtful assets and loss assets.

The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the up gradation.

Provisioning and Write-offs

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted is as follows.

Loss Assets

For loss assets, the entire asset is written off; in the event the asset is permitted to remain on the books for any reason, provision is made for 100% of the outstanding asset.

Doubtful Assets

- 100% provision to the extent to which the advance is not covered by the realizable value of the security to which the Company has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis;
- In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :

Up to one year	20%
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One year up to 3 years	30%
More than 3 years	50%

Sub-standard assets

A general provision of 10% shall be made.

NPA Analysis

As on December 31, 2010, we did not have any Non Performing Assets.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the Company's aggregate borrowing outstanding as on December 31, 2010:

(in ₹ million)		
S. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	4773.69
2.	Unsecured Borrowings	Nil
Total		4773.69

A. Details of secured borrowings

- Sanction letter dated July 7, 2009¹ as amended by sanction letter dated July 29, 2009 and December 22, 2009, and term loan agreement dated September 25, 2009¹⁴ with Union Bank of India ("UBI") for availing a term loan facility of ₹1,250 million.*

Sanctioned amount	Purpose	Outstanding amount as on December 31, 2010	Interest/ Repayment	Security
Term Loan of ₹ 1,250 million*	For on-lending by the Company to Jhajjar Power Limited ("JPL") for establishing power related projects ("Projects"), by way of debt participation.	₹ 568.72 million	<i>Rate of Interest:</i> Base Rate + 2.25%^; <i>Repayment:</i> Repayable in 12 years in equal quarterly instalments after moratorium of 3 years.	Secured by: 1. Agreement to assign dated December 29, 2009 executed by the Company in favour of UBI. As per the agreement, the securities received by the Company from JPL against the loan granted by the Company to JPL, shall be assigned in favour of UBI in the event of default by the Company of its obligations under the loan agreement with UBI. The Company has also executed a power of attorney dated December 29, 2009 in favour of UBI to enable UBI to give effect to the agreement to assign in the event of default by the Company; 2. First pari passu charge on current assets of the Company by way of book debt or equity and other receivables (other than the assets created by the line of credit of other financial institutions/ banks), by way of hypothecation agreement dated September 25, 2009 executed by the Company in favour of UBI. 3. Escrow account from where all the transaction/ receivables in respect of the Projects financed by the Company out of the term loan granted by UBI shall be routed.

¹The interest rate has been changed pursuant to letter dated September 27, 2010 from UBI

^{*}By an undertaking dated September 25, 2009, executed by the Company in favour of UBI, the Company has undertaken, inter alia, (a) to deal only with UBI and not make any financial arrangement with any other bank without the prior written consent of UBI; (b) not to make any investments out of the funds given by UBI in any subsidiary/associate concern by way of loan and advances or investment in shares without prior written permission of UBI; and (c) not to raise any objection in case, UBI recovers in part or in full or withdraws/stops financial assistance at any stage without any notice or giving any reason or for such purpose whatsoever.

- Sanction letter dated February 18, 2009^{1,2,4,5,9,10} as amended by sanction letter dated March 25, 2009^{2,5,9,10} and April 30, 2009 and term loan agreement dated May 4, 2009^{2,7} with Indian Bank ("IB") for availing a term loan facility of ₹1,000 million.*

Sanctioned amount	Purpose	Outstanding amount as on	Interest/ Repayment	Security
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December 31, 2010				
Term Loan of ₹ 1,000 million	For on-lending by the Company to A.A. Energy Limited ("AAEL") and RKM Powergen Private Limited for their phase I project ("RKM I") for establishing power related projects ("Projects"), by way of debt participation.	₹ 254.72 million	<i>Rate of Interest:</i> 1.50% per annum below the BPLR; <i>Repayment:</i> Repayable in 12 years by 48 equal quarterly instalments after moratorium of 3 year.	Secured by: 1. Agreement to assign dated May 4, 2009 executed by the Company in favour of IB. As per the agreement, the securities received by the Company from AAEL against the loan granted by the Company to AAEL, shall be assigned in favour of IB in the event of default by the Company of its obligations under the loan agreement with IB. The Company has also executed a power of attorney dated May 4, 2009 in favour of IB to enable IB to give effect to the agreement to assign in the event of default by the Company; 2. Agreement to assign dated September 10, 2010 executed by the Company in favour of IB. As per the agreement, the securities received by the Company from RKM I against the loan granted by the Company to RKM I, shall be assigned in favour of IB in the event of default by the Company of its obligations under the loan agreement with IB. The Company has also executed a power of attorney dated September 10, 2010 in favour of IB to enable IB to give effect to the agreement to assign in the event of default by the Company. 3. First pari passu charge shared with other banks on the current assets of the Company by way of debt or equity (other than the assets created by line of credit of other financial institutions/banks) present and future of the Company, by way of deed of amendment dated September 10, 2010, to hypothecation agreement dated May 4, 2009, executed by the Company in favour of IB. 4. Creation of exclusive charge in favour of IB on the assets of the Company created through the loan availed by the Company from IB. 5. Escrow account from where all the transaction/ receivables in respect of the Projects financed by the Company out of the term loan granted by IB shall be routed.

3. *Sanction letter dated February 11, 2009^{6,7,8,9} as amended by sanction letter dated June 16, 2009 and September 12, 2009 and term loan agreement dated December 16, 2009^{2,7} with Oriental Bank of Commerce ("OBC") for availing a term loan facility of ₹1,000 million.*

Sanctioned amount	Purpose	Outstanding amount as on December 31, 2010	Interest/ Repayment	Security
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Sanctioned amount	Purpose	Outstanding amount as on December 31, 2010	Interest/ Repayment	Security
Term Loan of ₹ 1,000 million (“ Term Loan ”)	For on-lending by the Company to Amreli Power Projects Private Limited (“ APPPL ”) and RKM Powergen Private Limited (phase II project) (“ RKM II ”) for establishing power related projects (“ Projects ”), by way of debt participation.	₹ 254.45 million	<i>Rate of Interest:</i> Base rate + 2.0%^; <i>Repayment:</i> Repayable in 8 years by 32 equal quarterly instalments after moratorium of 1 year and 1 year for availment of term loan.	Secured by: 1. Agreement to assign dated January 14, 2010 executed by the Company in favour of OBC. As per the agreement, the securities received by the Company from APPPL against the loan granted by the Company to APPPL, shall be assigned in favour of OBC in the event of default by the Company of its obligations under the loan agreement with OBC. The Company has also executed a power of attorney dated January 14, 2010 in favour of OBC to enable OBC to give effect to the agreement to assign in the event of default by the Company; 2. Agreement to assign dated September 28, 2010 executed by the Company in favour of OBC. As per the agreement, the securities received by the Company from RKM II against the loan granted by the Company to RKM II, shall be assigned in favour of OBC in the event of default by the Company of its obligations under the loan agreement with OBC. The Company has also executed a power of attorney dated September 28, 2010 in favour of OBC to enable OBC to give effect to the agreement to assign in the event of default by the Company; 3. First pari passu charge with other Lenders on the current assets including book debts created out of the Term Loan (save and except the monies/assets, created by/related to the line of credit obtained/availed from other banks/financial institutions/lenders) present and future of the Company, by way of hypothecation agreement dated December 16, 2009 executed by the Company in favour of OBC. 4. Escrow account, opened with OBC for routing all the transactions in respect of the Projects financed by the Company out of the term loan granted by OBC.

[^]The interest rate has been changed pursuant to letter dated October 4, 2010 from OBC

4. Sanction letter dated September 26, 2008² as amended by sanction letter dated February 21, 2009 and March 17, 2009 and term loan agreement dated March 23, 2009^{2, 7} with Punjab National Bank (“PNB”) for availing a term loan facility of ₹1,000 million.

Sanctioned amount	Purpose	Outstanding amount as on December 31, 2010	Interest/ Repayment	Security
Term Loan of ₹ 1,000 million	For on-lending by the Company to OCL India Limited	₹ 300 million	<i>Rate of Interest:</i> Base rate + 2.5%^;	Secured by: 1. Agreement to assign dated March 30,

("OCL") for establishing power related projects ("Projects"), by way of debt participation.

Repayment:
Repayable in 8 years by 32 equal quarterly instalments after moratorium of 1 year.

2009 executed by the Company in favour of PNB. As per the agreement, the securities received by the Company from OCL against the loan granted by the Company to OCL, shall be assigned in favour of PNB in the event of default by the Company of its obligations under the loan agreement with PNB. The Company has also executed a power of attorney dated March 30, 2009 in favour of PNB to enable PNB to give effect to the agreement to assign in the event of default by the Company;

2. First pari passu charge shared with other banks on current assets by way of debt or equity (other than the assets created by line of credit of other banks/Lenders) present and future, of the Company and exclusive charge on the assets created through the loan granted by PNB, by way of deed of amendment dated February 8, 2010 to hypothecation agreement dated March 23, 2009 executed by the Company in favour of PNB.

3. Escrow account opened with PNB for routing all the transaction/ receivables in respect of the Projects financed by the Company out of the term loan granted by PNB.

[^]The interest rate has been changed pursuant to letter dated August 18, 2010 by PNB

5. Sanction letter dated August 18, 2009^{1, 12, 13} as amended by sanction letter dated October 9, 2009 and term loan agreement dated November 16, 2009^{7, 10, 11} with Corporation Bank ("CB") for availing a term loan facility of ₹1,000 million.

Sanctioned amount	Purpose	Outstanding amount as on December 31, 2010	Interest/ Repayment	Security
Term Loan of ₹ 1,000 million <u>Sub-limit:</u> Overdraft credit facility of ₹ 500 million	For on-lending by the Company to Thermal Powertech Corporation (India) Limited for their phase I project ("TPCIL") and power related projects ("Projects") by way of debt participation.	₹ 1,000 million	<i>Rate of Interest:</i> Base rate + 1.75 % [^] ; <i>Repayment:</i> Repayable in 15 years by 48 quarterly instalments after moratorium of 3 year.	Secured by: 1. Agreement to assign dated September 29, 2010 executed by the Company in favour of CB. As per the agreement, the securities received by the Company from TPCIL against the loan granted by the Company to TPCIL, shall be assigned in favour of CB in the event of default by the Company of its obligations under the loan agreement with CB. The Company has also executed a power of attorney dated September 29, 2010 in favour of CB to enable CB to give effect to the agreement to assign in the event of default by the Company; 2. Pari passu charge on the current assets of the Company with other Lenders, including book debt with other banks/ Lenders (other than the assets created by the line of credit of other banks/ Lenders), by way of hypothecation agreement dated November 16, 2009 executed by the Company in favour of

CB.

3. The overdraft credit facility having a sublimit of ₹ 500 million has been secured by way of a demand promissory note dated November 16, 2009, payable on demand by the Company to CB for a sum of ₹ 500 million alongwith interest being 1.50% below the Corporation Bank Bench Mark Advance Rate (“COBAR”)

[^]The interest rate has been changed pursuant to letter dated November 22, 2010 by CB

6. Sanction letter dated July 28, 2010 as amended by sanction letter dated August 30, 2010, and hypothecation cum term loan agreement dated September 23, 2010^{2, 15,16,17,18} with Punjab National Bank (“PNB”) for availing a term loan facility of ₹248.3 million.

Sanctioned amount	Purpose	Outstanding amount as on December 31, 2010	Interest/ Repayment	Security
Term Loan of ₹ 248.3 million	For setting up a 6MW wind power project at Kundur, Karnataka (“Project”)	₹ 245.80 million	<i>Rate of Interest:</i> Base Rate +2.5%¹ <i>Repayment:</i> Loan repayable in 36 quarterly instalments of ₹ 6.898 million each alongwith interest, commencing from February 2011.	Secured by: 1 First charge on all the present and future assets of the Project including immoveable assets and moveable assets forming part of block assets, equipments, vehicles, other moveable assets, book debts etc, pertaining/solely related to the Project.

[#]The interest rate has been changed pursuant to letter dated August 18, 2010 by PNB

Significant Terms and Restrictive Covenants

Under the terms of the above mentioned debt facilities, our Company is subject to certain special conditions and restrictive covenants as listed below:

- (1) Rate of interest and other terms applicable to the credit facilities are subject to review from time to time and are liable to be modified at the sole discretion of the lender, and, the lender reserves the right to give notice at any time and thereafter to charge such other rate of interest as it may decide.
- (2) Lender will be at liberty to stop making further advance or cancel the credit facility at any time without assigning any reason even though the credit facility has not been fully availed of.
- (3) In the event of slippage in asset classification of the Company's accounts, the lender will have the discretion to have a nominee director on the board of the Company.
- (4) All fund based/non-fund based/fee based transactions shall be routed through the account with the lender only unless specifically exempted by the lender. In case of consortium/multiple banking accounts, pro-rata share shall be routed through the lender. No banking account shall be maintained with any other bank other than the member banks of the consortium without prior written permission.
- (5) The lender reserves the right to vary the spread at any point of time, by giving due notice to the Company.
- (6) Lenders prior written consent required for the Company to extend finance to associate concerns during the currency of the term loan.
- (7) Lenders prior approval is required to create any charge, lien or encumbrance over its assets or any part thereof in favour of any financial institution, bank, company, firm or persons
- (8) Lenders prior approval is required to extend financial guarantee.
- (9) Lenders prior approval is required to declare dividend except out of profits relating to that year
- (10) Lenders prior approval is required to sell, assign, mortgage or otherwise, dispose off any of the fixed assets charged to the lender
- (11) The Lender is at liberty to demand and recover the entire advance with interest when the Lender feels that it is in the interest of the Lender to do so and also enforce the security or recover to moneys in any other manner it thinks fit.
- (12) The Borrower shall obtain no objection certificate from the Lender for availing of credit facilities from other banks/ financial institutions, for further expansion of business, taking up new business activity or setting up/ investing in a subsidiary whether in the same business line or unrelated business.
- (13) The Borrower shall not transfer/ invest its funds in whatsoever manner in any other concern without obtaining the prior written consent of the Lender.
- (14) Lender will be at liberty to refuse to grant the credit facility or any part thereof which may remain to be advanced in the event of:
 - a. any of the representations, assurances, statements and particulars contained in the proposal being found to be incorrect, in the opinion of the Lender.
 - b. the Borrower failing to utilize the credit facility for the purpose for which or the manner in which or within the time stipulated.

- (15) Lenders prior written permission is required to effect any adverse changes in the Borrower's capital structure, formulate any scheme of amalgamation or merger or reconstruction and/or repay moneys brought in by the promoters, directors, shareholder, their relatives and friends in the business of the Borrower by way of deposits/loans/share application money etc.
- (16) Lender reserves the right to modify any of the terms of the sanction and/or stipulate additional terms under intimation to the Borrower.
- (17) On the occurrence of certain event of default, the Lender may at its discretion recall the entire outstanding together with interest and other charges
- (18) The Borrower has given the Lender a general lien and right to set-off and combine accounts, without notice and charge, on any movable property held by the Lender on behalf of the Borrower in India or elsewhere.

7. Non Convertible Debentures

As on December 31, 2010, our Company has made two separate issues, by way of private placement, of 1,000 secured redeemable taxable non-convertible debentures each of face value of ` 1 million each issued at par value and aggregating to ` 1,000 million per issue. IDBI Trusteeship Services Limited ("**Trustee**") was appointed as the trustee for both the issues. The object of both the issues was to augment the resources of the Company for taking care of its general business and corporate requirements. The first issue was made to 43 allottees ("**Debenture Holders**") in 2009 ("**Series I Debentures**") and the second issue was made to DSP Merrill Lynch Capital Limited in 2010 ("**Series II Debentures**"). Both the Series I Debentures and Series II Debentures are listed on the wholesale debt market of the NSE.

(a) The details of Series I Debentures are as follows:

Date of allotment	Amount outstanding as on December 31, 2010	Coupon rate of interest	Redemption / tenure	Security
October 1, 2009	₹ 1000 million	Rate of interest: 10.60% per annum, payable annually. Computation of interest: The interest payable on the Series I Debentures will be calculated on the basis of the actual number of days elapsed in a year of 365/366 days as the case may be.	Tenure/ maturity: 5 years commencing from the date of allotment. Redemption: staggered redemption at par in 3 equal annual installments beginning at the end of the 3rd year from the date of allotment.	The Series I Debentures have been secured by the following: A. Memorandum of hypothecation dated December 29, 2009 executed by the Company in favour of the Trustee amended by a first addendum dated July 27, 2010, wherein the following securities have been created for securing an amount of ₹ 1250 million: - First charge on the receivables from the following assets created by the proceeds of the Series I Debentures: (i) a term loan of ₹ 800 million granted by the Company to Surana Power Limited; (ii) subscription by the Company to the debentures of Varam Bio-Energy Private Limited for an amount of ₹ 32.5 million and (iii) assets created or to be created through investments made from the PFS Series I Debenture Issue Beneficial Account opened in Punjab National Bank bearing account no. 1988002100188525, subject to maximum coverage of 125% of outstanding debentures i.e. as on date of fixed deposit receipt of ₹ 467.50 million. - Pari-passu charge on the receivables of the loan assets created by the Company out of its own sources which are not charged to any other lenders of the Company. - Letter of comfort dated September 7,

Date of allotment	Amount outstanding as on December 31, 2010	Coupon rate of interest	Redemption / tenure	Security
				2009 issued by PTC India Limited. B. Mortgage deed** dated December 29, 2009 executed by the Company in favour of the Trustee for creating a first charge in favour of the Trustee over the Company's property situated at Janta Flat No. 1584, First Floor, Pocket B, Sector 16B, Dwarka, Phase II, New Delhi 110 075.

(b) The details of Series II Debentures are as follows:

Date of allotment	Amount outstanding as of December 31, 2010	Coupon rate of interest	Redemption / tenure	Security
February 3, 2010	₹ 1000.00 million	<i>Rate of interest:</i> 9.35% per annum, payable annually. <i>Computation of Interest:</i> The interest payable on the Series II Debentures will be calculated on the basis of the actual number of days elapsed in a year of 365/366 days as the case may be.	<i>Tenure/Maturity:</i> 2 years commencing from the date of allotment. <i>Redemption:</i> bullet redemption at par in 1 installment at the end of the 2nd year from the date of allotment.	The Series II Debentures have been secured by the following: A. Memorandum of hypothecation dated April 29, 2010 executed by the Company in favour of the Trustee amended by the first addendum dated July 27, 2010*, wherein the following securities have been created for securing an amount of ₹ 1000 million: - First charge on the receivables from the following assets created by the proceeds of the Series II Debentures to provide 100% security coverage: (i) a loan of ₹ 1000 million granted by the Company to Konaseema Gas Power Limited[#]; (ii) assets created or to be created through investments made from the PFS Series 2 Debenture Issue Beneficial Account opened in Punjab National Bank bearing account no. 1988002100188941, subject to a maximum security coverage of 100%. - Letter of comfort dated January 27, 2010 issued by PTC India Limited. B. Mortgage deed** dated April 29, 2010 executed by the Company in favour of the Trustee for creating a first charge in favour of the Trustee over the Company's property situated at Janta Flat No. 1584, First Floor, Pocket B, Sector 16B, Dwarka, Phase II, New Delhi 110 075.

* Notwithstanding the security created, the Company shall be at liberty, at all times, to (i) withdraw/ change the usage or deployment of the proceeds of the Series I Debentures and Series II Debentures by re-investing the same in such other projects/ assets/ or howsoever on the ordinary course of its business; and/ or (ii) replace the receivables from one project/ assets with another. Provided that the total security coverage for the Series I Debentures and Series II Debentures shall not be less than 125% and 100% of outstanding amount of Series I Debentures or Series II Debentures respectively, at any point of time, during the currency of the Series I Debentures and Series II Debentures. Further, the Company shall obtain prior approval of the Trustee in case any change/ replacement in security.

by letter dated September 29, 2010 from the Trustee to the Company approval was granted to change the security from the receivables of the loan of ₹ 1000 million granted to Thermal Powertech Corporation India Limited to Konaseema Gas Power Limited.

**** The terms and conditions of the mortgage deeds for both Series I Debentures and Series II Debentures are similar. Some of the key terms of such mortgage deeds are mentioned below:**

- (i) The debenture holders will not be entitled to any of the rights and privileges available to the shareholders including the right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Company;
- (ii) The debenture holders will not have a legal title to any part of the receivables provided however, that each of the debenture holders will have a beneficial interest in the receivables to the extent of the respective outstanding under the Debentures.
- (iii) Our Company is required to maintain security cover of 1.25 times on the outstanding issue size for Series I Debentures and of 1.00 time on the outstanding issue size for Series II Debentures;
- (iv) Company shall have the right to purchase the debentures at any time during the currency at the rates prevailing at that time. Further, the Company may at its discretion cancel or re-issue the repurchased debentures in accordance with the relevant provision of law;
- (v) In the event of default by the Company, the debenture holders shall have a right to appoint a nominee director on the board of the Company. Such nominee director shall not be liable to retire by rotation nor shall require any qualification shares;
- (vi) The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the installment of principal and interest payable on the debentures or has made a provision satisfactory to the Trustee for such payment;
- (vii) Our Company will not, without the prior written consent of the Trustee:
 - a. pull down or remove any building or structure (except any temporary structure) for improvement or replacement or otherwise in the course of the business of the company (and the company will procure to restore such building or structure or replace the same or procure the replacement of the same with others of a similar nature and of at least equal value);
 - b. sell or dispose of the mortgaged properties or create any lien or charge or other encumbrance on such properties. However in case of Series II debentures, this restriction is limited only to not selling the mortgaged properties without the prior written consent of the Trustee, unless sold upon substituting other property whether of same or different tenure or kind but of a value equal to or greater than the value of the property proposed to be sold, with the prior consent of the Trustee.

8. Loans against Fixed Deposit Receipt

As of December 31, 2010, we have availed a loan against our fixed deposit receipt ("FDR") held with Punjab National Bank ("PNB"), the details of which are mentioned below:

Name of Bank	Amount of loan advanced against FDR	Amount outstanding as on December 31, 2010	Rate of Interest	Security	Repayment Schedule
Punjab National Bank	₹ 150 million	₹ 150 million	2% per annum over and above the rate of interest that the Company is entitled to on the FDR held with PNB.	FDR held with PNB of ₹ 162.50 million	Interest payable monthly and principal to be repaid either from the proceeds of the FDR held with PNB that shall be payable to the Company on maturity of the FDR held with PNB or on the availability of funds with the Company.

B. Details of Foreign Currency Borrowings

1. **Loan agreement dated October 12, 2010¹⁻⁴ read with first amendment to the loan agreement dated February 4, 2011 with Deutsche Investitions –und Entwicklungsgesellschaft mbH ("DEG") for availing external commercial borrowing in the nature of a term loan facility amounting to USD 26 million (₹ 1165.06 million).**

Sanctioned amount	Purpose	Outstanding amount as on December 31, 2010	Interest/ Repayment	Security
Term Loan of USD 26 million (₹ 1165.06 million) but not more than the USD equivalent of EUR 20 million	For on-lending by the Company for specific renewable energy projects	Nil	Rate of Interest: 3.25% per annum + 3 months USD LIBOR. In the event the implementation of Environmental and Social Management System (ESMS) is satisfactory to DEG, the Company shall pay	Secured by : 1. Deed of hypothecation dated February 4, 2011 executed between the Company and DEG whereby a first ranking exclusive charge has been created in favour of DEG on all present and future receivables payable by the sub-borrowers

interest @ 3.10% per annum+ 3 months USD LIBOR; to the Company with regard to eligible projects;

Repayment: Repayable in 36 equal quarterly instalments commencing from December 15, 2013

2. Trust and Retention Accounts Agreement dated February 4, 2011 executed between the Company, DEG and Oriental Bank of Commerce whereby a charge has been created over the trust and retention accounts established and operated by the Company. Further, the Company shall maintain a debt service reserve required balance (as defined under the loan agreement) in debt service reserve account at all times; and

3. Sponsor support undertaking[#] executed between DEG, PTC and the Company whereby any loans granted by PTC to the Company (the “**Shareholder Loan(s)**”) and capitalised interest thereof shall be subordinated and junior in right of payment to the loan availed by the Company from DEG (“**DEG Loan**”).

Significant Terms

Some of the important terms to which our Company is subject to, under above mentioned debt facility are mentioned below:

(1) Unless otherwise agreed by the DEG, the Company shall maintain certain financial ratios at all times, which inter alia include capital adequacy ratio of not less than 15%, cost to income ratio of not more than 90% and interest rate risk ratio of not more than 15%.

(2) Unless otherwise agreed by the DEG, the Company shall not make dividends, capital distribution, shareholder loan payments or other payments to shareholders during the subsistence of event of default (as mentioned under the loan agreement).

(3) On the happening of certain events of default, which inter alia includes cross default, the DEG shall be entitled to demand immediate repayment of the loan amount together with accrued interest and/or terminate the loan agreement.

(4) The Company shall prior to an initial public offering made by it, promptly inform DEG of all transactions which would entail a change in ownership of PTC India Limited's shareholding in the Company or a change in ownership relating to 10% or more of its share capital or a change in its control, either directly or indirectly. After an initial public offering of the Company, it shall promptly inform DEG of all transactions which would entail a change in ownership of the Promoter's shareholding in the Company or a change of control. A “change in control” shall mean any transaction or measure which would entail a change of control of the Company whereby control means (a) the direct or indirect holding by PTC India Limited of atleast 35% of the issued share capital of the Company; or (ii) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, atleast 35% of the maximum number of votes that might be cast at a shareholders meeting of the Company by PTC India Limited.

(5) The Company undertakes to promptly notify DEG of any material change in the business of or operations of the Company.

Some of the important terms and conditions of the sponsor support undertaking include the following :

1. PTC shall not demand to receive or accept any such repayments or payments from the Company of the Shareholder Loan(s) for as long as the principal of, or interest on, the DEG Loan, or any amount under the loan agreement dated October 12, 2010 (“**Loan Agreement**”), has not been paid in full, and only if no event of default has been committed by the Company under the Loan Agreement or there is a threat of such event of default being committed by the Company;
2. PTC shall not cancel, terminate, amend, subordinate, assign or otherwise transfer the Shareholder Loans to any third party without DEG's prior written consent. However consent from DEG is not required for capitalisation and conversion of Shareholder Loan(s) into equity of the Company;
3. PTC shall enter or continue to enter into any business relations with the Company only on arms length basis; and
4. The sponsor support undertaking shall be governed by and construed in accordance with the laws of the Federal Republic of Germany.

Confirmations

The Company confirms that as on the date of this Red Herring Prospectus it has neither made any pre-payments of its loans nor has it re-scheduled any of its payment obligations under any of its loan agreements/ sanction letters.

The Company further confirms that it has neither been imposed with any penalty nor has it defaulted under any of its loans agreements/ sanction letters.

Recent Significant Developments

(i) Issue of Non Convertible Debentures

In January 2011, our Company issued on a private placement basis, 900 secured redeemable taxable non-convertible debentures each of face value of ₹ 1 million each, at par value and aggregating to ₹ 900 million (“**NCD No. 3**”). IDBI Trusteeship Services Limited was appointed as the trustee for the issues. The object of the issue was to augment the resources of the Company for taking care of its general business and corporate requirements. The debentures were allotted to Life Insurance Corporation of India Limited on January 27, 2011.

(ii) Proposed private placement of secured, redeemable, non-convertible long term infrastructure bonds

Pursuant to the notification No. 48/2010/F No 149/84/2010-SO (TPL) dated July 9, 2010, issued by Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India (“**Notification**”), our Company is in the process of offering for subscription, on a private placement basis, secured, redeemable, non-convertible long term infrastructure bonds with benefits under section 80 CCF of the IT Act, having a face value of ₹ 5,000 each for cash at par for ₹ 300 million with an option to retain over-subscription up to an additional amount of ₹ 700 million, aggregating to ₹ 1,000 million (“**PFS Infrastructure Bond Issue**”). The Company has issued an information memorandum dated February 7, 2011 in this regard. The PFS Infrastructure Bond Issue opened for subscription on February 9, 2011 and shall close on March 15, 2011. For further details of the Notification, see section titled “**Regulations and Policies**” on page 118.

*(iii) Mandate Letter with International Finance Corporation (“**IFC**”)*

A mandate letter dated January 19, 2010 has been executed between our Company and IFC, in relation to the proposed loan of USD 50 million (₹ 2,240.5 million) to be granted by IFC to our Company, describing the scope of work that IFC will perform relating to the financing of renewable energy projects.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, Directors, Promoter and Group Entities, and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/ financial institutions, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/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) other than an unclaimed liability of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, Promoters, Directors and Group Entities.

Neither our Company nor our Promoters, members of the Promoter Group and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and there are no violations of securities laws committed by them in the past or pending against them, except as mentioned below.

I. Contingent liabilities not provided for:

There are no contingent liabilities not provided for, as on December 31, 2010.

II. Litigation involving the Company

1. Adverse findings against our Company as regards compliance with the securities laws

As on the date of this Red Herring Prospectus, there are no adverse findings against our Company as regards compliance with the securities laws.

2. Outstanding litigation against other companies whose outcome could have an adverse effect on our Company

As on the date of this Red Herring Prospectus, there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against any company whose outcome could have a material adverse effect on the position of our Company.

3. Outstanding dues to small scale undertaking(s) or any other creditors

As on December 31, 2010, the Company did not owe dues above ₹ 0.10 million for more than 30 days to any small scale undertaking(s) or any other creditors.

4. Proceedings initiated against our Company for economic offences

As on the date of this Red Herring Prospectus, there are no proceedings initiated against our Company for any economic offences.

5. Potential litigation against our Company

As on the date of this Red Herring Prospectus, there are no potential litigations against our Company that we are presently aware of or in connection with which, we have received any notice.

6. Details of past penalties imposed on the Company

As on the date of this Red Herring Prospectus, no penalties have been imposed on the Company by any regulatory or statutory authority.

7. Proceedings initiated by SEBI or the stock exchanges

As on the date of this Red Herring Prospectus, no proceedings have been initiated against the Company by SEBI or the stock exchanges.

III. Litigation involving our Directors

1. Litigations against the Directors involving violation of statutory regulations or alleging criminal offence

As on the date of this Red Herring Prospectus, there are no litigations involving any of the Directors involving violation of statutory regulations or alleging criminal offence.

2. Criminal/ civil prosecution against the Directors for any litigation towards tax liabilities

As on the date of this Red Herring Prospectus, there are no criminal/ civil prosecution involving any of the Directors for any litigation towards tax liabilities.

3. Proceedings initiated against our Directors for economic offences

As on the date of this Red Herring Prospectus, there are no proceedings initiated against our Directors for any economic offences.

4. Details of past penalties imposed on our Directors

As on the date of this Red Herring Prospectus, no penalties have been imposed on our Directors by any regulatory or statutory authority

III. Litigation involving our Promoter

(i) PTC India Limited (“PTC”)

1. Litigation against PTC

(a) Civil Matters

1. Himachal Pradesh State Electricity Board (“**HPSEB**”) filed an objection petition against PTC India Limited (“**PTC**”) under Section 34 of the Arbitration and Conciliation Act, 1996, in the High Court of Himachal Pradesh, Shimla, inter alia seeking (i) setting aside of the arbitration award (“**Award**”) dated October 30, 2008, passed by Member Secretary, Northern Region Power Committee on account of a dispute over the alleged breach by PTC of the terms and condition of power purchase agreement dated June 16, 2006, (“**Agreement**”) entered into between HPSEB and PTC; (ii) declaration that PTC was in breach of the Agreement for not taking delivery of the entire quantum of power as agreed under the Agreement; and (iii) compensation for the loss amounting to ₹ 778.8 million caused to HPSEB on account of refusal of PTC to take delivery of the power agreed under the Agreement. The case is presently pending before the High Court of Himachal Pradesh, Shimla.
2. M.P. Power Trading Company Limited (“**MPPTC**”) filed an appeal (CA No.6676/2008) (“**Appeal**”) under Section 125 of the Electricity Act, 2003, against Lanco Amarkantak Power Private Limited (“**Lanco**”), Madhya Pradesh Electricity Regulatory Commission (“**MPERC**”) and others, including PTC India Limited (“**PTC**”) in the Supreme Court of India, New Delhi (“**Supreme Court**”). The Appeal has been filed for setting aside of the order dated October 21, 2008 (“**Order**”) passed by the Appellate Tribunal for Electricity, New Delhi, wherein in was held that the MPERC, being a state electricity regulatory commission did not have the jurisdiction to determine the tariff at which Lanco would sell power to PTC. The matter is presently pending before the Supreme Court.
3. Madhya Pradesh Electricity Regulatory Commission (“**MPERC**”) filed an appeal (CA No.1335/2009) (“**Appeal**”) under Section 125 of the Electricity Act, 2003, against Lanco Amarkantak Power Private Limited (“**Lanco**”), M.P. Power Trading Company Limited (“**MPPTC**”) and others, including PTC India Limited (“**PTC**”) in the Supreme Court of India, New Delhi (“**Supreme Court**”). The Appeal has been filed for setting aside of the order dated October 21, 2008 (“**Order**”) passed by the Appellate Tribunal for Electricity, New Delhi, wherein in was held that the MPERC did not have the jurisdiction to determine the tariff at which Lanco would sell power to PTC. The matter is presently pending before the Supreme Court.

4. Tamilnadu Power Producers Association (“**TPPA**”) filed a writ petition (No. 4099/2010) (“**Petition**”) in the Madras High Court against the Energy Department, State of Tamil Nadu (“**Energy Department**”) and others. In the Petition, TPPA has named PTC India Limited (“**PTC**”) as one of the respondents. Further, by way of the Petition, TPPA has prayed for setting aside of the Notification (G.O. Ms. No. 10) dated February 27, 2009 (“**Notification**”) issued by the Energy Department which inter alia prevents power generating companies from selling power outside the State of Tamil Nadu. TPPA has also sought an interim injunction to restrain the Energy Department and the Tamil Nadu Electricity Board from acting under the Notification, and allow TPPA to generate, transmit and sell electricity to any person outside the State of Tamil Nadu so long as TPPA is in compliance with its obligations to supply electricity to PTC under the existing contracts entered into between TPPA and PTC. The matter is presently pending before the Madras High Court.
5. Him Urja Private Limited (“**Him Urja**”) and others (collectively referred to as “**Petitioners**”) filed a writ petition (529/2009) (“**Petition**”) in the Supreme Court of India (“**Supreme Court**”) against the State of Uttarakhand, Uttarakhand Electricity Regulatory Commission and others, (collectively referred to as “**Respondents**”) in which PTC India Limited (“**PTC**”) has been named as one of the respondents. In the Petition, the Petitioners have inter alia alleged that the Respondents have not discharged their obligations in accordance with the Electricity Act, 2003. Accordingly, the Petitioners have inter alia prayed for issuance of a writ of prohibition against the Respondents forbidding them from interfering with the sale of power generated by Him Urja to PTC in terms of the power purchase agreement dated March 3, 2009 entered into between Him Urja and PTC. The matter is presently pending in the Supreme Court.
6. PTC India Limited (“**PTC**”) filed a petition against Haryana Power Generation Corporation Limited (“**HPGCL**”) and impleading Lanco Amarkantak Power Private Limited (“**Lanco**”) as a respondent. The petition was filed under regulation 87 of the Haryana Electricity Regulatory Commission Regulations, 2004, and Section 86(1)(b) and 86(1)(k) of the Electricity Act, 2003, before the Haryana Electricity Regulatory Commission, Panchkula (“**HERC**”). PTC had entered into a Power Purchase Agreement dated October 19, 2005 (“**PPA**”) with Lanco for the purchase of entire power generated through Lanco’s second unit at Pathadi Village, Korba, Chhattisgarh for a period of 25 years. Further, PTC entered into a Power Sale Agreement dated September 21, 2009 with HPGCL for onward sale of the power derived under the PPA. The said petition has been filed pursuant to letter dated March 12, 2010, sent by Lanco to PTC wherein Lanco communicated its inability to supply power at the rate agreed under the PPA and requested PTC to determine tariff under the PPA, as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (“**CERC Regulations**”). Accordingly, PTC filed the petition and inter alia sought permission to sell power to HPGCL at a tariff calculated in accordance with the CERC Regulations. The HERC, by its order dated February 2, 2011, (“**Order**”) dismissed the petition. Aggrieved by the Order, Lanco preferred an appeal (No. 15/2011) before the Appellate Tribunal for Electricity, New Delhi, (“**APTEL**”) seeking to quash the Order and has impleaded PTC as one of the respondents. The matter is presently pending before APTEL.

(b) Litigations against the Promoter involving violation of statutory regulations or alleging criminal offence

As on the date of this Red Herring Prospectus, there are no litigations against the Promoter involving violation of statutory regulations or alleging criminal offence.

(c) Proceedings initiated by SEBI or the stock exchanges

As on the date of this Red Herring Prospectus, no proceedings have been initiated against the Promoter by SEBI or the stock exchanges.

(d) Proceedings initiated against our Promoter for criminal and economic offences.

As on the date of this Red Herring Prospectus, there are no proceedings initiated against our Promoter for any criminal or economic offences.

(e) Adverse findings, in respect of persons/ entities connected with our Promoter, as regards compliance with the securities laws

As on the date of this Red Herring Prospectus, there are no adverse findings in respect of persons/ entities connected with our Promoter, as regards compliance with the securities laws.

(f) Details of past penalties imposed on our Promoter

As on the date of this Red Herring Prospectus, no penalties have been imposed on our Promoter by any regulatory or statutory authority.

(g) Details of defaults committed by our Promoter towards financial institutions or banks or non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares

As on the date of this Red Herring Prospectus, there have been no defaults committed by our Promoter towards the financial institutions or banks or any non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares.

2. Litigation by PTC

(a) Civil Matters

1. PTC India Limited (“**PTC**”) filed a petition (No. 120/2010) dated January 12, 2010 under Section 11(5) of the Arbitration and Conciliation Act, 1996, against Tamil Nadu Electricity Board (“**TNEB**”) in the Madras High Court wherein PTC has alleged failure on part of TNEB to supply power to PTC as per the terms of the agreement dated June 16, 2008 (“**Agreement**”) entered into between PTC and TNEB and raised a claim of approximately ₹ 160 million as compensation for the said failure. Accordingly, PTC by way of the said petition has sought the appointment of a sole arbitrator to adjudicate upon the disputes and differences that have arisen out of the Agreement between PTC and TNEB. The matter is currently pending before the Madras High Court.
2. PTC India Limited (“**PTC**”) filed an appeal (CA No.7379/2009) (“**Appeal**”) dated October 8, 2009 under Section 125 of the Electricity Act, 2003, against Lanco Amarkantak Power Private Limited (“**Lanco**”), Madhya Pradesh Electricity Regulatory Commission (“**MPERC**”), and others in the Supreme Court of India, New Delhi (“**Supreme Court**”). The Appeal has been filed for setting aside of the order dated August 6, 2009 (“**Order**”) passed by the Appellate Tribunal for Electricity, New Delhi, wherein it was held that the MPERC did not have the jurisdiction to adjudicate the dispute that arose in connection with power purchase agreement dated May 11, 2005, entered into between Lanco and PTC. The matter is presently pending before the Supreme Court.
3. PTC India Limited (“**PTC**”) filed a petition (No. 25/2010) (“**Petition**”) against Jaypee Karcham Hydro Corporation Limited (“**Jaypee**”) in the Delhi High Court seeking interim stay under Section 9 of the Arbitration and Conciliation Act, 1996, against the termination of Power Purchase Agreement dated March 21, 2006 (“**PPA**”) executed between PTC and Jaypee. The Delhi High Court dismissed the Petition by its Order dated February 19, 2010 (“**Original Order**”) and held that there was no negative covenant in the PPA and that compensation was an adequate remedy available to PTC. Aggrieved by the Original Order, PTC preferred first appeal (No.146/2010) (“**Appeal**”) in the Delhi High Court. The Delhi High Court dismissed the Appeal by its order dated August 13, 2010 (“**Subsequent Order**”) and held inter alia that the Original Order was not to be interfered with and that there was no negative covenant in the PPA. Aggrieved by the Subsequent Order, PTC preferred a Special Leave Petition (26883/2010) (“**SLP**”) against Jaypee in the Supreme Court of India (“**Supreme Court**”) inter alia seeking ex-parte ad-interim stay of the operation of Subsequent Order. The matter is presently pending before the Supreme Court.
4. Ratnabali Capital Markets Limited (“**RCML**”) filed a suit (No. 649/08) (“**Suit**”) against PTC India Limited (“**PTC**”) and MCS Limited (“**MCS**”) (PTC and MCS collectively referred to as “**Parties**”) in the Court of District Judge, New Delhi (“**District Judge**”). In the Suit, RCML claimed interest on the share application money alongwith costs and expenses amounting to ₹ 0.96 million. The said interest was claimed on account of alleged delay by PTC in refunding the share application money paid by RCML for subscription to the

shares of PTC at the time of initial public offering of equity shares of PTC. The District Judge, by its judgment dated September 10, 2010, (“**Judgment**”) decided the Suit in favour of RCML. Aggrieved by the Judgment, the Parties filed an appeal (No. 821/2010) in the Delhi High Court. The matter is presently pending before the Delhi High Court.

(b) Arbitration Matters

1. PTC India Limited (“**PTC**”) served a notice dated March 23, 2010 (“**Notice**”) upon Sathvahana Ispat Limited (“**SIL**”) under article 15 of the agreement dated September 1, 2006, (“**Agreement**”) entered into between PTC and SIL. In the Notice, PTC alleged failure on part of SIL to supply power to PTC in terms of the Agreement and wrongful termination of the Agreement by SIL. For the settlement of such dispute, PTC invoked the arbitration clause of the Agreement and intimated the appointment of its nominee arbitrator for amicable resolution of disputes. PTC also sought from SIL, the nomination and confirmation of appointment of nominee arbitrator of SIL. SIL in its reply dated August 16, 2010 to the Notice inter alia communicated the appointment of its nominee arbitrator and proposed to amicably resolve the matter. Accordingly, SIL and PTC nominated their representatives respectively to amicably resolve the matter, which is in process and the matter is presently pending.
2. PTC India Limited (“**PTC**”) served a notice dated May 28, 2010 (“**Notice**”) upon Jaypee Karcham Hydro Corporation Limited (“**Jaypee**”) (PTC and Jaypee collectively referred to as “**Parties**”) under article 13.3 of the power purchase agreement dated March 21, 2006, (“**PPA**”) entered into between the Parties. In the Notice, PTC alleged failure on part of Jaypee to supply power to PTC in terms of the Agreement and wrongful termination of the Agreement by Jaypee. For the settlement of such dispute, PTC invoked the arbitration clause of the Agreement and intimated the appointment of its nominee arbitrator for amicable resolution of disputes. PTC also sought from Jaypee, the nomination and confirmation of appointment of nominee arbitrator of Jaypee. Jaypee in its reply dated June 21, 2010, to the Notice has inter alia communicated the appointment of its nominee arbitrator. However, the Parties were unable to amicably resolve the disputes, the presiding arbitrator was appointed and the arbitral tribunal was constituted. The matter is presently pending before the arbitral tribunal.
3. PTC India Limited (“**PTC**”), by its letter dated February 7, 2011 (“**Notice**”), served a notice of arbitration upon Lanco Amarkantak Power Private Limited (“**Lanco**”) (PTC and Lanco collectively referred to as “**Parties**”) and intimated the appointment of its nominee arbitrator under article 14 of the power purchase agreement dated May 11, 2005, (“**PPA**”) entered into between the Parties. In the Notice, PTC contended that the arbitration clause of the PPA was invoked by it since the Parties were unable to amicably resolve the dispute which had arisen on the basis of Lanco terminating the PPA on the allegation that PTC had failed to satisfy the condition precedent of obtaining a regulatory approval within the timelines stipulated under the PPA. A reply to the Notice is yet to be received from Lanco.

IV. Material Developments since the Last Balance Sheet Date

Except as disclosed in the section titled “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on page 218, in the opinion of our Board, there have not arisen, since the date of the last Restated Financial Information 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.

V. Litigation involving our Group Entities

1. Proceedings initiated against our Group Companies for criminal, economic or civil offences.

As on the date of this Red Herring Prospectus, there are no proceedings initiated against our Group Companies for any criminal, economic or civil offences.

2. Potential litigation against our Group Companies

As on the date of this Red Herring Prospectus, there are no potential litigations against our Group Companies that we are presently aware of or in connection with which, we have received any notice.

3. Details of defaults committed by our Group Companies towards financial institutions or banks or non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares

As on the date of this Red Herring Prospectus, there have been no defaults committed by our Group Companies towards the financial institutions or banks or any non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares.

4. Adverse findings, in respect of persons/ entities connected with our Group Companies, as regards compliance with the securities laws

As on the date of this Red Herring Prospectus, there are no adverse findings in respect of persons/ entities connected with our Group Companies, as regards compliance with the securities laws.

5. Details of litigation/ defaults/ over dues or labour problems/ closure etc. against our Group Companies

As on the date of this Red Herring Prospectus, there are no outstanding litigation/ defaults/ over dues or labour problems/ closure etc. against our Group Companies.

6. Details of past penalties imposed on our Group Companies

As on the date of this Red Herring Prospectus, no penalties have been imposed on our Group Companies by any regulatory or statutory authority.

7. Proceedings initiated by SEBI or the stock exchanges

As on the date of this Red Herring Prospectus, no proceedings have been initiated against our Group Companies by SEBI or the stock exchanges.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Issue 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 Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see the section titled “*Regulations and Policies*” on page 118.

A. Approvals in relation to our Company’s incorporation

1. Certificate of incorporation dated September 8, 2006, granted to our Company by the RoC.
2. Certificate for commencement of business dated March 30, 2007 granted to our Company by the RoC.

B. Approvals related to this Issue

1. In-principle approval from the NSE dated January 14, 2011;
2. In-principle approval from the BSE dated January 14, 2011;
3. The Board has, pursuant to its resolution dated September 24, 2010, authorised this Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act;
4. The shareholders of our Company have, pursuant to their resolution dated September 24, 2010 under Section 81(1A) of the Companies Act and Regulation 45(1)(a) of the ICDR Regulations, authorized the Issue;
5. Further, pursuant to the above, our Board of Directors has, pursuant to resolution dated December 13, 2010, approved the Draft Red Herring Prospectus.
6. The board of directors of Selling Shareholder by way of resolution dated December 10, 2010 has authorized the transfer of 29,200,000 Equity Shares pursuant to the Offer for Sale.
7. The RBI by its letter dated February 4, 2011 and bearing no. FE.CO.FID.No. 18538/10.21.228/2010-11 has conveyed its no objection for the offer for sale of 29,200,000 Equity Shares by the Selling Shareholder as a part of the Issue, subject to certain conditions prescribed therein.
8. Our IPO Committee has, pursuant to resolution dated March 5, 2011 approved this Red Herring Prospectus.

C. Business Approvals obtained by our Company

I. Commercial Licenses

Nature of License	Issuing Authority	Registration/ Reference No.	Date of Issue and Effective Date	Validity
Registration certificate under section 45 IA of the Reserve Bank of India Act, 1934 to commence business of a non deposit taking non-banking financial institution (“ Registration Certificate No. 1 ”)	General Manager, Department of Non-Banking Supervision, New Delhi (Regional Office), Reserve Bank of India.	N-14-03116	March 23, 2007	N.A.
Registration certificate issued in lieu of Registration Certificate no. 1 under section 45 IA of the Reserve Bank of India Act, 1934 to classify the Company as an non-banking financial institution (non deposit accepting) Infrastructure Finance Company.	General Manager, Department of Non-Banking Supervision, New Delhi (Regional Office), Reserve Bank of India.	N-14-03116	August 23, 2010	N.A.

Certificate of Importer-Exporter Code (IEC)	Foreign Trade Development Officer, Ministry of Commerce and Industry, Government of India.	0509085890	February 25, 2010	N.A.
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2. Approvals pertaining to Wind Farm at Karnataka

In 1999, the government of Karnataka (“GoK”) sanctioned a wind power project of 5 MW in favour of Suzlon Energy Limited (“Suzlon”). The capacity of the project was revised to 10 MW in 2000 by the GoK. Out of the said 10 MW, a wind power project with a capacity of 6 MW (“Wind Energy Project”) was developed and transferred by Suzlon in favour of the Company in 2006. Out of the total capacity of 6 MW, the unit for the generation of 1.5 MW is located at KD-01, R.S. No.68, Koppa Village, Harihar Taluk, District Davanagere, Karnataka (“1.5 MW Unit”) and the unit for the generation of the remaining 4.5 MW is located at KD-10, KD-12 and KD-13, R.S. No.33,24, Kundur Village, Honnali Taluk, District Davanagere, Karnataka (“4.5 MW Unit”). The approvals were obtained separately for 1.5 MW Unit and 4.5 MW Unit. The details pertaining to the same are mentioned below:

(a) Approvals for the 1.5 MW Unit

Nature of Approval	Issuing Authority	Registration No.	Date of Issue	Validity
Approval for construction of SC 66kV line on DC Towers with Coyote conductor from project site to 66 kV Bus of proposed Kundur sub-station for a distance of 1 Km, for evacuation of proposed 10 MW of wind power at Kundur Village, Honnali Taluk, District Davanagere.	Chief Engineer Electricity, Karnataka Power Transmission Corporation Limited	CEE (P & C)/SEE (PLG)/KCO-93/17410/F-8891/36	September 14, 2009	18 months from the date of communication
Transfer of 1.5 MW wind power capacity in favour of the Company out of the 10 MW capacity sanctioned to Suzlon Energy Limited at Koppa Village, Harihar Taluk, District Davanagere, Karnataka	Under Secretary to the Department of Energy, Government of Karnataka	EN 54 NCE 2010	March 6, 2010	N.A.
Approval of drawings pertaining to electrical installation of 1.5 MW Unit.	Chief Electrical Inspector, Government of Karnataka	CEIG/EI-3/AEI-3/35407-10	March 12, 2010	N.A.
Approval of drawings indicating the evacuation arrangement for 10MW power (including 1.5 MW Unit) at Kundur Village.	Chief Engineer, Electricity, Karnataka Power Transmission Corporation Limited	CEE (P&C)/SET/KC O-103/18101(SEL/KUND)/09-10	March 17, 2010	N.A.
Provisional approval for commissioning of 1.5 MW Unit.	Chief Electric Inspector to Government, Government of Karnataka.	CEIG/EI-3/AEI-3/DVG-49/41292-97/9-10.	March 30, 2010	Two months from the date of issuance*
Provisional inter connection approval to inter connect 7.5MW (including the 1.5 MW Unit and the 4.5 MW Unit)	Chief Engineer Electricity, Karnataka Power Transmission Corporation Limited.	CEE (TA&QC)/SEE(Plg)/EE(Plg)/KC O-93/17412/F-8891-36	March 30, 2010	Two months i.e. upto May 28, 2010.
Commissioning Certificate for 1.5 MW Unit.	Executive Engineer, Karnataka Power Transmission Corporation Limited.	EE (E)/TL&SS/DV G/08-09/5969-5978	March 31, 2010	N.A.
Approval to commission 1.5 MW Unit.	Electrical Inspectorate, Government of Karnataka	CEIG/EI-3/AEI-3/DVG-49/6037-42/10-11	May 27, 2010	N.A.

(b) Approvals for the 4.5 MW Unit

Nature of Approval	Issuing Authority	Registration No.	Date of Issue	Validity
Approval for construction of SC 66kV line on DC Towers with Coyote conductor from project site to 66kV Bus of proposed Kundur sub-station for a distance of 1 Km, for evacuation of proposed 10MW of wind power at Kundur Village, Honnali Taluk, District Davangere	Chief Engineer Electricity, Karnataka Power Transmission Corporation Limited	CEE (P & C)/SEE (PLG)/KCO-93/17410/F-8891/36	September 14, 2009	18 months from the date of communication
Transfer of 4.5MW wind power capacity in favour of the Company out of the 10MW capacity sanctioned to Suzlon Energy Limited at Kundur village, Honnali Taluk, Davangere District	Under Secretary to the Department of Energy, Government of Karnataka	EN 55 NCE 2010	March 6, 2010	N.A.
Approval of drawings pertaining to electrical installation of 4.5MW Unit.	Chief Electrical Inspector, Government of Karnataka	CEIG/EI-3/AEI-3/38403-6	March 12, 2010	N.A.
Approval of drawings indicating the evacuation arrangement for 10MW power (including 4.5 MW Unit) at Kundur Village.	Chief Engineer, Electricity, Karnataka Power Transmission Corporation Limited	CEE (P&C)/SET/KC O-103/18101(SEL/KUND)/09-10	March 17, 2010	N.A.
Provisional approval for commissioning of 4.5 MW Unit.	Chief Electric Inspector to Government, Government of Karnataka	CEIG/EI-3/AEI-3/DVG-50/ /9-10.	March 29, 2010	Two months from the date of issuance
Provisional inter connection approval to inter connect 7.5MW (including the 1.5 MW Unit and the 4.5 MW Unit)	Chief Engineer Electricity, Karnataka Power Transmission Corporation Limited	CEE (TA&QC)/SEE(Plg)/EE(Plg)/KC O-93/17412/F-8891-36	March 30, 2010	Two months i.e. upto May 28, 2010
Commissioning Certificate for 4.5MW Unit.	Executive Engineer, Karnataka Power Transmission Corporation Limited	EE (E)/TL&SS/DVG/08-09/5889-5898	March 31, 2010	N.A.
Approval to commission 4.5 MW Unit.	Chief Electrical Inspector, Government of Karnataka	CEIG/EI-3/AEI-3/DVG-50/6031-36/10-11	May 27, 2010	N.A.

3. Labour Related Registrations

Nature of License	Issuing Authority	Registration/Reference No.	Date of Issue	Validity
Registration under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.	Assistant Provident Fund Commissioner, Employees' Provident Fund Organisation.	Reference No. PFRC/98 COMPL/DL/39034 /Coverage/13191 Code No. DL/39034	September 22, 2008	N.A.

4. Tax Related Registrations

Nature of License	Issuing Authority	Registration/Reference No.	Date of Issue	Validity
PAN	Income Tax Department.	AAECP0501C	September 8, 2006	N.A.

TAN	Income Tax Department through National Securities Depository Limited as intermediary.	DELP13454A	June 6, 2007	N.A.
Service Tax Registration under section 69 of the Finance Act, 1994 under the taxable category of banking and financial services.	Central Excise Officer, Office of Deputy Commissioner Service Tax, New Delhi.	AAECP0501CS T001	November 5, 2008	N.A.

5. FIPB Approvals

Nature of License	Issuing Authority	Registration/Reference No.	Date of Issue	Validity
Approval for (a) foreign equity participation in the Company by (i) GS Strategic Investments Limited, Mauritius and (ii) Macquarie (Asia) Pte. Limited, Singapore or its subsidiary (b) acting as a holding company for making downstream strategic investments in Indian companies engaged in the energy and related infrastructure space sectors such as power generation, transmission and distribution assets, fuel sources related infrastructure like gas pipelines, ports, LNG terminals, equipment manufacturers in the power sector; and (c) acting as a NBFC in the activity of leasing and finance. (“FIPB Approval”)	Director, FIPB Unit, Department of Economic Affairs, Ministry of Finance.	No. FC.II: 234(2007)/316(2 007)	November 23, 2007	N.A.
Approval for amending foreign equity participation clause of the FIPB Approval*	Under Secretary to the Government of India, FIPB Unit, Department of Economic Affairs, Ministry of Finance.	No. FC.II: 234(2007)/316(2 007)	December 11, 2007	N.A.

* Clause 4 of the FIPB Approval which read as “Foreign equity participation (in foreign exchange) of 40.00% in the paid up capital of the Company, amounting to ₹243,333,334 by way of issue of 48,666,667 equity shares each to the two foreign investors” was amended to read as “40% in the paid-up capital of the Company by way of issue of 48,666,667 equity shares each to the two foreign investors”. It was also noted that the shares were proposed to be issued to the foreign investors at an issue price of ₹16 per share (including a premium of ₹6 per share).

D. Approvals applied for but pending

1. Trademark Application

On December 1, 2010, the Company filed an application number 2061797 for registration of “” label as a trademark for goods or services (other than a collective mark or a certification trademark) under class 36 under the Trade Marks Act, 1999 with the Trade Marks Registry. There can be no assurance that the said trademark will be registered in the name of the Company. For associated risk, see section titled “**Risk Factors**” on page 14.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

Our Board has, pursuant to its resolution dated September 24, 2010 authorised this Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The shareholders of our Company have authorised this Issue by their special resolution passed pursuant to Section 81(1A) of the Companies Act, at its AGM held on September 24, 2010, and authorised the Board to take decisions in relation to this Issue. Our Board has, pursuant to a resolution dated December 13, 2010 approved the Draft Red Herring Prospectus. Our IPO Committee has, pursuant to a resolution dated March 5, 2011 approved this Red Herring Prospectus.

Authority from the Selling Shareholder

The board of directors of Selling Shareholder by way of resolution dated December 10, 2010 has authorized the transfer of Equity Shares for the Offer for Sale. The Selling Shareholder has been holding the Equity Shares offered in the Offer for Sale for more than a year.

The RBI by its letter dated February 4, 2011 and bearing no. FE.CO.FID.No. 18538/10.21.228/2010-11 has conveyed its no objection for the Offer for Sale of 29,200,000 Equity Shares by the Selling Shareholder as a part of the Issue, subject to certain conditions prescribed therein.

We have received in-principle approvals from the NSE and the BSE for the listing of our Equity Shares pursuant to their letters both dated January 14, 2011. NSE is the Designated Stock Exchange.

We have obtained all necessary governmental, regulatory consents and approvals and have received all necessary contractual consents required for this Issue. For further details, see the section titled “**Government and Other Approvals**” on page 260.

Prohibition by SEBI, RBI or governmental authorities

None of our Company, its Directors, our Promoter, members of our Promoter Group, Group Companies or ventures with which our Promoter was associated in the past, have not been prohibited from accessing the capital markets or have been declared as wilful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any them in the past and no such proceedings are currently pending against any of them.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against the Directors or any entity with which our Directors are involved as promoters or directors.

However, Our Director, Mr. Ramarao Muralidharan Coimbatore also holds the directorship of a listed company which delayed in submitting the shareholding pattern for the quarter ended March 31, 2010, with BSE, as required under provisions of clause 35 of the listing agreement. However, the shareholding pattern was subsequently submitted with BSE.

Similarly, our Director, Dr. Uddesh Kohli also holds the directorship of a listed company which is stated to have delayed in submitting the corporate governance report for the quarter ended March 31, 2010, with BSE, as required under clause 49 of the listing agreement.

The Selling Shareholder is not prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI.

Eligibility for this Issue

Our Company has and shall continue to, be in compliance with the following conditions specified under Regulation 4(2) of the SEBI Regulations:

- Our Company, our Directors, our Promoter, the members of our Promoter Group, the persons in control of our Company, and the companies with which our Directors, Promoter or persons in control were or are associated as directors or promoters or persons in control have not been prohibited from accessing or

- operating in the capital markets under any order or direction passed by SEBI;
- Our Company has applied to the NSE and the BSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue, and has received the in-principle approvals from the NSE and the BSE pursuant to their letters, both dated January 14, 2011. For the purposes of this Issue, the NSE shall be the Designated Stock Exchange;
- Our Company has entered into agreements, both dated January 14, 2011, with the Depositories and the Registrar to the Issue for dematerialisation of the Equity Shares being offered in this Issue; and
- The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Red Herring Prospectus.

The Company is eligible for the Issue under Regulation 26(1) of the SEBI Regulations as explained under the eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- The Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets: Provided that if more than fifty per cent. of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project**
- The Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three out of the immediately preceding five years;*
- The Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of the Issue size is not expected to exceed five times the pre-Issue net worth of the Company #; and
- The Company has not changed its name in the last Fiscal year.

The Company's distributable profits, net worth, net tangible assets and monetary assets derived from the Restated Financial Statements on a standalone basis included in this Red Herring Prospectus as at, and for the last financial year on March 31, 2010, 2009, 2008 and 2007 as per the Restated Financial Statements of the Company are as under:

(₹ in millions)				
Particulars	Fiscal 2010	Fiscal 2009**	Fiscal 2008	Fiscal 2007*
Distributable Profits ¹	254.52	85.3	16.41	(17.38)
Net Worth ²	6,359.37	6,093.45	1,105.82	22.62
Net Tangible assets ³	9,589.38	6,305.42	1,128.33	41.26
Monetary assets ⁴	2,344.74	4,086.92	1.42	40.57
Monetary assets as a percentage of the net tangible assets	24.45	64.82	0.13	98.32

(1) 'Distributable profits' have been defined in terms of Section 205 of the Companies Act, 1956 and have been derived based on Restated Net Profit after Extraordinary Items for each of the financial years.

(2) 'Net worth' has been defined as the aggregate of equity share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditure, if any.

(3) 'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26, Intangible Assets, notified by Companies (Accounting Standards) Rules, 2006.

(4) Monetary assets comprise of cash and bank balances and public deposit accounts with the Government.

The pre-Issue net worth of the Company, based on the audited balance sheet as at March 31, 2010, is ₹ 6,359.37 million and five times such pre-Issue net worth is ₹ 31,796.85 million. The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of issue size is not expected to exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;

* Company was incorporated on September 8, 2006 as a public limited company, in the name of "PTC India Financial Services Limited"

** In Fiscal 2009 more than 50 % of tangible assets was held in monetary assets. But, the issuer had firm commitments to utilise such excess monetary assets in its business. The details of the utilisation are as follows:

(₹ In Million)					
Company	Instrument	Year of Sanction	Sanctioned	Disbursed during Fiscal 2009	Disbursed during Fiscal 2010

RKM Powergen Private Limited	Debt	2008-09	500.00	-	92.22
OCL India Limited	Debt	2008-09	500.00	200.00	100.00
A A Energy Private Limited	Debt	2008-09	162.50	-	154.38
Jhajjar Power Limited	Debt	2008-09	1,000.00	-	225.42
Meenakshi Energy Private Limited (First Phase)	Equity	2007-08	882.80	150.00	285.50
PTC Bermaco Green Energy Systems Limited (Holding Company)	Equity	2008-09	11.45	4.92	8.82
East Coast Energy Private Limited	Equity	2008-09	1,200.00	600.00	365.11
Total			4256.75	954.92	1,231.45

Further, in accordance with regulation 26(4) of the SEBI ICDR Regulations, we shall ensure that the number of Allottees, i.e. persons to whom the Equity Shares will be allotted under the Issue shall 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 the Company and the Selling Shareholder becomes liable to repay it, then the Company and the Selling Shareholder shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% *per annum* on application money on a pro-rata basis in proportion of the equity shares proposed to be transferred or issued (as the case may be) by them as a part of the Issue.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME 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 ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, ALMONDZ GLOBAL SECURITIES LIMITED AND ICICI SECURITIES LIMITED AND THE CO BOOK RUNNING LEAD MANAGER, AVENDUS CAPITAL PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT 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 ISSUE.

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 DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, ALMONDZ GLOBAL SECURITIES LIMITED AND ICICI SECURITIES LIMITED AND THE CO BOOK RUNNING LEAD MANAGER, AVENDUS CAPITAL PRIVATE LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS AND THE CO BOOK RUNNING LEAD MANAGER HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 21, 2010, WHICH READS AS FOLLOWS:

- 1. “WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS (“DRHP”) PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS**

FURNISHED BY THE ISSUER;

WE CONFIRM THAT:

- (A) THE DRHP FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (C) THE DISCLOSURES MADE IN THE DRHP ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT ALL THE INTERMEDIARIES NAMED IN THE DRHP ARE REGISTERED WITH THE SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
 - 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS- NOTED FOR COMPLIANCE.**
 - 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRHP.**
 - 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 SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRHP.**
 - 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 PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. 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 ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**
 - 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER 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 WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK**

ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 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 TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRHP THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE

AS THE OFFER SIZE IS MORE THAN ₹ 100 MILLION, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT MODE ONLY.

11. WE CERTIFY THAT ALL THE 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 DRHP:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD 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 ISSUE.

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 ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S 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 DRHP WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS AND THE CO BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THIS ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THIS ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTIONS 56, 60 AND 60B OF THE COMPANIES ACT.

Disclaimer from our Company, the Directors and the Book Running Lead Managers and the Co Book Running Lead Manager.

Our Company, the Directors and the Book Running Lead Managers and the Co Book Running Lead Manager 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, www.ptcfinancial.com, our Promoter, members of our Promoter Group, Group Company or of any affiliate or associate of our Company, would be doing so at his or her own risk.

Disclaimer from the Selling Shareholder

The Selling Shareholder accepts no responsibility for statements in this Red Herring Prospectus except for statements in relation to the Selling Shareholder. The Selling Shareholder accepts no responsibility for any advertisement or material by or at the Company's instance. Any investor relying on such materials should be doing so at his or her own risk.

Caution

The Book Running Lead Managers and the Co Book Running Lead Manager accept no responsibility, save to the limited extent as provided in the agreement entered into amongst the Book Running Lead Managers and the Co Book Running Lead Manager and our Company and the Selling Shareholder on December 18, 2010 and the Underwriting Agreement to be entered into between the Underwriters and our Company and the Selling Shareholder.

All information shall be made available by our Company and the Book Running Lead Managers and the Co Book Running Lead Manager to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Neither our Company and the Selling Shareholder nor any member of the Syndicate are liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The Book Running Lead Managers and the Co Book Running Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Group Companies and our respective affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company and our Group Companies, affiliates or associates for which they have received, and may in future receive, compensation.

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 investor on whether such investor is eligible to acquire Equity Shares.

Notwithstanding anything stated in this Red Herring Prospectus, the Selling Shareholder does not express any opinion with respect to nor does it assume any responsibility for the statements and disclosures made by our Company or any other person, whether or not relating to our Company, its respective businesses, the financial information or any other disclosures and statements and the directors and officers of the Selling Shareholder shall not be liable in any situation whatsoever. The Selling Shareholder assumes responsibility only for the statements about or relating to the Selling Shareholder in this Red Herring Prospectus.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian national residents in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural

banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, VCFs, FVCIs, multilateral and bilateral development financial institutions, FIIs and their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), Eligible NRIs and other eligible foreign investors, if any, etc. provided that they are eligible under all applicable laws and regulations to hold the Equity Shares. For further details in this regard, see the sections titled “*Regulations and Policies*”, “*Government and Other Approvals*” and “*Issue Procedure*” on pages 118, 260 and 285 respectively.

This Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India 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 Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was filed with SEBI for its observations. 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 shall, 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 herein 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 may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on 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.

Each purchaser that is acquiring the Equity Shares issued pursuant to this Issue, by its acceptance of this Red Herring Prospectus and of the Equity Shares issued pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with the Company, the Selling Shareholder, the BRLMs and the Co-BRLM that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Issue in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Equity Shares issued pursuant to this Issue have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser is purchasing the Equity Shares issued pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;
- (4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Issue, was located outside the United States at the time the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any

arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

- (5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only in accordance with all applicable laws, including the securities laws of the States of the United States;
- (7) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES

- (8) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (9) the purchaser acknowledges that the Company, the Selling Shareholder, the BRLMs, the Co-BRLM, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Red Herring Prospectus will be deemed to have represented, warranted and agreed to and with each BRLM, the Co-BRLM, the Company and the Selling Shareholder that:

- 1. it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- 2. in the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the BRLMs has been given to the offer or resale; or (ii) where Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member States 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 Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In addition, until 40 days after the first date upon which the securities were *bona fide* offered to the public, an offer of the Equity Shares within the United States by a dealer may violate the registration requirements of the U.S. Securities Act.

Disclaimer clause of the NSE

The NSE has given by its letter dated January 14, 2011 permission to the Issuer to use the NSE's name in this offer document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The NSE has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. 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 this Issuer's 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 this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer 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

The BSE has by its letter dated January 14, 2011, given permission to our Company to use the BSE's name in this offer document as one of the stock exchanges on which our Company's Equity Shares 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 this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed 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 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, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration with the RoC at the office of the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration with the RoC situated at the address mentioned below.

Registrar of Companies, NCT of Delhi and Haryana

4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi 110 019,
India.

Listing

Applications have been made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. The NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it, (i.e. from the date of refusal by stock exchanges or within 15 days from the Bid/Issue Closing Date, whichever is earlier), then the Company and the Selling Shareholder shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money on a pro-rata basis in proportion of the equity shares proposed to be transferred or issued (as the case may be) by them as a part of the Issue.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days of the Bid/ Issue Closing Date.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years.”*

Consents

Consents in writing of: (a) Directors, the Company Secretary and Compliance Officer, the lenders of our Company, the domestic legal counsel to the Company and the domestic legal counsel to the underwriters, international legal counsel, the Bankers to the Company, the IPO Grading Agencies; the Auditors (b) the Syndicate Members, the Bankers to the Issue, and the Registrar to the Issue to act in their respective capacities, to be filed along with this Red Herring Prospectus have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Our Auditors have consented for the inclusion of their names as the statutory auditors and of their examination report on the Restated Financial Information and the Statement of Tax Benefits in the form and context in which they appear in this Red Herring Prospectus.

Credit Analysis and Research Limited, ICRA Limited and CRISIL Limited, the agencies engaged by our Company for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent to the inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC.

Expert Opinion

Except for the report of the Auditor of our Company on the restated audited financial information and the statement of tax benefits and the report provided by the IPO Grading Agencies (copies of such reports are annexed to the Red Herring Prospectus), furnishing the rationale for their grading which will be provided to the Indian stock exchanges, pursuant to the SEBI Regulations, we have not obtained any other expert opinions.

Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of this Issue include, among others, underwriting and management fees, selling commissions, SCSBs' commissions/fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. The Issue expenses, except the listing fee, which will be borne by our Company, shall be shared between our Company and the Selling Shareholder in the proportion to the number of Equity Shares issued or offered for sale as the case may be in this Issue.

The estimated Issue expenses are as under:

Activity	Amount (₹ million)	% of the Issue Expenses	% of total Issue Size
BRLMs fees*	[●]	[●]	[●]
Co-BRLM fees*			
Underwriting commission, brokerage and selling commission (including ASBA commission)*	[●]	[●]	[●]
Registrar's fees*	[●]	[●]	[●]
Advertisement and marketing expenses*	[●]	[●]	[●]
Printing and distribution expenses*	[●]	[●]	[●]
IPO Grading expenses*	[●]	[●]	[●]
Advisors*	[●]	[●]	[●]
Bankers to the Issue*	[●]	[●]	[●]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.)*	[●]	[●]	[●]
Total	[●]	[●]	[●]

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

Fees, Brokerage and Selling Commission Payable to the Book Running Lead Managers, the Co Book Running Lead Manager, and the Syndicate Members

The total fees payable to the Book Running Lead Managers, the Co Book Running Lead Manager and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the engagement letter among our Company, the Selling Shareholder and the Book Running Lead Managers and the Co Book Running Lead Manager, a copy of which will be made available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated December 16, 2010, signed with our Company and the Selling Shareholder, a copy of which will be made available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

IPO Grading

The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and "IPO Grade 1" indicates poor fundamentals. This Issue has been graded by three SEBI registered credit rating agencies i.e. Credit Analysis and Research Limited, ICRA Limited and CRISIL Limited, and has been assigned the following IPO grading:

Credit Analysis and Research Limited has assigned this Issue "CARE IPO Grade 4/5" indicating above average

fundamentals through its letter dated February 7, 2011 which is valid for a period of 2 months from February 7, 2011.

ICRA Limited has assigned this Issue “ICRA IPO Grade 4/5” indicating above average fundamentals through its letter dated February 25, 2011 which is valid for a period of 6 months from February 25, 2011.

CRISIL Limited has assigned this Issue, “CRISIL IPO Grade 3/5” indicating average fundamentals relative to other listed equity securities in India through its letter dated March 1, 2011, which is valid for a period of 60 days from March 1, 2011.

A copy of the report provided by Credit Analysis and Research Limited, CRISIL Limited and ICRA Limited, furnishing the rationale for their grading have been annexed to the Red Herring Prospectus and will be made available for inspection at our Registered and Corporate Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date

Summary of rationale for grading by the IPO Grading Agencies

For details in relation to the rationale furnished by Credit Analysis and Research Limited, ICRA Limited and CRISIL Limited, please see Annexures III, II and I, to this Red Herring Prospectus.

Disclaimer of IPO Grading Agencies

Please see the disclaimer appearing in Annexures III, III and I respectively to this Red Herring Prospectus.

Particulars regarding Public or Rights Issues since incorporation

Our Company has not made any previous public issues (including any rights issues to the public) since incorporation.

Previous issues of Equity Shares otherwise than for cash

Our Company has not issued any Equity Shares for consideration other than cash.

Performance vis-à-vis Objects in previous issue by our Company, its Group Companies, or its Associate Companies

Our Company, its Group Companies and its Associate Companies have not undertaken any rights or public issues in the past.

Underwriting commission, brokerage and selling commission on Previous Issues

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company’s inception.

Outstanding Convertible Instruments

As of the date of filing this Red Herring Prospectus, there are no existing outstanding convertible instruments.

Stock Market Data of the Equity Shares

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

Other Disclosures

Our Promoter, Directors, Promoter Group, or the Group Companies have not purchased or sold any securities of our Company during a period of six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI.

SEBI has not initiated any action against any entity associated with the securities market, with which our Directors are associated.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, our Company and the Selling Shareholder will provide for retention of records with the Registrar to the Issue for a period of three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the SCSB branches or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the 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 Mr. Vishal Goyal as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Vishal Goyal
Second Floor, NBCC Tower
15, Bhikaji Cama Place,
New Delhi 110 066
Tel: +91 11 4159 5122
Fax: +91 11 4165 9144
Email: complianceofficer@ptcfincial.com

Change in Auditors

The following are the changes in our auditors in the last three years:

Name of Auditor	Date of Appointment/ Reappointment	Date of Cessation	Reasons for change
Ravi Rajan & Company	September 14, 2007	August 5, 2008	Ravi Rajan & Company was replaced with Price Waterhouse by shareholders resolution dated August 5, 2008.
Price Waterhouse	August 5, 2008	September 25, 2009	Price Waterhouse was replaced with Deloitte Haskins & Sells by shareholders resolution dated September 25, 2009.
Deloitte Haskins & Sells	September 24, 2010	Upto the conclusion of the next AGM	Deloitte Haskins & Sells were reappointed by shareholders resolution dated September 24, 2010

Capitalisation of Reserves or Profits

We have not capitalized our reserves or profits in the last five years.

Tax Implications

Successful Bidders will be subject to capital gains tax on any sale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such sale and whether the Equity Shares are sold on the Stock Exchanges. For further details, see the section titled “*Statement of Tax Benefits*” on page 82.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, SCRR, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the ASBA Bid cum Application Form, the ASBA Revision Form, the CAN, Allotment advices and the listing agreement with the Stock Exchanges and other terms and conditions as may be incorporated in the documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the FIPB, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares including rights in respect of dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled “**Main Provisions of Articles of Association**” on page 331.

Other than the listing fee, which will be borne only by the Company, expenses relating to the Issue as mentioned above will be borne by our Company and the Selling Shareholder in proportion of the Equity Shares issued or offered for sale as the case may be in the Issue. For further details, see the section titled “**Other Regulatory and Statutory Disclosures – Issue Related Expenses**” on page 274.

Mode of Payment of Dividend

Our Company shall pay dividends if declared to our shareholders in accordance with the provisions of the Companies Act, Articles of Association and provisions of the listing agreement.

Face Value and Issue Price

The face value of each Equity Share is ₹ 10. The Floor Price of the Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

The Price Band and the minimum bid lot as decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), (i.e. all edition of Financial Express and all edition of Jansatta), each with wide circulation.

Rights of the shareholder

Subject to applicable laws, the shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation/splitting, see the section titled “*Main Provisions of Articles of Association*” on page 331.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall be in dematerialised form only. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue 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 the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts in New Delhi.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on 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.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along 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, the death of all the Bidders, as the case may be, the Equity Shares Allotted if any shall vest. A person, being a nominee entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same benefits such person would be entitled if he or she were the registered holder of the Equity Share(s). 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 the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon 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. A fresh nomination can only be made on the prescribed form available on request at the Registered Office or with the Registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the 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 register 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 dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will

prevail. If the investors wish to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue including devolvement to the Underwriters, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Any expense incurred by our Company on behalf of the Selling Shareholder with regard to refunds, interest for delays, etc. for the Equity Shares being offered through the Offer for Sale, will be reimbursed by the Selling Shareholder to our Company.

Application by Eligible NRIs, FIIs and Sub-Accounts

It is to be distinctly understood that there is no reservation for NRIs, FIIs and Sub-Accounts. For further details regarding the requirement for the said approval and other ancillary matters in this regard, see the sections titled “*Regulations and Policies*”, “*Government and Other Approvals*” and “*Issue Procedure – Who Can Bid*” on pages 118, 260 and 286, respectively.

Bid/Issue Programme

Bidding Period

BID/ISSUE OPENING DATE*	March 16, 2011
BID/ISSUE CLOSING DATE	March 18, 2011

**Our Company will consider participation by Anchor Investors in consultation with the Selling Shareholder, the BRLMs and the Co-BRLM. The Bid/Issue Period for Anchor Investors shall be one Working Day prior to the Bid/Issue Opening Date.*

Arrangement for disposal of odd lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of Equity Shares

Except for the lock-in of the minimum Promoter’s contribution, equity shares held by the Anchor Investor and the entire pre-Issue capital (excluding Equity Shares forming part of the Offer for Sale) as detailed in the section titled “*Capital Structure*” on page 65 of this Red Herring Prospectus, there are no restrictions on transfers and transmission of Equity Share and on their consolidation/ splitting except as provided in our Articles. For further details, see the section titled “*History and Certain Corporate Matters*” on page 130.

Withdrawal of the Issue

Our Company in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager, reserve the right not to proceed with the Issue in accordance with SEBI Regulations. Provided, if our Company withdraws the Issue after the Bid/Issue Closing Date, we will give the reason thereof within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers where the pre-issue advertisement had appeared. The BRLMs and Co-BRLM through the Registrar to the Issue, shall notify the SCSBs to unblock the bank account of the ASBA Bidders within one day from the day of receipt of such notification. The Stock Exchanges shall also be informed promptly. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. Further, in the event of withdrawal of the Issue and subsequently, if there are plans of an IPO by our Company, a fresh draft red herring prospectus will be submitted again for observations of SEBI.

In terms of the ICDR Regulations, QIBs will not be permitted to withdraw Bids after Bid/Issue Closing Date.

ISSUE STRUCTURE

The present Issue of 156,700,000 Equity Shares for cash at a price of ₹ [●]* per Equity Share including a share premium of ₹ [●] per Equity Share aggregating ₹ [●] million** consisting of a fresh issue of up to 127,500,000 Equity Shares at the Issue Price aggregating up to ₹ [●] million and an offer for sale of 29,200,000 Equity Shares by the Selling Shareholder. The Issue will constitute 27.88% of the post Issue paid-up capital of our Company.

*Discount of ₹ [●] to the Issue Price will be offered to Retail Individual Bidders ("Retail Discount").

** Assuming full subscription in all the categories at the Issue Price and considering Retail Discount that will be offered.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Upto 78,350,000 Equity Shares.	Not less than 23,505,000 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 54,845,000 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Percentage of Issue available for Allotment/Allocation	Upto 50% of the Issue shall be Allotted to QIB Bidders. However, atleast 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be added to the Net QIB Portion.	Not less than 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. ****	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000. ^^	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply***	Public financial institutions as in Section 4A of the Companies Act, FIIs and their sub-accounts registered with SEBI, other than a sub-account which are foreign corporates or foreign individuals, scheduled commercial banks, Mutual Funds, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, NIF, provident funds with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million in accordance with applicable law and insurance funds set up and managed by army, navy or air force of Union of India and insurance funds setup and managed by the Department of Posts, India.	Eligible NRIs, Resident Indian individuals, HUF (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs, which are foreign corporates or foreign individuals.	Resident Indian individuals and HUFs in the name of the Karta) and Eligible NRIs.
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank accounts that are specified in the ASBA Bid cum Application Form.		

* Subject to valid Bids being received at or above the Issue Price, this Issue is being made in accordance with Rule 19(2)(b)(i) of the SCRR, as amended under the SEBI Regulations, where the Issue will be made through the Book Building Process wherein up to 50% of the Issue will be allocated on a proportionate basis to QIBs, out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall 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 Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Company and the Selling Shareholder will allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. 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 Anchor Investors. For further details, please see the section titled “**Issue Procedure**” on page 285.

Under-subscription, if any, in any category, would be met with spill-over from other categories at sole discretion of the Company and the Selling Shareholder, in consultation with the BRLMs.

The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations. The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form by all the Bidders including the Anchor Investors.

*** In case the Bid cum Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form or ASBA Form, as the case may be.

**** Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors.

^^ The minimum bid for Anchor Investors shall be such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million.

Retail Discount

A discount of ₹ [●] to the Issue Price determined pursuant to completion of the Book Building Process will be offered to Retail Individual Bidders (the “**Retail Discount**”) on Allotment. Retail Individual Bidders who Bid at a price within the Price Band are required to make payment based on their highest bid price option. Retail Individual Bidders who Bid at Cut-Off Price are required to ensure payment at the Cap Price.

Retail Individual Bidders should note that discount is not offered on application but on Allotment. The excess amount paid on application will be refunded to such Bidders or unblocked from their ASBA Accounts, as the case may be, after Allotment.

As per existing regulations promulgated under the FEMA, only Eligible NRIs on a repatriation basis or a non- repatriation basis subject to applicable laws are allowed to participate in the Issue. NRIs, other than Eligible NRIs are not permitted to participate in this Issue. Further, as per existing regulations, OCBs cannot participate in the Issue.

Letters of Allotment, Refund Orders or Instructions to SCSBs

Our Company shall credit the Equity Shares to the valid beneficiary account with its Depository Participants within two Working Days from the date of the Allotment to all successful Allottees including ASBA Bidders which in any event shall not exceed 12 Working Days of the Bid/Issue Closing Date.

Please note that only Bidders having a bank account at any of the 68 centres where the clearing houses for the NECS as notified by the RBI are eligible to receive refunds or payment through electronic transfer of funds. For all other Bidders, including Bidders having bank accounts in the said 68 centres who have not updated their bank particulars along with the nine-digit MICR code, the refund orders shall be dispatched within 12 Working Days of the Bidding/Issue Closing Date “Under Certificate of Posting” for refund orders less than or equal to ₹ 1,500 and through speed post/registered post for refund orders exceeding ₹ 1,500.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Account to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders or Instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid/ Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 12 Working Days from the Bid/Issue Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 12 Working Days of the Bid/Issue Closing Date.
- It shall pay interest at 15% p.a. on a pro-rata basis in proportion of the Equity Shares proposed to be issued by it as a part of the Issue, if Allotment or demat credits to investors are not made within 12 Working Days or, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the Refund Banker(s) in the disclosed manner or if instructions to SCSBs for unblocking ASBA Accounts are not issued within 15 days of the Bid/Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on any one or more of the Escrow Collection Banks/ Refund Banker(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bid/Issue Programme

BID/ISSUE OPENING DATE*	March 16, 2011
BID/ISSUE CLOSING DATE	March 18, 2011

* Our Company and the Selling Shareholder will consider participation by Anchor Investors. The Bid/Issue Period for Anchor Investors shall be one Working Day day prior to the Bid/Issue Opening Date.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i)

4.00 p.m. in case of Bids by QIBs bidding in the Net QIB Portion, Non-Institutional Bidders where the Bid Amount is in excess of ₹ 200,000 and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders, where the Bid Amount is up to ₹ 200,000, which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers and the Co Book Running Lead Manager to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders, except Anchor Investors, are advised to submit their Bids one Working Day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders other than Anchor Investors are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings in India, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Forms as stated herein and reported by the Book Running Lead Managers and the Co Book Running Lead Manager to the Stock Exchange within half an hour of such closure.

Our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations. The cap shall not be more than 120% of the floor of the Price Band. The floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bid/Issue Period shall be extended for three additional Working Days after such revision, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and the Co Book Running Lead Manager and the terminals of the other members of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated to QIBs on a proportionate basis. Out of the Net QIB Portion 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall 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 Issue Price. Furthermore, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investor shall be on a discretionary basis and not on a proportionate basis.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company in consultation with the Selling Shareholder, the BRLMs, the Co-BRLM and the Designated Stock Exchange.

Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to SCSBs. In case of QIBs, our Company may, in consultation with the Selling Shareholder, the BRLMs and the Co-BRLM, reject their Bids at the time of acceptance of the Bid cum Application Form, provided that the reasons for such rejection shall be disclosed to such QIB in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject the Bids only on technical grounds.

Any Bidder (other than Anchor Investors) may participate in this Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedures applicable to Bidders other than ASBA Bidders. Hence, Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process.

It may be noted that pursuant to the SEBI circular (no. CIR/CFD/DIL/2/2010) dated April 6, 2010, the SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010.

Investors should note that Allotment to all successful Bidders will only be in dematerialised form. Bidders will not have the option of receiving Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon determination of the Issue Price, allocation of Equity Shares, dispatch of CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB to authorise the blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. ASBA Bidders shall have the option to make a maximum of three Bids in the ASBA Bid cum Application Form. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form including ASBA Bid cum Application Form**
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
Eligible NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), on a repatriation basis	Blue

*The Bid cum Application Form for Anchor Investors is available at the registered office of the Company and the BRLMs and the Co-BRLM

*In accordance with SEBI Regulations, only QIBs can participate in the Anchor Investor Portion.

** Excluding electronic ASBA Bid cum Application Forms.

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors or in the name of their minor children as natural/ legal guardians in single or joint names (not more than three);
3. Hindu Undivided Families in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
4. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
5. FIIs registered with SEBI and their sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual, in the QIB Portion;
6. Sub-accounts of FIIs, which are foreign corporates or foreign individuals, in the Non-Institutional Portion;
7. State industrial development corporations;
8. Insurance funds set up and managed by the Department of Posts, India
9. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
10. NIF;
11. Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to invest in equity shares;
12. Pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to invest in equity shares;
13. Companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in equity shares;
14. VCFs registered with SEBI;
15. Mutual Funds registered with SEBI;
16. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI Regulations and regulations, as applicable);
17. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in equity shares;
18. Scientific and/or industrial research organisations in India authorised to invest in equity shares;
19. Foreign Venture Capital Investors registered with SEBI;
20. Multilateral and Bilateral Development Financial Institutions;
21. Insurance Funds set up and managed by Army, Navy and Airforce of the Union of India; and
22. All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per existing regulations promulgated under the FEMA, OCBs cannot Bid in the Issue. For further details, see section titled "*Terms of the Issue*" on page 278.

Anchor Investor Portion

Our Company will consider participation by Anchor Investors in the QIB Portion in consultation with the Selling Shareholder, the BRLMs and the Co-BRLM, for up to [●] Equity Shares in accordance with the applicable SEBI Regulations. The Anchor Investor Bid/Issue period shall be one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed. The QIB Portion shall be reduced to the extent of allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

- (a) Anchor Investors shall be QIBs as defined in the SEBI Regulations.
- (b) The Anchor Investor Bid must be for a minimum of such number of Equity Shares so that the Anchor Investor Bid Amount exceeds ₹ 100 million and in multiples of [●] Equity Shares thereafter. An Anchor Investor Bid cannot be submitted for more than the Anchor Investor Portion.
- (c) One third of the Anchor Investor Portion or [●] Equity Shares out of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.
- (d) The bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day.
- (e) Our Company, in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager, shall finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of allottees.
- (f) The number of Equity Shares allocated to the Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the Book Running Lead Managers and the Co Book Running Lead Manager before the Bid/Issue Opening Date.
- (g) Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid.
- (h) In case the Issue Price is greater than the Anchor Investor Price, the additional amount being the difference between the Issue Price and Anchor Investor Price shall be paid by the Anchor Investors by the Pay-in Date. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.
- (i) The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
- (j) The Book Running Lead Managers and the Co Book Running Lead Manager or any person related to the Book Running Lead Managers and the Co Book Running Lead Manager /Promoter/Promoter Group shall not participate in the Anchor Investor Portion.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- (l) The minimum number of Allottees in the Anchor Investor Portion shall not be less than:
 - (a) Two, where the allocation under Anchor Investor Portion is up to ₹ 2,500 million; and
 - (b) Five, where the allocation under Anchor Investor Portion is more than ₹ 2,500 million.
- (m) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: “Escrow Account – PFS – Public Issue – Anchor Investor – R”
 - In case of Non-Resident Anchor Investor: “Escrow Account – PFS – Public Issue – Anchor Investor – NR”

Procedure for applications by Mutual Funds

Under the SEBI Regulations, at least one-third of the Anchor Investor Portion, will be available for allocation to Mutual Funds only on a discretionary basis and 5% of the Net QIB Portion have been specifically reserved for mutual funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand in the Mutual Funds Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In the case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

In accordance with current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry-specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights. The Bid cum Application Form made by asset management companies or custodians of Mutual Fund should clearly indicate the name of the scheme for which the Bid cum Application is being made.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the Registered Office of the Company and with members of the Syndicate.

Eligible NRI Bidders should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment under the Eligible NRI category. The Eligible NRIs who intend to make payment through the NRO Account shall use the Bid cum Application form meant for Resident Indians (white form).

In accordance with the SEBI Regulations, NRIs can subscribe to this Issue under the ASBA process.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors, respectively, registered with SEBI. Accordingly, the holding in any company by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/foreign venture capital investor. However, venture capital funds and foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers. Further, FVCIs investing in the Issue should confirm that no approvals from the appropriate regulatory authorities are required to be obtained by the concerned FVCI.

Pursuant to the SEBI Regulations, the shareholding of a SEBI registered VCF held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the equity shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI. In case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of one year period.

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of [●] Equity Shares subject to the same not exceeding the QIB Portion). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the FII Regulations, an FII may issue, deal or hold, off shore derivative instruments such as "Participatory Notes", equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any

relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Associates and affiliates of the Underwriters, including the Book Running Lead Managers and the Co Book Running Lead Manager, that are FIIs may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

Bids made by Provident Funds

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids under Power of Attorney

By limited companies, corporate bodies, registered societies

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form as applicable. Failing this, our Company reserves the right to reject such Bids in whole or in part without assigning reasons thereof.

By FIIs, VCFs, Mutual Funds and FVCIs

In case of the Bids made pursuant to a power of attorney by FIIs, VCFs and Mutual Funds and FVCIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid in whole or in part without assigning reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, the Book Running Lead Managers and the Co Book Running Lead Manager may deem fit without assigning reasons thereof.

As per existing regulations promulgated under the FEMA, only Eligible NRIs on a repatriation basis or a non- repatriation basis subject to applicable laws are allowed to participate in the Issue. NRIs, other than Eligible NRIs are not permitted to participate in this Issue. Further, as per existing regulations, OCBs cannot participate in the Issue.

By Insurance Companies

With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

By Provident Funds

With respect to Bids made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Participation by associates and affiliates of the Book Running Lead Managers, Co Book Running Lead Manager and Syndicate Members

Associates and affiliates of the Book Running Lead Managers, the Co Book Running Lead Manager and Syndicate Members may Bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates and affiliates of the Book Running Lead Managers, the Co Book Running Lead Manager and Syndicate Members shall be on a proportionate basis.

However, the Book Running Lead Managers, the Co Book Running Lead Manager and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Further, the BRLMs, the Co-BRLM and any persons related to the BRLMs, the Co-BRLM, the Promoter and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits/restrictions applicable to them. Our Company, its Directors and officers, the Selling Shareholder, affiliates, associates and their respective directors and officers and the Book Running Lead Managers and the Co Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, its Directors and officers, the Selling Shareholder, affiliates, associates and their respective directors and officers, the Book Running Lead Managers and the Co Book Running Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. Where the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders where the Bid Amount does not exceed ₹ 200,000 indicating their agreement to the Bid and to purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and is a multiple of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them under applicable laws. **Under the SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid Amount upon submission of the Bid.**
- c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Bid Lots such that the Bid Amount is at least ₹ 100 million and in multiples of one Bid Lot thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Applications. Bid cannot be submitted for more than 30% of the QIB Portion.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-off Price.

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 or regulation or as specified in this Red Herring Prospectus.

Refund amounts following a permitted withdrawal or rejection of a Bid shall be paid in the manner described under the section titled “*Issue Procedure-Payment of Refund*” on page 310.

Information for the Bidder:

1. Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Issue Period.
2. Our Company in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager will declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), each with wide circulation. Further, the Price Band and the minimum bid lot as decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), (i.e. all edition of Financial Express and all edition of Jansatta), each with wide circulation. Bidders using ASBA process should approach the Designated Branch to register.
3. The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the Book Running Lead Managers and the Co Book Running Lead Manager, Syndicate Members or their authorised agent(s), as applicable to register their Bids. ASBA Bidders should approach the SCSBs to register their Bids.
5. The Bids should only be submitted on the prescribed Bid cum Application Form. Bid cum Application Forms should bear the stamp of the member of the Syndicate. Bid cum Application Forms which do not bear the stamp of a member of the Syndicate are liable to be rejected.
6. The Price Band has been fixed at ₹ [•] to ₹ [•] per Equity Share. The Bidders can Bid at any price within the Price Band, in multiples of [•] Equity Shares. In accordance with the SEBI Regulations, our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, reserve the right to revise the Price Band during the Bid/Issue period. The cap on the Price Band will not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
7. Our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.
8. The Retail Discount shall be offered at the time of Bidding but shall be adjusted on Allotment. Hence, Retail Individual Bidders cannot deduct the Retail Discount while submitting the Bid cum Application Form. The excess amount paid at the time of Bidding will be refunded to the Retail Individual Bidders on Allotment.

Method and Process of Bidding

1. Our Company in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date in the Red Herring Prospectus to be filed with the RoC and also publish the same in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), each with wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall contain the disclosure

requirements as specified under Schedule XIII of the SEBI Regulations. The Book Running Lead Managers, Co Book Running Lead Manager and Syndicate Members shall accept Bids from the Bidders during the Bid/Issue period in accordance with the terms of the Syndicate Agreement. The Price Band and the minimum Bid lot will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager and advertised at least two working days prior to the Bid/Issue Opening Date.

2. The Book Running Lead Managers and the Co Book Running Lead Manager shall accept Bids from the Anchor Investors on the Anchor Investor Bid Date, i.e. one Working Day prior to the Bid/ Issue Opening Date. Investors, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate or their authorised agents to register their Bids, during the Bidding Period. The Members of the Syndicate shall accept Bids from the all the other Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and Red Herring Prospectus.
3. The Bid/Issue period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bid/Issue period shall be extended, by an additional three days, subject to the total Bid/Issue period not exceeding 10 Working Days. The revised Price Band and Bid/Issue period shall be published in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), each with wide circulation and also by indicating the change on the website of the Book Running Lead Managers and the Co Book Running Lead Manager and at the terminals of the members of the Syndicate.
4. Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate or a SCSB, respectively. Submission of an additional Bid cum Application Form to either the same or to another member of the Syndicate or ASBA Form to any SCSB will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment. However, the Bidder, can revise the Bid through the Revision Form, the procedure for which is detailed section titled ***“Issue Procedure -Build up of the Book and Revision of Bids”*** on page 317. Provided that Bids submitted by a QIB in the Anchor Investor Portion and in the Net QIB Portion will not be considered as Multiple Bids.
6. Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, as applicable, all Bidders will make payment in the manner described under the section titled ***“Issue Procedure -Terms of Payment and Payment into the Escrow Accounts”*** on page 299.
8. The identity of QIB Bidders shall not be made public except those of Anchor Investor(s) which shall be published on the websites of the Stock Exchanges.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws, rules and regulations;
- (b) Ensure that you Bid within the Price Band;

- (c) Read all the instructions carefully and complete the Bid cum Application Form;
- (d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialised form only;
- (e) Ensure that you have collected a TRS for all your Bid options;
- (f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (g) Each of the Bidders, should mention their PAN allotted under the IT Act. Applications in which the PAN is not mentioned will be rejected, except for Bids from Central Government, State Government(s) and the officials appointed by the courts in terms of the SEBI circular dated June 30, 2008 and the residents of the state of Sikkim in terms of the SEBI circular dated July 20, 2006. The exemption for the Central or State Government(s) and the officials appointed by the courts and for investors residing in the State of Sikkim 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;
- (h) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form; and
- (i) Ensure that the demographic details (as defined in the section titled “*Issue Procedure – Bidder’s Depository Account and Bank Account Details*” on page 293) are updated, true and correct in all respects.
- (j) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of a member of the syndicate.

Don’ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid or revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash, postal order, or by stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate;
- (f) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not Bid such that the number of Equity Shares Bid for exceeds the Issue size and/or the investment limit or the maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;
- (h) Do not Bid at Bid Amount exceeding ₹ 200,000 in case of a Bid by a Retail Individual Bidder;
- (i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and
- (j) Do not submit the Bids without the full Bid Amount.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate, Registered Office of the Company or Registrar to the Issue.

Bidder’s Depository Account and Bank Account Details

Bidders should note that on the basis of the PAN of the sole/ First Bidder, Depository Participant’s name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository Participant, the demographic details of the Bidders such as their address, occupation and bank account details (hereinafter referred to as “Demographic Details”) for printing on refund orders or giving credit through NECS, RTGS or Direct Credit. Hence, Bidders are advised to immediately update their bank account details as appearing

on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders' sole risk and neither the Book Running Lead Managers, the Co Book Running Lead Manager, our Company, its Directors and officers, the Selling Shareholder, affiliates, associates and their respective directors and officers shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details on the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IF THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID CUM APPLICATION FORM.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/NECS credit for refunds/direct credit of refund/CANs/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the Bid cum Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder will be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CAN would be mailed to the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address, MICR code and other details given by the Bidder in the Bid cum Application Form would be used only to ensure re-dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither the Selling Shareholder, our Company, its Directors and officers, affiliates, associates and their respective directors and officers, Escrow Collection Banks, the Book Running Lead Managers and the Co Book Running Lead Manager nor the Registrar to the Issue shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of refunds through electronic modes as detailed in this Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars or the MICR code obtained from the Depository Participant are incorrect or incomplete.

Where no corresponding record is available with the Depositories that matches three parameters, namely, names of the PAN of the sole/First Bidder, the Depository Participant's identity and the beneficiary's identity, then such Bids are liable to be rejected.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. The PAN of the first/sole Bidder as furnished in the Bid cum Application Form or as recorded with the Depositories shall be the criteria to identify multiple Bids.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids

in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Our Company, in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager, reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (“PAN”)

Except for Bids from Central Government, State Government(s) and the officials appointed by the courts in terms of the SEBI circular dated June 30, 2008 and residents of the state of Sikkim in terms of the SEBI circular dated July 20, 2006, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR Number instead of the PAN, as the Bid is liable to be rejected on this ground. The exemption for the Central or State Government(s) and the officials appointed by the courts and for investors residing in the State of Sikkim 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.

Unique Identification Number (“UIN”)

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years”.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Forms or Revision Forms. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of the Stock Exchanges. The BRLMs, the Co-BRLM, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members, (ii) the Bids uploaded by the Syndicate Members, and (iii) the Bids accepted but not uploaded by the Syndicate

Members. There will be at least one on-line connectivity facility in each city where a stock exchange is located in India and where Bids are being accepted.

2. The NSE and the BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bid/Issue period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate and SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on electronic facilities of the NSE and the BSE will be uploaded on a regular basis, consolidated and displayed on-line at all Bidding Centres as well as on the NSE's website at www.nseindia.com and on the BSE's website at www.bseindia.com. A graphical representation of consolidated demand and price will be made available at the Bidding Centres during the Bid/Issue period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the Bidder(s). Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form;
 - Investor category—Individual, Corporate, QIBs, Eligible NRI, FII or Mutual Fund, etc.;
 - Numbers of Equity Shares Bid for;
 - Bid Price;
 - Bid cum Application Form number;
 - Bid Amount;
 - Depository Participant identification number and client identification number of the demat account of the Bidder;
 - PAN; and
 - Cheque details.
5. A system-generated TRS will be given to the Bidder as proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or SCSBs as applicable. The registration of the Bid by the member of the Syndicate or SCSB does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate, SCSBs, or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In the case of QIB Bidders, members of the Syndicate also have the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in this Red Herring Prospectus.
8. The permission given by the NSE and the BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, or the Book Running Lead Managers and the Co Book Running Lead Manager are cleared or approved by the NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company.

It is also to be distinctly understood that the approval given by the NSE and the BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE or the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and the BSE.

Revision of Bids in case of Revision of Price Band

1. The Bidder can Bid at any price within the Price Band in multiples of ₹ 1 (Rupee One). The Bidder has to Bid for the desired number of Equity Shares at a specific price.

Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding up to ₹ 200,000 may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders where the Bid Amount is in excess of ₹ 200,000 and such Bids from QIB Bidders and Non-Institutional Bidders shall be rejected.

2. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Accounts. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-Off Price, such Bidder shall receive the refund of the excess amounts from the Escrow Accounts in the manner described under the section titled “*Issue Procedure -Payment of Refund*” on page 310.
3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at the Cut-off Price could either (i) revise their ASBA Bid or (ii) instruct to block the additional amount based on the higher cap of the revised Price Band (such that the total amount i.e. the original Bid Amount plus additional payment does not exceed ₹ 200,000 for the Retail Individual Bidders, if the Bidder wants to continue to Bid at the Cut-off Price), with the Designated Branch of the SCSBs to whom the original ASBA Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ₹ 200,000, for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If however, the ASBA Bidder does not either revise the ASBA Bid or instruct to block the additional amount and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required to be blocked by the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid.
4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares Bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.
5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size and the Bid lot shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.

Build up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate or SCSBs shall be electronically transmitted to the NSE or the BSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available from the Book Running Lead Managers and the Co Book Running Lead Manager on a regular basis.
3. During the Bid/Issue period, any Bidder 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 printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate. The Bidder can make this revision any number of times during the Bid/Issue period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed.

5. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus.
7. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.
8. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/Allotment. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Book Running Lead Managers and the Co Book Running Lead Manager and the Designated Stock Exchange, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid cum Application Form or Revision Form, as applicable (white, blue or green).
2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
4. Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of ₹ 200,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by FVCIs, Eligible NRIs and FIIs on repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable ([●] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation. Other eligible Non-Resident Bidders must Bid for a minimum of such number of Equity Shares and in multiples of [●] that the Bid Amount exceeds ₹ 200,000. For further details, see the section titled “*Issue Procedure - Maximum and Minimum Bid Size*” on page 290.

4. In the names of individuals, or in the names of FIIs, etc. but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, at the rate of exchange prevailing at the time of remittance, net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will 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 will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which are received from the Depositories as part of the demographic details of the First Bidder/ sole Bidder. The Company, its Directors and officers, affiliates, associates and their respective directors and officers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs and they will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations promulgated under the FEMA, only Eligible NRIs on a repatriation basis or a non- repatriation basis subject to applicable laws are allowed to participate in the Issue. NRIs, other than Eligible NRIs are not permitted to participate in this Issue. Further, as per existing regulations, OCBs cannot participate in the Issue.

PAYMENT INSTRUCTIONS

Escrow Accounts shall be opened with the Escrow Collection Banks for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Escrow Mechanism

Escrow Accounts shall be opened with one or more Escrow Collection Banks for collection of application money. The Bidders shall draw the cheque or demand draft in respect of his or her Bid and/or revision of the Bid in favour of the payee detailed under the section titled “*Issue Procedure – Terms of Payment and Payment into the Escrow Accounts*” on page 299. Cheques or demand drafts received for the full Bid Amount from Bidders in a particular category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus. The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established to facilitate collections from the Bidders and shall be governed by the terms of the Red Herring Prospectus and the Escrow Agreement.

An escrow account has been created to be administered by an escrow agent to hold 29,200,000 Equity Shares being offered by the Selling Shareholder as a part of the offer for sale in the Issue. The Equity Shares which shall be held in the escrow account are proposed to be transferred to the successful Bidders in terms of the applicable laws and allocation list as finalized by the Company with the Designated Stock Exchange and the Registrar to the Issue for the purpose of settlement under the Issue.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall pay the entire Bid Amount with the submission of the Bid cum Application Form, draw a cheque or demand draft in favour of the Escrow Accounts of the Escrow Collection Bank(s) (see the section titled “*Issue Procedure - Payment Instructions*” on page 299) and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the Bid Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their Bid Amount only to a Book Running Lead Manager and the Co Book Running Lead Manager. **Bid cum Application Forms accompanied by cash/stockinvest/money order shall not be accepted.**

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Banks, which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Accounts, as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account on the Designated Date.

The entire Bid Amount is required to be paid at the time of submission of the Bid cum Application Form. If the payment is not made favouring the Escrow Account(s) along with the Bid cum Application Form, the Bid is liable to be rejected.

Where the Bidder has been allocated a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 12 Working Days from the Bid/Issue Closing Date, failing which our Company shall pay interest according to the provisions of the Companies Act for any delay beyond the periods as mentioned above.

Payment into Escrow Accounts

1. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:
 - (a) In the case of Resident QIB Bidders: “Escrow Account— PFS—Public Issue—QIB-R”.
 - (b) In the case of Non-Resident QIB Bidders: “Escrow Account— PFS—Public Issue—QIB-NR”.
 - (c) In the case of Resident Retail and Non-Institutional Bidders: “Escrow Account— PFS—Public Issue—R”.
 - (d) In the case of Non-Resident Retail and Non-Institutional Bidders: “Escrow Account— PFS — Public Issue—NR”.
 - (e) In case of Resident Anchor Investors: “Escrow Account – PFS – Public Issue – Anchor Investor – R”.
 - (f) In case of Non-Resident Anchor Investors: “Escrow Account – PFS – Public Issue – Anchor Investor – NR”.
2. In the case of Bids by Eligible NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.
3. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a FCNR or an NRO Account.
4. In case of Bids by FIIs or FVCIs the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.
5. Anchor Investors would be required to pay the Bid Amount at the time of submission of the application form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price within two Working Days of the Bid/ Issue Closing Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
6. 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. Outstation cheques/bank drafts drawn on banks not

participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

7. Bidders are advised to mention the number of application form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
8. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in this Issue.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), each with wide circulation.

Declaration of Price Band

The Price Band and the minimum bid lot as decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in, the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), (i.e. all edition of Financial Express and all edition of Jansatta), each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Right to reject Bids by our Company and the Selling Shareholder

In case of QIB Bidders bidding in the Net QIB Portion, our Company, in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager, may reject Bids provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. Provided further that, our Company in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons thereof. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject Bids based on technical grounds only. Consequent refunds shall be made as described in this Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid is less than the amount payable for the highest value of Equity Shares Bid for;
2. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
3. Age of the first Bidder not given;

4. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
5. PAN not stated, or GIR Number furnished instead of PAN;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
10. Bids for a number of Equity Shares, which are not in multiples of [●];
11. Category not ticked;
12. Multiple Bids as described in this Red Herring Prospectus;
13. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc. relevant documents are not submitted;
14. Bids accompanied by money order/postal order/cash;
15. Signature of sole and/or joint Bidders missing;
16. Bid cum Application Form does not have the stamp of the Book Running Lead Managers and the Co Book Running Lead Manager or the Syndicate Members;
17. Bid cum Application Form does not have the Bidder's depository account details;
18. Bid is not registered within the time prescribed and as per the instructions in the Bid cum Application Form;
19. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number;
20. In case the details of DP ID and Client ID and the PAN mentioned in the application form and entered into the electronic bidding system of the stock exchanges by the syndicate members do not match with the details of the DP ID and Client ID and PAN available in the depository database;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by QIBs not submitted through members of the Syndicate;
23. Bids by OCBs;
24. Bids by U.S. residents;
25. Bids by persons who are not eligible to acquire Equity Shares under any applicable law, rule, regulation, guideline or approval, inside India or outside India;
26. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
27. Bids by any person outside India if not in compliance with applicable foreign and Indian law, rule, regulation, guideline or approval;

28. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
29. Bids not uploaded in the Book;
30. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of ₹ 200,000, uploaded after 4.00 p.m. or any such time as prescribed by Stock Exchange on the Bid/Issue Closing Date;
31. Bids which do not comply with securities laws at their specific jurisdictions;

Price Discovery and Allocation

1. After the Bid Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss the pricing strategy with our Company. The Registrar to the Issue shall aggregate the demand generated under the ASBA and provide the same to the BRLMs.
2. Our Company and the Selling Shareholder, in consultation with BRLMs and the Co-BRLM, shall finalise the Issue Price and the Retail Discount. The Anchor Investor Price shall also be finalised by our Company and the Selling Shareholder in consultation with the BRLMs and the Co-BRLM.
3. Our Company will, in consultation with the Selling Shareholder, BRLMs and Co-BRLM, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which at least one third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.
4. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.
5. Not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, in a manner specified in the SEBI Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.
6. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill-over from any other category, at the sole discretion of our Company, in consultation with the Selling Shareholder, the BRLMs, the Co-BRLM and the Designated Stock Exchange. In the event that the aggregate demand in the Net QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the Selling Shareholder, the BRLMs, the Co-BRLM and the Designated Stock Exchange.
7. In the event of an oversubscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price in the QIB Portion shall be allocated Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion. In the event of an oversubscription in the Non-Institutional Portion and Retail Portion, allocation shall be made on a proportionate basis.
8. Any oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allotment'.
9. Allocation to Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, Mutual Funds or FVCIs will be subject to applicable law, rules, regulations, guidelines and the terms and conditions stipulated in approvals, if any, obtained from regulatory authorities such as the SEBI and the RBI.

10. Our Company in consultation with the Selling Shareholder, the BRLMs and the Co-BRLM reserves the right not to proceed with the Issue in accordance with SEBI Regulations. Provided, if our Company withdraws the Issue after the Bid Closing Date, the reason thereof shall be provided within two days of the Bid Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisement had appeared. The Stock Exchanges shall also be informed promptly.
11. In terms of the SEBI Regulations, QIBs bidding in the Net QIB Portion shall not be allowed to withdraw their Bids after the Bid Closing Date. Further, Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bidding Date.
12. Our Company in consultation with the Selling Shareholder, the BRLMs and the Co-BRLM, reserve the right to reject any Bid procured from QIBs. Rejection of Bids made by QIBs, if any, will be made at the time of acceptance of Bids provided that the reasons for such rejection shall be provided to such Bidder in writing.
13. The Allotment details shall be put on the website of the Registrar to the Issue.
14. Bids received from ASBA Bidders will be considered at par with Bids received from other Retail Individual Bidders and Non-Institutional Bidders. No preference shall be given to ASBA Bidders vis-à-vis other QIBs, Retail Individual Bidders and Non-Institutional Bidders or vice versa. The 'Basis of Allotment' to such valid ASBA and other QIBs, Retail Individual Bidders and Non-Institutional Bidders will be that applicable to QIBs, Retail Individual Bidders and Non-Institutional Bidders.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager and the Syndicate Members shall enter into the Underwriting Agreement upon finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the Red Herring Prospectus with RoC, which then will be termed "Prospectus". The Prospectus will have details of the Issue Price, Retail Discount, Issue size, underwriting arrangements and will be complete in all material respects, subject to finalisation of Basis of Allotment.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Issuance of CAN

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Book Running Lead Managers and the Co Book Running Lead Manager or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders in the Net QIB Portion may be done simultaneously with or before the approval of the Basis of Allotment for the Retail Individual Bidders and Non-Institutional Bidders. However, the Bidders should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date as the date of Allotment. For Anchor Investors, see "*Notice to Anchor Investors- Allotment Reconciliation and Revised CANs*".
- (b) The Registrar to the Issue will then send an Allotment Advice to Bidders who have been allocated Equity Shares in the Issue.
- (c) In case of Anchor Investor, the dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. The issuance of a CAN is subject to "Notice to Anchor Investor: Allotment Reconciliation and Revised CANs" as set forth below.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company, the Book Running Lead Managers and the Co Book Running Lead Manager, select Anchor Investors may be sent a CAN, within two working days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investor to pay the entire Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to (a) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, (b) the Issue Price being finalized at a price not higher than the Anchor Investor Issue Price, and (c) allotment by the Board of Directors. Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, among other things, and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. In such instances or in the event the Issue Price is fixed higher than the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors, price of the Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation or price of Equity Shares, which shall in no event be later than two days after the Bid Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment

- (a) Our Company will ensure that the Allotment is done within 12 Working Days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account and the Refund Account, our Company will ensure the credit to the successful Bidder(s) depository account. The Company will issue instructions for credit to the beneficiary account of the Allottees within two Working Days from the date of Allotment which in any event shall not exceed 12 Working Days of the Bid/Issue Closing Date.
- (b) As per Section 68B of the Companies Act, Allotment of the Equity Shares will be only in dematerialised form to the allottees.
- (c) Successful Bidders will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form (i.e. not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated February 28, 2011 among NSDL, our Company and the Registrar to the Issue; and
- (b) an agreement dated February 23, 2011 among CDSL, our Company and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing on the Bid cum Application Form and Revision Form.

3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form, Bid Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Bid Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form or vis-à-vis those recorded with his or her Depository Participant.
7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

C. For QIB Bidders in the Net QIB Portion

- Bids received from QIB Bidders bidding in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.
- The Net QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the Net QIB Portion shall be determined as follows:
 - (i) If Bids from Mutual Funds exceed 5% of the Net QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of one Equity Share thereafter up to 5% of the Net QIB Portion.
 - (ii) If the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIB Bidders as set out in (b) below.
 - (b) In the second instance allocation to QIBs bidding in the Net QIB Portion shall be determined as follows:
 - (i) In the event of an oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter for up to 95% of the Net QIB Portion.
 - (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 of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the Mutual Fund Portion, if any, from Mutual Funds, would be included in the Net QIB Portion for allocation to QIBs (including mutual funds) on a proportionate basis.

D. For Anchor Investors

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, subject to compliance with the following requirements:

- (a) not more than 30% of the QIB Portion will be allocated to Anchor Investors.
- (b) [●] Equity Shares out of the Anchor Investor Portion shall be available for allocation to Mutual Funds only.
- (c) Allocation to a minimum number of two Anchor Investors.

The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the Book Running Lead Managers and the Co Book Running Lead Manager before the Bid Opening Date

The Book Running Lead Managers and the Co Book Running Lead Manager, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalise the basis of Allotment shall be done in the presence of a public representative on the governing board of the Designated Stock Exchange.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

S. No.	Particulars	Issue details
1.	Issue size	200 million equity shares
2.	Allocation to QIB (50%)	100 million equity shares
3.	Anchor Investor Portion	30 million equity shares
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	70 million equity shares
	Of which:	
	a. Allocation to MF (5%)	3.50 million equity shares
	b. Balance for all QIBs including MFs	66.50 million equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

S. No.	Type of QIB bidders [#]	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

[#] A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in million)				
Type of QIB bidders	Shares bid for	Allocation of 3.5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 66.5 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	6.70	0
A2	20	0	2.68	0
A3	130	0	17.41	0
A4	50	0	6.70	0
A5	50	0	6.70	0
MF1	40	0.70	5.26	5.96
MF2	40	0.70	5.26	5.96
MF3	80	1.40	10.53	11.93
MF4	20	0.35	2.63	2.98
MF5	20	0.35	2.63	2.98
	500	3.50	66.50	29.81

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in

the section titled “**Issue Structure**” on page 281.

2. Out of 70 million equity shares allocated to QIBs, 3.5 million (*i.e.* 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 million equity shares in QIB category.
3. The balance 66.50 million equity shares (*i.e.* 70 - 3.5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million equity shares (including five MF applicants who applied for 200 million equity shares).
4. The figures in the fourth column entitled “Allocation of balance 66.50 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5) = No. of shares bid for (*i.e.* in column II) X 66.50/496.50.
 - For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (*i.e.* in column II of the table above) less Equity Shares allotted (*i.e.* column III of the table above)] X 66.50/496.50.

The numerator and denominator for arriving at allocation of 70 million shares to the 10 QIBs are reduced by 3.5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Procedure and Schedule for Allotment and demat Credit of Equity Shares

The Issue will be conducted through a “100% Book Building Process” pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bid/Issue period. The Bid/Issue period will commence on March 16, 2011 and expire on March 18, 2011. Following the expiration of the Bid/Issue period, our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, will determine the Issue Price. Our Company in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager will determine the basis of allocation and entitlement to Allotment based on the Bids received and subject to confirmation by the Designated Stock Exchange. Successful bidders will be provided with a CAN (subject to a revised CAN) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI Regulations require our Company to complete the Allotment to successful bidders within 12 Working Days of the expiration of the Bid/Issue period. The Equity Shares will then be credited and Allotted to the investors’ demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of proportionate Basis of Allotment

Except in relation to Anchor Investors, in the event the Issue is oversubscribed, the Allotment shall be as per the basis of Allotment approved by the Designated Stock Exchange. The executive director or managing director of the Designated Stock Exchange along with the Book Running Lead Managers and the Co Book Running Lead Manager and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner. Except in relation to Anchor Investors, Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

- (a) Bidders will be categorised according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be Allotted to each category as a whole shall 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 oversubscription ratio.
- (c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.
- (d) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the market lot), the decimal will 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 will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.

- (e) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
 - The successful Bidders out of the total Bidders for a portion shall be determined by the drawing 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 (c) above; 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 portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.
- (g) Subject to valid Bids being received, Allotment of Equity Shares to Anchor Investors will be at the discretion of our Company, in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager.

PAYMENT OF REFUND

Bidders should note that on the basis of the names of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidder's bank account details including a nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders, as the case may be, at the Bidder's sole risk and neither our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers the Syndicate Members, the Escrow Collection Banks, the Book Running Lead Managers and the Co Book Running Lead Manager nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned 68 centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS or NEFT.
2. NEFT - Payment of refund may be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code, which can be linked to a MICR code, if any, available to that

particular bank branch. IFSC will be obtained from the website of RBI as at a date immediately prior to the date of payment of refund, duly mapped with MICR code of the Bidder's bank. Wherever the applicants have registered the nine digit MICR code of the branch of the bank where they are having their account and their bank account number while opening and operating the demat account, the same will be duly mapped with the Indian Financial System Code (IFSC) of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

3. Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by our Company.
4. RTGS—Where the refund amount exceeds ₹ 0.2 million, the same shall be remitted through RTGS provided the Bidder has given details of the IFSC, type of account and account number of the branch where the account is maintained, in the Bid cum Application Form in the space provided for the same. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.
5. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to ₹ 1,500 and through speed post/ registered post for refund orders of ₹ 1,500 and above. Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) which shall be payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest on refund of excess Bid Amount

Our Company and the Selling Shareholder shall pay interest at the rate of 15% p.a. on a pro-rata basis in proportion of the Equity Shares proposed to be transferred or issued (as the case may be) by them as a part of the Issue, on the excess Bid Amount received if refund orders are not dispatched or if instructions to SCSBs are not issued for unblocking ASBA Accounts within 15 days of the Bid/Issue Closing Date for any delay beyond such 15 days time period.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form number or ASBA number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or SCSB where the Bid was submitted and cheque or draft number and issuing bank thereof.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

Our Company shall ensure dispatch of Allotment advice/ refund orders (except for Bidders who have indicated their intention to receive refunds through electronic transfer of funds) and issue instructions for credit to the beneficiary account of the Allottees with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges, within two Working Days of the date of Allotment.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for Allotment and trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/ Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment and transfer only in dematerialised form shall be made within 12 Working Days of the Bid/Issue Closing Date;
- Dispatch refund orders, except for Bidders who are eligible to receive refunds through the NECS facility, shall be made within 12 Working Days of the Bid/Issue Closing Date;
- Instructions to SCSBs for unblocking ASBA Accounts shall be issued within 12 Working Days of the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% p.a. on a pro-rata basis in proportion of the Equity Shares proposed to be issued by it as a part of the Issue, if Allotment or demat credits to investors are not made within 12 Working Days or, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the Refund Banker(s) in the disclosed manner or if instructions to SCSBs for unblocking ASBA Accounts are not issued within 15 days of the Bid/Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue. Save and except for refunds effected through the electronic mode, i.e. NECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as a Refund Banker which shall be payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of applicants who receive refunds through NECS, direct credit or RTGS/NEFT, the refund instructions will be given to the clearing system within 12 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 12 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Undertakings by our Company

Our Company undertakes as follows:

- that complaints received in respect of this Issue shall be dealt with expeditiously and satisfactorily;
- that it shall be ensured that dispatch of share certificates and demat credit is completed and the allotment and listing documents shall be submitted to the Stock Exchanges within 12 Working Days of the Bid/ Issue Closing Date;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/ Issue Closing Date;
- that our Company shall apply in advance for the listing of Equity Shares;
- that the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that the refund orders or Allotment advice to the Non-Resident Bidders shall be dispatched within the specified time;
- that except as disclosed in the section titled “*Capital Structure*” on page 65, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

- that adequate arrangements shall be made to collect all ASBA Forms and all ASBA shall be considered similar to other applications while finalizing the basis of Allotment.

Undertakings by the Selling Shareholder

The Selling Shareholder undertakes the following:

- That the Equity Shares being sold pursuant to the Offer for Sale have been held by them for a period of more than one year and the Equity Shares are free from liens, charges and encumbrances or any contractual transfer restrictions of any kind whatsoever and shall be offered to the successful bidders within the specified time and are fully paid up and in dematerialized form;
- That there would be no further transfer of Equity Shares during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares Allotted/ to be Allotted pursuant to the Issue have been listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;
- That it shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges have been obtained;
- The Selling Shareholder shall pay interest at 15% per annum on a pro-rata basis in proportion to the Equity Shares proposed to be transferred by it as a part of the Issue, if Allotment or demat credits to investors are not made within 12 Working Days or, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the Refund Banker(s) in the disclosed manner or if instructions to SCSBs for unblocking ASBA Accounts are not issued within 15 days of the Bid/Issue Closing Date.
- The Selling Shareholder, post the Bid/Issue Closing Date, will co-operate with the Company, the BRLMs and the Co-BRLM to endeavour to undertake such acts as may be reasonably required to facilitate the transfer, allocation and listing of Equity Shares which are being offered for sale by the Selling Shareholder as a part of this Issue.

Utilisation of Issue proceeds

Our Board certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in Section 73(3) of the Companies Act;
- details of all monies utilised out of the Issue shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remain unutilised, under an appropriate heading in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested;
- our Company shall comply with the requirements of Clause 49 of the listing agreement in relation to the disclosure and monitoring of the utilization of the Net Proceeds; and
- our Company shall not have recourse to the proceeds of the Fresh Issue and the Selling Shareholder shall not have recourse to the proceeds of the Offer for Sale until the approval for trading of the Equity Shares from the Stock Exchanges has been received.

The Book Running Lead Managers and the Co Book Running Lead Manager undertake that the complaints or comments received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

ISSUE PROCEDURE FOR ASBA BIDDERS

SEBI, by its circular dated July 30, 2008, introduced a new mode of payment in public issues i.e. application supported by blocked amount wherein the application money remains in the ASBA Account until allotment in

the public issue. Mode of payment through ASBA became effective on September 1, 2008. Since this is a new mode of payment, set forth below is the procedure for bidding under the ASBA procedure, for the benefit of the Bidders.

This section is only to facilitate better understanding of aspects of the procedure for bidding which is specific to ASBA Bidders. ASBA Bidders should nonetheless read this document in entirety

Our Company, its Directors and officers, affiliates, associates and their respective directors and officers and the Book Running Lead Managers and the Co Book Running Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA are provided at <http://www.sebi.gov.in/pmd/scsb.pdf> or at such other website as may be prescribed by SEBI from time to time. For details on designated branches of SCSB collecting the ASBA Form, please refer the above mentioned SEBI link.

ASBA Process

Any Bidder (other than Anchor Investors) can submit his bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder is maintained. Further, as per circular issued by SEBI dated October 12, 2010, the Syndicate and sub-syndicate members have been permitted to procure ASBA Bid cum Application Forms from the ASBA Bidders and submit the forms to the SCSBs. However, SEBI is yet to notify relevant instructions for modification of existing systems and procedures. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the ASBA Bid. The ASBA Bid data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the basis of Allotment and consequent transfer of the Bid Amount against the allocated Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the BRLMs through the Registrar to the Issue, shall notify the SCSBs to unblock the blocked amount of the ASBA Bidders within one day from the day of receipt of such notification.

Who can Bid?

In accordance with the SEBI Regulations, any Bidder can submit their application through ASBA process to bid for equity shares of our Company.

ASBA Bid cum Application Form

An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making an ASBA Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their bids under the Issue, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. For further information on how to complete ASBA Forms, see the section titled ***“Issue Procedure- Instructions for Completing the ASBA Form”*** on page 319.

The prescribed colour of the ASBA Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form including ASBA Bid cum Application Form**
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
Eligible NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), on a repatriation basis	Blue

*The Bid cum Application Form for Anchor Investors is available at the registered office of the Company and the BRLMs

*In accordance with SEBI Regulations, only QIBs can participate in the Anchor Investor Portion.

** Excluding electronic ASBA Bid cum Application Forms.

- After determination of the Issue Price, the number of Equity Shares Bid for by the ASBA Bidders will be considered for allocation.
- In the ASBA Form, the ASBA Bidder shall, *inter alia*, give the following confirmations/declarations:
 - a. That he/she is an ASBA Bidder as per the SEBI Regulations;
 - b. That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her Bid, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the Public Issue Account after finalization of the basis of Allotment entitling the ASBA Bidder to receive Equity Shares in the Issue etc.; and
 - c. That he/she has authorized the Registrar to the Issue to issue instructions to the SCSBs to unblock the funds in the bank account specified in the ASBA Bid cum Application form upon finalization of the basis of Allotment and to transfer the requisite money to the Public Issue Account.
- An ASBA Bidder cannot bid under the Issue, either in physical or electronic mode, on another ASBA Form or Bid cum Application Form after bidding on one ASBA Form either in physical or electronic mode. Submission of a second ASBA Form to either the same or another Designated Branch or a Bid cum Application Form to the Members of Syndicate will be treated as multiple Bid and will be liable to be rejected either before entering the Bid into the electronic Bidding System, or at any point of time prior to the Allotment of Equity Shares in the Issue.
- Upon completing and submitting the ASBA Form to the Designated Branch, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. ASBA Bidders who are Resident Individual Bidders (including HUFs) who have bid for Equity Shares for an amount not less than or equal to ₹ 200,000 in any of the Bidding options in the Issue, will be categorized as Retail Individual Bidders. ASBA Bidders that are not Retail Individual Bidders and who have bid for Equity Shares for an amount over ₹ 200,000 will be categorized as Non-Institutional Bidders.

Information for the ASBA Bidders:

1. We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.
2. Our Company, the Book Running Lead Managers and the Co Book Running Lead Manager in consultation with the Selling Shareholder shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), each with wide circulation. Further, the Price Band and the minimum bid lot as decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in the Financial Express (being the English national daily newspaper) and Jansatta

(being the Hindi national daily newspaper as well as the regional daily newspaper), (i.e. all edition of Financial Express and all edition of Jansatta), each with wide circulation.

3. ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches. ASBA Bidders can also obtain a copy of the Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.
4. The ASBA Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account. For further information on how to complete ASBA Forms, see the section titled “**Issue Procedure - Instructions for Completing the ASBA Form**” on page 319.
5. The Price Band has been fixed at ₹ [●] to ₹ [●] per Equity Share. In accordance with the SEBI Regulations, our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, reserves the right to revise the Price Band during the Bid/Issue period. In case of revision, the cap on the Price Band will not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
6. Our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the ASBA Bidders.
7. Our Company and the Book Running Lead Managers and the Co Book Running Lead Manager shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Red Herring Prospectus to be filed with the RoC and also publish the same in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), each with wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall contain the disclosure requirements as specified under Schedule XIII of the SEBI Regulations. The SCSBs shall accept ASBA Bids from the ASBA Bidders during the Bid/Issue period. Further, the Price Band and the minimum bid lot as decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), (i.e. all edition of Financial Express and all edition of Jansatta), each with wide circulation.
8. The Bid/Issue period shall be for a minimum of three Working Days and shall not exceed seven Working Days. In case the Price Band is revised, the revised Price Band and Bid/Issue period will be published in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper as well as the regional daily newspaper), each with wide circulation, and also by indicating the change on the website of the Book Running Lead Managers and the Co Book Running Lead Manager and at the terminals of the members of the Syndicate. The Bid/Issue period shall be extended by an additional three Working Days, subject to the total Bid/Issue period not exceeding 10 Working Days.

Mode of Payment

Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch to block the Bid Amount in the ASBA Account.

ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

SCSBs shall block the Bid Amount in the ASBA Account. The Bid Amount shall remain blocked in the ASBA Account until finalization of the basis of Allotment or withdrawal/failure of the Issue or withdrawal/failure of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the ASBA Bid shall be rejected by the SCSB and no funds shall be blocked in the that ASBA

Account.

On the Designated Date, the SCSBs shall unblock and transfer the Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked.

Electronic Registration of Bids

Upon receipt of the ASBA Form, whether in physical or electronic the Designated Branch shall register and upload the Bid using online facilities of Stock Exchanges. **The Book Running Lead Managers, the Co Book Running Lead Manager, our Company, the Selling Shareholder, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.**

At the time of registering each Bid, the Designated Branches shall enter the information pertaining to the investor into the online system, including the following details:

- Name of the Bidder(s);
- Application number;
- PAN;
- Investor Category and sub category:

Retail	Non-Institutional	QIB
(No sub category)	1. Individual; 2. Corporate; and 3. Others.	1. Mutual funds; 2. Financial Institutions; 3. Insurance companies; 4. Foreign institutional investors; 5. Other than corporate and individual sub accounts others.

- Number of Equity Shares Bid for;
- Bank account number;
- Bid amount;
- Depository participant identification No.; and
- Client identification number of the Bidder's beneficiary account.

In case of electronic ASBA Form, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchanges.

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches.** The registration of the Bid by the Designated Branch does not guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges.

The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

Build up of the book and revision of Bids

- (a) Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.
- (c) During the Bid/Issue Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at a particular price level is free to revise his/ her or its Bid within the Price Band using the printed ASBA Revision Form, which is a part of the ASBA Bid cum Application Form. Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Share) by using the ASBA Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his/ her or its ASBA Bid cum Application Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Bid cum Application Form and he is changing only one of the options in the ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the ASBA Revision Form. The SCSB will not accept incomplete or inaccurate Revision Forms.
- (d) The ASBA Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.
- (e) Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.
- (f) When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. **It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (g) The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLMs, our Company and the Designated Stock Exchange, in this regard shall be final and binding.
- (h) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

GENERAL INSTRUCTIONS

DO's:

1. Ensure that you use the ASBA Form specified for the purposes of ASBA.
2. Read all the instructions carefully and complete the ASBA Form.
3. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
4. Ensure that your ASBA Form is submitted at a Designated Branch, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or the Registrar to the Issue or the Book Running Lead Managers and the Co Book Running Lead Manager.

5. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.
6. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
7. Ensure that you have funds equal to the Bid Amount available in your ASBA Account before submitting the ASBA Form to the respective Designated Branch.
8. Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
9. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.
10. Ensure that you have mentioned your PAN, allotted under the IT Act unless you are a resident of the State of Sikkim in terms of the SEBI circular dated July 20, 2006 or Central Government, State Government(s) or an official appointed by a court in terms of SEBI circular dated June 30, 2008. The exemption for the Central or State Government(s) and the officials appointed by the courts and for investors residing in the State of Sikkim 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.
11. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.
12. Ensure that the Demographic Details are updated, true and correct, in all respects.

DON'Ts:

1. Do not bid for lower than the minimum Bid size.
2. Do not Bid on another ASBA Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch.
3. Payment of Bid Amounts in any mode other than blocked amounts in the ASBA Accounts, shall not be accepted under the ASBA.
4. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch.
5. Do not submit more than five ASBA Bid cum Application Forms per bank account for the Issue.
6. Do not submit the GIR Number instead of the PAN Number.

Impersonation

For details, see section titled “*Issue Procedure- Impersonation*” on page 319.

INSTRUCTIONS FOR COMPLETING THE ASBA FORM

1. Bids through ASBA must be made only in the prescribed ASBA Form (if submitted in physical mode) or electronic mode.
2. The ASBA Bid may be made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein and in the ASBA Form.
4. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid such that the Bid Amount does not exceed the maximum investment limits prescribed under law.
5. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
6. ASBA Bidders should correctly mention the ASBA Account number in the ASBA Form and should ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the respective Designated Branch. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the CSEB shall reject the application.
7. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the account holder as provided in the ASBA Form. No more than five ASBA Bid cum Application Forms can be submitted per bank account in the Issue.
8. ASBA Bidders should correctly mention their DP ID and Client ID in the ASBA Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Form.

ASBA Bidder's Depository Account and Bank Details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALIZED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA FORM.

ASBA Bidders should note that on the basis of PAN of the ASBA Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address. Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Form.

As these demographic details would be used for all correspondence with the ASBA Bidders they are advised to update their demographic details as provided to their Depository Participants.

By signing the ASBA Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/allocation advice would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/allocation advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches, the members of the Syndicate, our Company or the Registrar to the Issue shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, PAN of the ASBA Bidders, the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

ASBA Bids under Power of Attorney

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, reserve the right to reject such Bids. Our Company in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form, subject to such terms and conditions that we, in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager may deem fit.

OTHER INSTRUCTIONS

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one ASBA Bid cum Application Form. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is the same.

Permanent Account Number

The ASBA Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected by the SCSBs.** It is to be specifically noted that ASBA Bidders should not submit the GIR Number instead of the PAN, as the Bid is liable to be rejected on this ground.

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including ensure deletion of details of the withdrawn ASBA Bid from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper) as well as the regional daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC in a widely circulated in the Financial Express (being the English national daily newspaper) and Jansatta (being the Hindi national daily newspaper) as well as the regional daily newspaper, each with wide circulation, after filing of the prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Retail Discount along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

RIGHT TO REJECT ASBA BIDS

The Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the ASBA Account.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

Grounds for Technical Rejections under the ASBA Process

ASBA Bidders are advised to note that Bids under the ASBA Process are liable to be rejected on, *inter alia*, the following technical grounds:

1. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
2. Age of the first Bidder not given;
3. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
4. Amount mentioned in the ASBA Form does not tally with the amount payable for the value of Equity Shares Bid for;
5. Submission of more than five ASBA Bid cum Application Forms per account;
6. PAN not stated, or GIR Number furnished instead of PAN, unless the ASBA Bidder is a resident of the State of Sikkim in terms of the SEBI circular dated July 20, 2006 or Central Government, State Government(s) or a official appointed by a court in terms of the SEBI circular dated June 30, 2008. The exemption for the Central or State Government(s) and the officials appointed by the courts and for investors residing in the State of Sikkim 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.;
7. In case the details of DP ID and Client ID and the PAN mentioned in the application form and entered into the electronic bidding system of the stock exchanges by the syndicate members do not match with the details of the DP ID and Client ID and PAN available in the depository database;
8. Bids for number of Equity Shares, which are not in multiples of [●];
9. Authorisation for blocking funds in the ASBA Account not ticked or provided;
10. Multiple Bids as described in this Red Herring Prospectus;
11. In case of Bid under power of attorney, relevant documents are not submitted;
12. Signature of sole and/or joint Bidders missing in case of ASBA Forms submitted in physical mode;
13. ASBA Form does not have the Bidder's depository account details;
14. ASBA Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Form and the Red Herring Prospectus;
15. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;
16. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number;

17. ASBA Bid cum Application Forms not being signed by the account holder, if the account holder is different from the Bidder; and.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA along with the demand generated by other Bidders to determine the demand generated.
2. Our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Co Book Running Lead Manager, shall finalise the Issue Price.
3. The Allotment to QIBs will be upto 50% of the Issue, on a proportionate basis and the availability for allocation to Non-Institutional and Retail Individual Bidders (including ASBA Bidders) will be not less than 15% and 35% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Regulations and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Our Company in consultation with the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager, reserves the right not to proceed with the Issue in accordance with SEBI Regulations. Provided, if our Company withdraws the Issue after the Bid/Issue Closing Date, we will give the reason thereof within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchanges shall also be informed promptly

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Basis of Allocation and Method of Proportionate Basis of Allocation in the Issue

ASBA Bidders who are Residential Individual Bidders (including HUFs) who have bid for Equity Shares for an amount less than or equal to ₹ 200,000 in any of the Bidding options in the Issue, along with non-ASBA Bidders, will be categorised as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over ₹ 200,000 will be categorised as Non-Institutional Bidders. No preference shall be given vis-à-vis ASBA and non- ASBA Bidders.

Issuance of CAN

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue, along with:
 - The number of Equity Shares to be allotted against each successful ASBA;
 - The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA;
 - The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
 - The details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective ASBA Accounts.
 - Investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date.
- (b) The ASBA Bidders shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

Undertaking by our Company

With respect to the ASBA Bidders, our Company undertakes that adequate arrangements shall be made to collect all ASBA Forms and ASBA Bidders shall be considered similar to other Bidders while finalizing the

basis of allocation.

Undertakings by the Selling Shareholder in relation to ASBA

For undertakings by the Selling Shareholder see the section titled “*Issue Procedure- Undertakings by the Selling Shareholder*” on page 313.

Allotment of Equity Shares

Our Company will ensure that the Allotment of Equity Shares is done within 12 Working Days of the Bid/Issue Closing Date.

- As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Unblocking of ASBA Account

Once the basis of Allotment is finalized, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to block the relevant bank accounts and transfer of requisite amount to the Public Issue Account designated for this purpose within the timelines specified in the ASBA facility: (a) the number of Equity Shares to be allotted against each valid ASBA Bid, (i) the amount to be transferred from the relevant bank account to the Public Issue Account for each valid ASBA Bid, (ii) the date by which the funds referred to in sub-paragraph (iii) above, shall be transferred to the Public Issue Account, (iv) details of the rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. The SCSBs shall then unblock the relevant bank accounts for, (a) the transfer of the relevant money to the Public Issue Account against each valid ASBA, (b) the withdrawn, rejected/unsuccessful ASBA Bids, (c) the excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch regarding finalisation of the basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or withdrawal or rejection of the ASBA Bid, as the case may be.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders or Instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid/Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 12 Working Days from the Bid/Issue Closing Date;
- Instructions to the SCSBs to unblock funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful Bids shall be made within 12 Working Days of the Bid/Issue Closing Date;
- It shall pay interest at 15% p.a. on a pro-rata basis in proportion of the Equity Shares proposed to be issued by it as a part of the Issue, if Allotment or demat credits to investors are not made within 12 Working Days or, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the Refund Banker(s) in the disclosed manner or if instructions to SCSBs for unblocking ASBA Accounts are not issued within 15 days of the Bid/Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on any one or more of the Escrow Collection Banks/Refund Bankers and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Our Company shall not have recourse to the Issue proceeds until the approvals for trading of the Equity Shares has been received from the Stock Exchanges.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Form, name and address of the Designated Branch where the ASBA Bid was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Bidders can contact the Compliance Officer, the Designated Branch where the ASBA Form was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 12 Working Days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date; and
- Our Company and the Selling Shareholder shall pay interest at 15% p.a. on a pro-rata basis in proportion of the Equity Shares proposed to be transferred or issued (as the case may be) by them as a part of the Issue, if Allotment or demat credits to investors are not made within 12 Working Days or, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the Refund Banker(s) in the disclosed manner or if instructions to SCSBs for unblocking ASBA Accounts are not issued within 15 days of the Bid/Issue Closing Date.

Our Company has obtained all the necessary approvals from the concerned governmental authorities for the Issue. For further details, see the section titled “*Government and Other Approvals*” on page 260.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Book Running Lead Managers and the Co Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

Under the automatic route, no prior approval of the GoI is required for the issue of securities by Indian companies/acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities. If the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the “same field” in India as on January 12, 2005, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

Under the approval route, prior approval from the FIPB/RBI is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the GoI as its members.

Subscription by foreign investors - Investment by FIIs

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, by a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

FIIs including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, foreign central banks, asset management companies, investment managers or advisors, nominee companies, power of attorney holders, banks, trustees, endowment funds, university funds, foundation or charitable trusts or societies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under the FEMA. FIIs must also comply with the provisions of the FII Regulations. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely, securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

FIIs are permitted to purchase shares of an Indian company through public/private placement under:

- i. Regulation 5 (1) of the FEMA Regulations, subject to terms and conditions specified under Schedule 1 of the FEMA Regulations (“**FDI Route**”).
- ii. Regulation 5 (2) of the FEMA Regulations subject to terms and conditions specified under Schedule 2 of the FEMA Regulations (“**PIS Route**”).

In case of investments under FDI Route, investments are made either directly to the company account, or through a foreign currency denominated account maintained by the FII with an authorised dealer, wherein Form

FC-GPR is required to be filed by the company. Form FC-GPR is a filing requirement essentially for investments made by non-residents under the 'automatic route' or 'government approval route' falling under Schedule 1 of the FEMA Regulations.

In case of investments under the PIS Route, investments are made through special non-resident rupee account, wherein Form LEC (FII) is required to be filed by the designated bank of the FII concerned. Form LEC (FII) is essentially a filing requirement for FII investment (both in the primary as well as the secondary market) made through the PIS Route.

Foreign investment under the FDI Route is restricted/ prohibited in sectors provided in part A and part B of Annexure A to Schedule 1 of the FEMA Regulations.

Ownership Restrictions of FIIs

The issue of securities to a single FII under the PIS Route should not exceed 10% of the issued and paid-up capital of the company. In respect of an FII investing in securities on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued and paid-up capital. The aggregate FII and sub-account holding in a company cannot exceed 24% of its total paid-up capital. The said 24% limit can be increased up to the sectoral cap/statutory ceiling, as applicable by passing a resolution by the board of directors followed by passing a special resolution to that effect by the shareholders of the company. Accordingly our Company has increased the said limit to 49% pursuant to a Board resolution and shareholders resolution, both dated May 11, 2010.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the FII Regulations, an FII may issue, deal or hold, offshore derivative instruments such as "Participatory Notes", equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or their Sub-Account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. FIIs and their Sub-Accounts are not allowed to issue offshore derivative instruments with underlying as derivatives.

Foreign Direct Investment

FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Investors are required to file the required documentation with the RBI within 30 days of such issue/ acquisition of securities.

Under the approval route, prior approval of the FIPB and/or RBI is required. FDI for the items/ activities not under the automatic route (other than in prohibited sectors) may depend upon the activity be brought in through the approval route. Further:

- (a) As per the sector specific guidelines of the Government of India, 100% FDI/ NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.
- (b) Minimum Capitalisation Norms for fund-based NBFCs are the following:
 - (i) For FDI up to 51% - US\$ 0.5 million to be brought upfront
 - (ii) For FDI above 51% and up to 75% - US \$ 5 million to be brought upfront
 - (iii) For FDI above 75% and up to 100% - US \$ 50 million out of which US \$ 7.5 million to be brought upfront and the balance in 24 months
- (c) Minimum capitalization norm of US\$0.5 million is applicable in respect of all permitted non-fund based NBFCs with foreign investment
- (d) Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US\$ 50 million specified in (b) (iii) above (without any restriction on number of operating subsidiaries without bringing in additional capital)

- (e) Joint ventures operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow, i.e. (b) (i) and (b) (ii) above.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, the prior approval of the RBI may not be required other than in certain circumstances although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non resident purchaser.

NBFC's having FDI are required to submit a certificate from the statutory auditors on half yearly basis certifying compliance with the terms and conditions of the FDI regulations. Such certificate should be submitted not later than one month from the close of the half year to which the certificates pertains to the regional office of the RBI in whose jurisdiction the head office of the Company is registered.

Calculation of total foreign investment in Indian companies

Foreign investment in Indian securities is regulated by the industrial policy of the Government consolidated under circular (D/o IPP F. No. 5(14)/2010-FC) dated September 30, 2010 ("**Consolidated FDI Policy**") released by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry and notifications issued by RBI from time to time. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment.

The chapter 4 of the Consolidated FDI Policy provides the method of calculating foreign investment in an Indian company.

Foreign investment is defined broadly and includes investment by FIIs and NRIs, and foreign investment in the form of American depositary receipts, global depositary receipts, foreign currency convertible bonds, convertible preference shares and convertible currency debentures.

The Consolidated FDI Policy specifies that all investments made directly by a non-resident entity in an Indian company would be considered as foreign investment. Further, in relation to an investment by an Indian company in another Indian company, if (i) the investing Indian company is owned and controlled by resident Indian citizens, and (ii) foreign entities do not own or control the investing Indian company, then the foreign investment in the investing Indian company will not be considered for calculation of the foreign investment in the second Indian company. However, if the requirements under (i) and (ii) above are not satisfied, then the entire investment of the investing Indian company in the second Indian company being invested in will be considered foreign investment.

Pursuant to the Consolidated FDI Policy, an investing company shall be considered (i) "owned" by resident Indian citizens or foreign entities if more than 50% of its equity interest is beneficially owned by resident Indian citizens or foreign entities, as the case may be, and (ii) "controlled" by resident Indian citizens or foreign entities if the resident Indian citizens or foreign entities, as the case may be, have the power to appoint a majority of its directors.

The Consolidated FDI Policy provides guidelines relating to downstream investments by Indian companies that have foreign investment. These guidelines are based on the principle that downstream investments by Indian companies owned or controlled by foreign entities should follow the same rules as those applicable to direct foreign investment. In respect of downstream investments by Indian companies that are not owned or controlled by foreign entities, there would not be any restrictions.

For the purpose of downstream investments, the Consolidated FDI Policy classifies Indian companies into one of three groups: (i) operating companies, (ii) operating-and-investing companies and (iii) investing companies. In connection with foreign investment in these categories of Indian companies, the Consolidated FDI Policy provides that:

- (a) foreign investment in an operating company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates;
- (b) foreign investment in an operating-and-investing company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates. Further, the Indian company into which downstream investments are made will need to comply with the terms and conditions for foreign investment in the relevant sectors in which such Indian company operates; and
- (c) foreign investment in investing company (i.e. an Indian company holding only direct or indirect investments in other Indian companies other than for trading of such holdings) will require the prior approval of the FIPB.

The Consolidated FDI Policy further provides that foreign investment in an Indian company that does not have (i) any operations, and (ii) any downstream investments, will require the prior approval of the FIPB.

Subscription by a person resident outside India

A person residing outside India (other than a citizen of Pakistan or Bangladesh) or any entity incorporated outside India (other than an entity incorporated in Pakistan or Bangladesh) may purchase equity shares, compulsorily convertible debentures or compulsorily convertible preference shares of an Indian company, subject to certain terms and conditions.

As per existing regulations promulgated under the FEMA, only Eligible NRIs on a repatriation basis or a non- repatriation basis subject to applicable laws are allowed to participate in the Issue. NRIs, other than Eligible NRIs are not permitted to participate in this Issue. Further, OCBs cannot participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and FVCIs and multi-lateral and bilateral development financial institutions. All Eligible NRIs, FVCIs and multi-lateral and bilateral development financial institutions FIIs will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on 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.

Representation from the Bidders

No person shall make a Bid in Issue, unless such person is eligible to acquire Equity Shares of the Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters, and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters, and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

There is no reservation for Non Residents, Eligible NRIs, FIIs, FVCIs, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, Eligible NRIs, FIIs and FVCIs, multilateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations promulgated under the FEMA, OCBs cannot participate in the Issue.

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.

The above information is given for the benefit of the Bidders. Our Company, the BRLMs and the Co-BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

ARTICLE NO.	PARTICULARS
SHARE CAPITAL AND VARIATION OF RIGHTS	
4	The authorised share capital of the Company shall be such as given in the clause V of Memorandum of Association or altered from time to time, thereat payable in the manner as may be determined by the Directors, with power to increase, reduce, sub divide or to repay the same or to divide the same into several classes and to attach thereto any rights and to consolidate or sub divide or re-organise the shares and subject to provisions of Act, to vary such rights as may be determined in accordance with the regulations of the company. Minimum paid-up share capital of the Company shall be Rs. 5, 00,000/-.
5	Issued Equity Share Capital shall be open for subscription.
6	Subject to the provisions of Section 80, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the shares may determine.
7	Subject to the provisions of the Act, it shall be lawful for the Company to issue at a discount, shares of a class already issued.
8 (a)	If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of sections 106 and 107 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at the separate meeting of the holders of the shares of that class.
(b)	To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply. However, in each such meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.
9	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
10 (1)	The Company may exercise the powers of paying commissions conferred by section 76 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section.
(2)	The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
(3)	The Company may also, on any issue of shares, pay such brokerage as may be lawful.
11	Except as required by the law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
11A	FURTHER ISSUE OF SHARES
(1)	Where at any 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 then:
(1)(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 nearly as circumstances admit, to the capital paid up on these shares at that date;
(1)(b)	the aforesaid offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined
(1)(c)	the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
(1)(d)	after the expiry of the time specified in the notice aforesaid, 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 of them in such manner as they think most beneficial to the Company.
(2)	Notwithstanding anything contained in the preceding sub-clause the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in sub-clause (a) of the preceding clause in any manner whatsoever
(2)(a)	If a special resolution to that effect is passed by the Company in general meeting; or
(2)(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 that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, 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 the preceding clause hereof shall be deemed:
(3)(a)	To extend the time within which the offer should be accepted; or

- (3)(b) To authorize 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 debentures issued by the Company:
 - (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the Company.

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 debentures or the raising of the loans or is in conformity with rules, if any, made by the 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 or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in general meeting before the issue of the loans.

SHARES UNDER CONTROL OF DIRECTORS

- 11B 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 person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with section 79 of the Act) at a discount and at such time as the Directors may from time to time think fit and subject to the sanction of the Company in General Meeting with full power, to give any person or persons the option or right to call for or be allotted any shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at premium or at par or a discount and such option being exercisable for 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 for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid-up shares and if so issued, shall be deemed to be fully paid up 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 General Meeting. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.

SUB-DIVISION AND CONSOLIDATION OF SHARES

- 11C Subject to the provisions of Section 94 of the Act and other applicable provisions of the act, the Company, in General Meeting, may, from time to time, sub-divide or consolidate its shares, or any of them or any part of them, and the resolution whereby any share is sub-divided, may determine that as between the holder of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject to aforesaid, the Company, in General Meeting, may also cancel shares, which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

CERTIFICATE

- 12(1) Every person whose name is entered as a member in the register of members shall be entitled to receive within three months from date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of the application for the registration of transfer, transmission, sub-division, consolidation or renewal of any its shares, as the case may-
 - (a) one or more certificates in marketable lots for all his shares of each class or denomination registered in his name or if the directors so approve (upon paying such fee as the directors so determine) without payment; or
 - (b) several certificates, each for one or more of such shares, upon payment of one rupee for every certificate after the first.
- (2) Every certificate shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the directors may prescribe and approve.
- (3) Provided, that in respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
- (4) The Company shall not be bound to register more than three persons as joint holders of any shares.
- (5) Nomination of securities:
 - (a) Every holder of shares in or debentures of the Company, may at any time, nominate a person to whom the shares in or debentures of the Company shall vest in the event of his death in such manner as may be prescribed under the Act.
 - (b) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate a person to whom all the rights in the shares or debenture, as the case may be, shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
 - (c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company, where a

nomination made in the manner aforesaid purports to confer on any person the right to vest the shares in or debentures of the Company the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, of all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

- (d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority.
- (e) The provisions of this Article shall apply mutatis mutandis to a depositor of money with Company as per the provision of section 58A of the Act.

- 13 If any certificate be worn out, mutilated, torn, defaced, lost or destroyed or there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed, then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the Company.

- 14 No fee shall be charged for sub-division and consolidation of share and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading, for sub-division of renounceable letters of rights, for issue of new certificate in replacement of those which are old, decrepit or worn out, or where the cages on the reverse for recording transfers have been fully utilized. Provided that the Company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed and for sub-division and consolidation of share and debenture certificates and for sub-division of letter of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading. However, the Company shall not sub-divide/consolidate a share certificate comprising of shares other than the marketable lot.

TERMS OF ISSUE OF DEBENTURES

- 14(A) Any debentures, debentures 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 and attending (but not voting) at General Meetings, 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 general meeting accorded by a Special Resolution.

LIEN

- 15(1) The Company shall have a first and paramount lien -
- (a) upon all the shares and debentures (not being fully-paid up shares/ debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time, in respect of such shares and debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/ debentures. 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; and
 - (b) on all shares (not being fully-paid shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Company;

Provided that the Board of Directors may at any time declare any share/ debenture to be wholly or in part exempt from the provisions of this clause.

- 16 The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made -

- (a) unless a sum in respect of which the lien exists is presently payable, or
- (b) until the expiration of fourteen 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 the person entitled thereto by reason of his death or insolvency.

- 17(1) To give effect to any such sale, the Board may authorise any person to transfer the shares sold to the purchaser thereof.
- (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- 18(1) 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.
- (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

- 19(1) The Board may, from time to time, make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times;
- (2) Not less than 30(Thirty) days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
- (3) A call may be revoked or postponed at the discretion of the Board.
- 20 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.
- 21 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 22(1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at twelve percent per annum or at such lower rate, if any, as the Board may determine.
- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
- 23(1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (2) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- 24 The Board:
- (a) may, if it thinks fit, subject to provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him beyond the sums actually called for; and
- (b) upon all or any of the moneys 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 (until the same would, but for such advance, become presently payable) pay interest at such rate, as may be agreed upon between the Board and the member paying the sum in advance but such moneys paid in advance shall not confer a right to vote, a right to dividend or a right to participate in profits of the Company. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any dividend or voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of this Article shall mutatis mutandis apply to the calls on debentures of the company.

TRANSFER OF SHARES

- 25(1) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and the transferee.
- (2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- 26 Subject to the provisions of section 108 of the Act, the shares in the Company shall be transferred in the Prescribed Form under Companies (Central Govt.'s) General Rules & Forms, 1956, unless the shares are in dematerialised form.
- 27 The Board shall not decline to register the transfer of any share/ debenture except on one or more of the following grounds:

- (a) That the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the share/debenture has not been delivered to the Company or that any other requirement under the law relating to registration of such matter has not been complied with.
- (b) That the transfer of share/debenture is in contravention of any law.
- (c) That the transfer of share/debenture is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interests of the Company or to the public interest.
- (d) That the transfer of the share/debenture is prohibited by any order of any court, tribunal or other authority under any law for the time being in force.
- (e) That the share/debenture is partly paid-up and on which the Company has a lien under the provisions of the Articles.
- (f) That the shares are being transferred to minor or person of unsound mind.
- (g) That there is any other just and sufficient ground.

Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one (1) month from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the Transferee and the Transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided, that the registration of a transfer shall not be refused on the ground that the Transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

- 28 Subject to the provisions of section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than 30 days at any one time or more than 45 days in the aggregate in any year.

- 29 No fees shall be charged by the Company on the registration of a transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney, or other similar instruments of transfer.

TRANSMISSION OF SHARES

- 30(1) On the death of a member, the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.
- (2) Nothing in Clause (1) shall release the estate of the deceased joint holder from any liability in respect of any share that has been jointly held by him with other persons.
- 31(1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-
- (a) to be registered himself as holder of the share; or
 - (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
- (3) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects alongwith evidence as may be required by the Board.
- (4) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (5) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
- 32 A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the

same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

- 33 If a member fails to pay any call, 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 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.
- 34 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 in respect of which the call was made will be liable to be forfeited.
- 35 If the requirements of any such notice as aforesaid are not complied with, any share 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.
- 36(1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (2) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- 37(1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, 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 shares.
- (2) 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.
- 38(1) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share 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 share.
- (2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (3) The transferee shall thereupon be registered as the holder of the share.
- (4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
- 39 The provisions of these regulations as to forfeiture shall also apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

DEMATERIALISATION OF SECURITIES

- 40 Either the Company or the shareholders may exercise an option to issue or hold the securities (including shares) with a depository in electronic form in which event the rights and obligations of the concerned and the matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, 1996 and allied laws and regulations as amended from time to time or any statutory modification thereto or re-enactment thereof.

CONVERSION OF SHARES INTO STOCK

- 41 The Company may, by ordinary resolution, -
- (a) convert any paid-up shares into stock; and
 - (b) reconvert any stock into paid-up shares of any denomination.
- 42 The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
- Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- 43 The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- 44 Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder", respectively.

SHARE WARRANTS

- 45 The Company may issue share warrants subject to, and in accordance with, the provisions of Section 114 and 115 and accordingly the Board may in its discretion, with respect to any share which is fully paid-up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
- 46(1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.
- 46(2) Not more than one person shall be recognised as depositor of the share warrant.
- 47 The Company shall, on Five days' written notice, return the deposited share warrant to the depositor.
- 48(1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privilege of a member at a meeting of the Company, or be entitled to receive any notices from the Company.

The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of members as the holder of the shares included in the warrant, and he shall be a member of the Company.

- 49 The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

ALTERATION OF CAPITAL

- 50 The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
- 51 The Company may, by ordinary resolution, –
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, subject, nevertheless, to the provisions of clause (d) of sub-section (1) of section 94 of the Act;
 - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
- 52 Subject to the provisions of the Act, the Company may reduce in any manner and with, and subject to, any incident authorised and consent required by law,–
- (a) its share capital;
 - (b) any capital redemption reserve account; or
 - (c) any securities premium account.

GENERAL MEETINGS

- 53 All general meetings other than annual general meetings shall be called extraordinary general meetings. Such meetings may be called either at the discretion of the Board or on requisition of the shareholders as per the provisions of section 169 of the Act.
- 54 The Board may whenever it thinks fit, call an extraordinary general meeting in terms of the Act.

PROCEEDINGS AT GENERAL MEETINGS

- 55(1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (2) Save as herein otherwise provided, five members present in person shall be a quorum.

- 56 The Chairman of the Board shall preside as chairman at every general meeting of the Company.
- 57 If there is no such chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman of the meeting, the directors present shall elect one of their numbers to be chairman of the meeting.
- 58 If at any meeting, no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their numbers to be chairman of the meeting.
- 59(1) The chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (4) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 60 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
- 61 Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

VOTES OF MEMBERS

- 62 Subject to any rights or restrictions for the time being attached to any class or classes of shares,-
- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll, the voting rights of members shall be as laid down in section 87 of the Act.
- 63(1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to, the exclusion of the votes of the other joint holders.
- (2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
- 64 A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
- 65 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.
- 66(1) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (2) Any such objection made in due time shall be referred to the chairman of the meeting; whose decision shall be final and conclusive
- 67 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company.
- 68 An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or a form as near thereto as circumstances admit.
- 69 A vote given in accordance with the terms of an instrument appointing a proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given:
Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

POSTAL BALLOT

- 70 The Company may, in accordance with the provisions of Section 192A of the Act, get a resolution passed by a Postal Ballot (including electronic mode), instead of transacting the business in a general meeting of the

Company. If a resolution is assented to by a requisite majority of the shareholders by means of a postal ballot, it shall be deemed to have been duly passed at a general meeting convened in that behalf

BOARD OF DIRECTORS

71 Subject to provision of Sections 292 and 293 and other applicable provisions of the Act the Business of the Company shall be managed by the Board of Directors.

72 The minimum number of directors shall be three and maximum twenty.

73 The First Directors of the Company will be:

- a) Shri Tantra Narayan Thakur;
- b) Shri Sudhindra Kumar Dube; and
- c) Shri Rajiv Bhardwaj.

The above shall be nominee Directors of PTC. Shri Tantra Narayan Thakur will be the Chairman and others will be part-time Directors. The Directors including aforementioned first Directors shall hold office in accordance with the provisions of Companies Act.

74 The Directors need not hold any qualification shares in the Company.

75(1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.

75(2) Subject to the provisions of the Companies Act, 1956 and rules framed thereunder, each Director shall receive out of the funds of the Company by way of sitting fees for his services a sum not exceeding the sum prescribed under the Companies Act 1956, for every meeting of the Board of Director or Committee thereof attended by him.

75(3) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses, properly incurred by them:

- (a) in attending and returning from meeting of the Board of directors or any committee thereof or general meetings of the Company; or
- (b) in connection with the business of the Company.

76 The Company may exercise the powers conferred by section 50 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Board.

77 The Company may exercise the powers conferred on it by section 157 and 158 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those sections) make and vary such regulations as it may think fit respecting the keeping of any such register.

78 All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

79 If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy has occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Section 284 of the Act.

80(1) The Board shall have power at any time and from time to time, to appoint a person as an additional Director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by these articles.

(2) Such person shall hold office only unto the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

(3) Subject to provisions of the Act, a Director may resign from the office of director by giving notice in writing addressed to the Company, or to the Board or to the chairman from such date his resignation is accepted.

MANAGING DIRECTOR OR WHOLE TIME DIRECTOR

81 The Board of Directors may, from time to time, subject to the provisions of Section 269 of the Companies Act, 1956, appoint one or more of their Board members to the office of the Chairman & Managing Director/ Managing Director or Whole Time Director(s) for such period and on such remuneration and other terms, as they think fit and may, from time to time (subject to the terms of any agreement or contract between him and the Company) remove or dismiss him from the office.

82 The Chairman& Managing Director/ Managing or Whole Time Director may be paid such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in other) as the

- Board of Directors may determine.
- 83 The Board of Directors, subject to Section 292 of the Companies Act, 1956, may entrust to and confer upon a Managing or Whole Time Director any of the powers exercisable by them, upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.

PROCEEDINGS OF BOARD

- 84(1) The Board of directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings, as it thinks fit, subject however to the provisions of section 285 of the Act
- (2) The Board of directors shall meet atleast once in a quarter of a year for the dispatch of business and atleast four such meetings shall be held in every calendar year
- (3) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
- (4) The quorum for the meeting of the board shall be one third of its total strength or two Directors, whichever is higher, subject to section 287 of companies Act, 1956. Provided that there shall be no quorum in any meeting unless at least one nominee directors of PTC are present.
- 85(1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. Provided, however, that a decision may be taken in accordance with the provisions of the Act, by the Board by a circular resolution, that is, by notifying the resolution to all the directors who can then communicate their disapproval to the same by a written communication or their approval by merely signing and returning the notified resolution
- (2) Save as otherwise expressly provided in the Act, and also, subject to the provisions of section 289 of the Act, a circular resolution in writing, signed by such of the directors as are then in India, or by a majority of all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee and to vote thereat, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held. The consent may be in the form of counterparts of the resolution.
- Explanation :* For the purposes of this Article, counterparts shall mean copies of the resolution, one each of which may be sent to one or more board members and the signatures of the members of the board or committee on separate copies or counterparts shall be effective as if all of them had signed the same resolution.
- (3) In case of an equality of votes, the chairman of the Board shall have a second or casting vote.
- 86 The Board shall have the power at any time and from time to time appoint one person nominated by each director as an alternate director to the nominating director, to act and function in the meetings of the Board in the absence of the said director for a period of not less than three months from the state in which meetings of the board are ordinarily held. The presence of the alternate director would be deemed to be the presence of the absenting director, who shall be entitled to act in the same manner as the absenting director would be entitled to at that meeting, but subject to the provisions of the Act and the restrictions contained in the resolution for the appointment of the person as alternate director
- 87 The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.
- 88(1) The Board may elect a chairman of its meetings and determine the period for which he is to hold office.
- (2) If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their members to be chairman of the meeting.
- (3) In case of equality of votes, the Chairman of the Board, if any, shall have a second or casting vote
- 89(1) The Board may, subject to the provisions of the Act, delegate any of its powers to committees/ group consisting of such member or members of its body as it thinks fit
- (2) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board
- 90(1) A committee may elect a chairman of its meetings.
- (2) If no such chairman is elected, or if at any meeting, the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their numbers to be chairman of the meeting.
- 91(1) A committee may meet and adjourn as it thinks proper.
- (2) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the chairman shall have a second or casting vote.

- 92 All acts done by any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person has been duly appointed and was qualified to be a director.

MANAGER OR SECRETARY

- 93 Subject to the provisions of the Act –
A manager or secretary may be appointed for such term, at such remuneration and upon such conditions as it may think fit; and any manager or secretary so appointed may be removed by the appointing authority. A director may be appointed as manager or secretary.

THE SEAL

- 94(1) The Directors shall provide a Common Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Directors shall provide for the safe custody of the seal for the time being
(2) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least one director or such other person as the Board may appoint for the purpose; and those one director or other persons aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence

SECRECY

- 95 Every officer, auditor, trustee, member of a committee, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board of Directors, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bonafide transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except so far as may be necessary in order to comply with any of the provisions in these presents and the provisions of the Companies Act, 1956

BORROWING POWERS

- 96 Subject to the provisions of Section 58A and 292 of the Companies Act, 1956, the Director shall have the power, from time to time and at their discretion, to borrow, raise or secure the payment of any sum of money for the purpose of the Company in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of debentures or bonds of the Company or by mortgage or charge upon all or any of the properties of the Company both present and future including its uncalled capital for the time being.

OPERATION OF BANK ACCOUNTS

- 97 The Directors or their authorized persons shall have power to open bank accounts, to sign cheques on behalf of the Company and to operate all banking accounts of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, hundies and bills or may authorize any other person or persons to exercise such powers.

DIVIDENDS AND RESERVE

- 98 The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board
99 Subject to provisions of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company
100(1) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
(2) The Board may also carry forward any profits, which it may think prudent not to divide, without setting them aside as a reserve
101(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividends is paid, but if and so long as nothing is paid upon any of the shares of the Company, dividends may be declared and paid according to the amounts of the shares.
(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share
(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly

- 102 The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company
- 103(1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid to the order of the Registered holder or to his bankers by any mode, or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent
- 104 Any one of two or more joint holders of share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share
- 105 Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act
- 106 No dividend shall bear interest against the Company payable to the shareholder
- (a) Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, other than the members who have waived / forgone their right of receiving any dividend declared / to be declared by the Company for any financial year, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "PTC India Financial Services Limited ____ (year) Unpaid Dividend Account"
- (b) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law and any money transferred to the unpaid dividend account of a 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 the fund known as Investor Education and Protection Fund established under section 205C of the Act
- ACCOUNTS**
- 107(1) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors
- (2) No member (not being a director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board or by the Company in general meeting
- CAPITALISATION OF PROFITS**
- 108(1) The Company in general meeting may, upon the recommendation of the Board, resolve-
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
- (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- 108(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), either in or towards -
- (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
- (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b).
- (3) A share premium account and a capital redemption reserve (account) may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
- 109(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall -
- (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and
- (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have full power-
- (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it

thinks fit, for the case of shares or debentures becoming distributable in fractions; and also

- (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.

- (3) Any agreement made under such authority shall be effective and binding on all such members

WINDING UP

- 110(1) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

- 111 Subject to the provisions of Section 201 of the Act, the Company shall indemnify and defend its Chairman, Managing Director, Whole-time Director, Manager, Company Secretary and other officers and directors from and against any and all liability in connection with claims, actions and proceedings (regardless of the outcome), judgment, loss or settlement thereof, whether civil or criminal, arising out of or resulting from their respective performances as officers and directors of the Company, except for the gross negligence or willful misconduct of the officer or director seeking indemnification

SHAREHOLDERS AGREEMENT

- 112 Articles 112 to 128 ("Shareholders Agreement Articles") which incorporate the relevant provisions of the Shareholders Agreement executed on December 28, 2007 amongst GS Strategic Investments Limited, Macquarie India Holdings Limited, PTC India Limited and the Company, form an integral part of these Articles. To the extent that anything contained in Articles 1 to 111 is inconsistent with anything contained in the Shareholders Agreement Articles, the provisions of the Shareholders Agreement Articles shall prevail.

DEFINITIONS AND INTERPRETATIONS

- 113.1 In these Articles, the following capitalised words and expressions have the meanings ascribed to them below, unless the context otherwise requires:

"20% Block" shall have the meaning ascribed to it in Article 116.2;

"Accepted New Securities" shall have the meaning ascribed to it in Article 121.5;

"Affiliate" in respect of a Person, means any entity that directly or indirectly Controls, is Controlled by or is under common Control with such Person and with respect to MQ only, will also include any infrastructure fund Controlled or managed by Macquarie Group Limited or an Affiliate of Macquarie Group Limited;

"Associate" means:

in the context of the Promoter only, any Person who is directly or indirectly a wholly-owned subsidiary of the Promoter;

in the context of GS only, any Person who is directly or indirectly a wholly-owned subsidiary of The Goldman Sachs Group, Inc.; and

in the context of MQ only, any Person who is directly or indirectly a wholly-owned subsidiary of Macquarie Group Limited and any fund which is Controlled or managed by Macquarie Group Limited or an Affiliate of Macquarie Group Limited;

"Auditors" shall have the meaning ascribed to it in Article 126.1;

"Business" shall have the meaning ascribed to it in Article 114.1;

* Article No. from 112 to 128, have been inserted vide special resolution in the second EGM, held on 31/01/2008

“Business Day(s)” means any day other than Saturdays, Sundays and public holidays in New Delhi, Singapore, Hong Kong, Mauritius, Sydney or New York as the context may require;

“Business Plan” means the annual business plan of the Company as is more fully described in Article 125;

“Chairman” shall have the meaning ascribed to it in Article 116.5;

“Code” shall have the meaning ascribed to it in Article 120.8;

“Company Covenants” shall have the meaning ascribed to it in Article 120.1;

“Company Secretary” shall have the meaning ascribed to it in Article 116.6;

“Competitor” means any Person which carries on, or is engaged in any business or other activity which is the same as or competes with the Business, or Controls any Person which carries on or is engaged in such business or activity, but does not include any infrastructure fund Controlled or managed by MQ or an Associate of MQ;

“Competitor Price” shall have the meaning ascribed to it in Article 122.3(k);

“Control” and cognate expressions when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through beneficial ownership, directly or indirectly, of voting securities of such body corporate, or the ability to control the composition of the majority of or the decisions of the board of directors or equivalent governing body of such company or other body corporate by contract or otherwise; provided that, without limiting the generality of the foregoing, (i) any Person which owns, directly or indirectly, securities representing more than 50% of the value or voting power of a corporation or more than 50% of the partnership, membership or other ownership interests (based upon value or vote) of any other Person shall always be deemed to be in Control of such other Person; or (ii) where the Person is a fund any manager of such fund, shall always be deemed to be in Control of such Person;

“Encumber” means and includes to permit to exist or create, or purport to exist or to be created, any right, title or interest by way of or in the nature of sale, agreement to sell, pledge, hypothecation, license, hire-purchase, lease, lien, tenancy, mortgage, charge, co-ownership, attachment or process of any court, tribunal or other authority, statutory liabilities which are recoverable by sale of property or any other third party rights or encumbrances;

“Energy Sector” shall have the meaning ascribed to it in Article 114.1(a);

“Energy Fund” shall have the meaning ascribed to it in Article 114.1(c);

“End Date” means the third anniversary from the date on which these Articles are adopted by the Company or such other date as mutually agreed between the Investors and the Promoter;

“Equity Call” shall have the meaning given to it in the Share Subscription Agreement;

“Equity Call Notice” shall have the meaning given to it in the Share Subscription Agreement;

“Equity Shares” means the equity shares of the Company having a face value of Rs. 10 each;

“ESOP” means the employee stock option plan of the Company as described in Article 124.1;

“ESOP Share” shall have the meaning ascribed to it in Article 124.1(c);

“Framework Strategic Plan” shall have the meaning ascribed to it in Article 125.3;

“Financial Year” means the period beginning on April 1st every calendar year and ending on March 31st of the subsequent calendar year;

“First Acceptance Notice” shall have the meaning ascribed to it in Article 122.3(b);

“First Offer Notice” shall have the meaning ascribed to it in Article 122.3(a);

“First Transfer Period” shall have the meaning ascribed to it in Article 122.3(c);

“General Meeting” means a meeting of the shareholders of the Company;

“Governmental Authority” means any national, state, or local government; any subdivision or agency thereof, or any other entity, including the RBI, exercising any executive, statutory or legislative authority; and any statutory authority having jurisdiction over the Company;

“GS” means GS Strategic Investments Limited, a company incorporated with limited liability under the laws of Mauritius and whose registered office is at Level 3, Alexander House, 35 Cyber City, Ebene, Mauritius;

“GS Director” shall have the meaning ascribed to it in Article 116.2;

“GS Equity Call Amount” shall have the meaning given to it in the Share Subscription Agreement;

“Investment Committee” shall have the meaning ascribed to it in Article 116.14(e);

“Investment Policy” shall have the meaning ascribed to it in Article 120.10;

“Investors” means both MQ and GS and “Investor” means either of them. The term “Investor” shall include any Associate of MQ or GS who acquires all of either GS’s or MQ’s Equity Shares and executes a deed of novation and release in accordance with Article 122.5.1;

“Investor Acceptance Notice” shall have the meaning ascribed to it in Article 122.2(c);

“Investor Directors” shall have the meaning ascribed to it in Article 116.2;

“Investor Offer Notice” shall have the meaning ascribed to it in Article 122.2(a);

“Investor Offer Price” shall have the meaning ascribed to it in Article 122.2(c);

“Investor Transfer Shares” shall have the meaning ascribed to it in Article 122.3;

“IPO” means the first public offering of the Equity Shares, whether by way of an offer for sale or a fresh issue or a combination thereof, and the listing of such Equity Shares and their admission to trading on a Recognised Stock Exchange, and in which the underwriting and placement of the Equity Shares is managed by one or more IPO Investment Banks;

“IPO Investment Bank” means a recognised investment bank with extensive experience of capital markets that has been appointed as manager for the IPO;

“Law(s)” means any statute, law, regulation, ordinance, rule, judgment, notification, order, decree, bye-law, government approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation or policy issued by any Governmental Authority and includes the policies of the Governmental Authorities in India regulating industrial activity, foreign investment and external commercial borrowing;

“MQ” means Macquarie India Holdings Limited, a company incorporated with limited liability under the laws of Mauritius and whose registered office is at 10 Frere Felix De Valois Street, Port Louis, Mauritius;

“Macquarie Group Limited” means Macquarie Group Limited a company duly incorporated and validly existing under the laws of Australia with ABN 94 122 169 279 and having its registered office at No. 1 Martin Place, Sydney, NSW 2000, Australia;

“Memorandum of Association” means the memorandum of association of the Company;

“MQ Director” shall have the meaning ascribed to it in Article 116.2;

“MQ Equity Call Amount” shall have the meaning given to it in the Share Subscription Agreement;

“NBFC” means a non-banking finance company as defined in the Reserve Bank of India Act, 1934;

“New Securities” shall have the meaning ascribed to it in Article 121.2;

“No-Conflict Policy” shall have the meaning ascribed to it in Article 114.4;

“Non-Transferring Investor” shall have the meaning ascribed to it in Article 122.3;

“Notice of Nomination/Removal” shall have the meaning ascribed to it in Article 116.6;

“Notice of Proportionate New Securities” shall have the meaning ascribed to it in Article 121.4;

“Offer Period” shall have the meaning ascribed to it in Article 122.2(c);

“Offering Investor” shall have the meaning ascribed to it in Article 122.2(c);

“Person” means any natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust, or other organization, whether or not a legal entity, and government and agency and political subdivision thereof or therein;

“PFIC” shall have the meaning ascribed to it in Article 120.8(d);

“Promoter” means PTC India Limited, a company duly incorporated and validly existing under the laws of India and having its registered office at 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi -11006;

“Promoter Offer Period” shall have the meaning ascribed to it in Article 122.3(b);

“Promoter Offer Price” shall have the meaning ascribed to it in Article 122.3(b);

“Promoter Transfer Shares” shall have the meaning ascribed to it in Article 122.2;

“Proportionate New Securities” shall have the meaning ascribed to it in Article 121.2;

“Proportionate Offered Shares” shall have the meaning ascribed to it in Article 122.2(a);

“PTC Competitor” means a Person which is actively involved or actively engaged in, or actively carries on, the power trading business in India and would include such Person’s Affiliates;

“RBI” means the Reserve Bank of India;

“Recognised Stock Exchange” means the National Stock Exchange of India Limited or the Bombay Stock Exchange Limited;

“Related Energy Infrastructure Sector” shall have the meaning ascribed to it in Article 114.1(b);

“Relevant Equity Shares” means at any time, the total issued and paid up Equity Shares of the Company at that time less any ESOP Shares that have been issued;

“Reserved Item” shall have the meaning ascribed to it in Article 117;

“ROLR Acceptance Period” shall have the meaning ascribed to it in Article 122.3(k);

“ROLR Notice” shall have the meaning ascribed to it in Article 122.3(k);

“Rs.” or “Rupee” means the lawful currency of India;

“SEBI” means the Securities and Exchange Board of India;

“Second Acceptance Notice” shall have the meaning ascribed to it in Article 122.3(e);

“Second Offer Notice” shall have the meaning ascribed to it in Article 122.3(d);

“Second Offer Period” shall have the meaning ascribed to it in Article 122.3(e);

“Second Offer Price” shall have the meaning ascribed to it in Article 122.3(e);

“Second Transfer Period” shall have the meaning ascribed to it in Article 122.3(f);

“Security” means any equity or preference shares, scripts, bonds, debentures, derivatives, warrants or rights, options or interests (including rights of conversion or exchange) thereon;

“Share Subscription Agreement” shall mean the share subscription agreement dated 28 December 2007 entered into by the GS, MQ, the Promoter and the Company;

“Strategic Plan” means the strategic plan for the Company as more fully described in Article 14;

“Subscription Completion” shall have the meaning ascribed to it in Article 121.1;

“Subscription Consideration” shall have the meaning given to it in the Share Subscription Agreement;

“Subscription Monies” shall have the meaning ascribed to it in Article 121.5;

“Tag-Along Notice” shall have the meaning ascribed to it in Article 122.4;

“Tag-Along Right” shall have the meaning ascribed to it in Article 122.4;

“Tag-Along Shares” shall have the meaning ascribed to it in Article 122.4;

“The Goldman Sachs Group, Inc.” means a corporation duly organized under the laws of the State of Delaware, USA and whose principal place of business is at c/o Goldman Sachs & Co., 85 Broad Street, New York, New York, 10004, USA;

“Total Equity Shares” means the total issued, subscribed and paid-up Equity Shares for the time being of the Company;

“Transaction Period” shall have the meaning ascribed to it in Article 122.2(d);

“Transfer” means the sale, gift, pledge, assignment, transfer, transfer in trust, mortgage, alienation, hypothecation, encumbering or disposition of Equity Shares in any manner whatsoever, voluntarily or involuntarily, including, without limitation, any attachment, assignment for the benefit of creditors or transfer by operation of law or otherwise and the term “Transferred” shall be construed accordingly;

“Transferring Investor” shall have the meaning ascribed to it in Article 122.3;

“Transferring Shareholder” shall have the meaning ascribed to it in Article 122.5;

“United States person” shall have the meaning ascribed to it in Article 120.8;

“U.S. Economic Sanctions” shall have the meaning ascribed to it in Article 120.5;

“U.S. Investor” shall have the meaning ascribed to it in Article 120.8; and

“USD” means the lawful currency of the United States of America.

BUSINESS OF THE COMPANY

114.1 The Company is a non-public deposit taking NBFC which shall be engaged in the following business (the “Business”). It:

- (a) will have a primary focus on making investments (including providing debt and financial services) in power generation, transmission and distribution (collectively “Energy Sector”);
- (b) will as a secondary focus make investments (including providing debt and financial services) in fuel sources, fuel related infrastructure and services such as gas pipelines, LNG terminals, fuel linked ports, energy sector equipment manufacturers and EPC contractors (collectively “Related Energy Infrastructure Sector”) provided that the aggregate of the investments made in the Related Energy Infrastructure Sector at any time shall always be less than the aggregate of the investments made in the Energy Sector. Should such investments in Related Energy Infrastructure Sector exceed those made in the Energy Sector; such investments will be subject to the prior written approval of each Investor. Provided further, that while considering the aggregate investment made in the Related Energy Infrastructure Sector and in the Energy Sector only the provision of debt and equity will be considered and the provision of financial services shall be excluded.
- (c) may establish a fund (the “Energy Fund”) to invest in the Energy Sector and in the Related Energy Infrastructure Sector and such other funds to invest in the Energy Sector and in the Related Energy Infrastructure Sector as decided by the Board from time to time. Any proposed investment by the Company in a third party fund (i.e. a fund not directly/indirectly managed or controlled by the Company), may only be made with the prior written approval of each Investor;
- (d) may directly or through a subsidiary of the Company act as the asset manager/investment advisor of the Energy Fund and such other funds raised;
- (e) may offer certain financial solutions to entities engaged in the Energy Sector including providing financial advisory services and term financing;

- (f) may make treasury investments. However, any treasury operations in relation to capital (share capital and share premium) contributed by the Promoter and the Investors and debt capital raised for use in the Business will be deployed only in instruments/ financial products which ensure capital protection. The surplus capital generated out of the income of the operations of the Business and those that form part of the general reserves and surpluses of the Company will be deployed, until invested/ redeployed in the Business, for treasury operations based on prudent treasury management guidelines adopted by the Board from time to time.
- 114.2 The Company shall only undertake business outside the scope of the Business with the prior written approval of each Investor.
- 114.3 Investments by the Promoter and its subsidiaries (other than the Company) in the Energy Sector shall be made in accordance with the procedure agreed between the Investors, the Promoter and the Company.
- 114.4 Investment decisions of the Energy Fund will be taken by the board of the Energy Fund/manager/suitably empowered committee, as may be agreed when the fund mandate is fully developed. Sufficient investment expertise will be available to the authority making the investment decisions for the Energy Fund.
- 114.5 Investments by each of the Company and the Energy Fund shall be made in accordance with the no conflict policy agreed by the Investors, the Promoter and the Company (collectively referred to as the “No-Conflict Policy”). The Company (as investment manager and/or sponsor of the Energy Fund, directly or through a subsidiary) shall ensure that the Energy Fund complies with the No-Conflict Policy.
- 114.6 The prospectus/placement memorandum and such other public documents which describe the Energy Fund shall, if required by applicable Law, include a clause describing the No-Conflict Policy, substantially setting out the contents of such No-Conflict Policy.

SHARE CAPITAL AND VARIATION OF RIGHTS

- 115.1 Subject to the provisions of these Articles, the Company shall have the power to issue preference shares carrying a right of redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be redeemed at the option of the Company and the Board may subject to the provisions of Section 80 of the Act exercise such powers in such manner as may be provided for in these Articles.
- 115.2 The Company may, from time to time, by ordinary resolution alter the conditions of its Memorandum of Association to increase its share capital by the creation of new share of such amount and class as may be specified in the resolution.

BOARD OF THE COMPANY

- 116.1 The Board shall consist of 6 members. The number of the Directors may be increased in accordance with applicable Law.
- 116.2 Subject to Article 116.4, a shareholder shall be entitled to appoint one director for every 20% of the Relevant Equity Shares (a “20% Block”) held by such shareholder (a Director appointed by MQ is referred to as a “MQ Director” and a Director appointed by GS is referred to as a “GS Director” and collectively referred to as the “Investor Directors”).
- 116.3 In the event that a shareholder’s percentage of Relevant Equity Shares reduces below a 20% Block (i.e., less than 20%, 40%, 60% or 80%), then the relevant number of Directors nominated by such shareholder shall forthwith resign from his/their office and the shareholder shall not be entitled to appoint another Director until its percentage of the Relevant Equity Shares crosses a 20% Block threshold. For the purposes of Article 116.2 and this Article 116.3, a shareholder’s percentage of Relevant Equity Shares shall be the aggregate of the shareholding of that shareholder and its Affiliates and/or Associates.
- 116.4 In addition to the Directors appointed in accordance with Article 116.2 and 116.3, the Promoter shall be entitled to appoint any person being an “independent director” on the board of directors of the Promoter as a Director on the Board. An “independent director” shall be as defined in Clause 49 of the standard listing agreement prescribed by SEBI for stock exchanges.
- 116.5 One of the Directors nominated by the Promoter shall be the chairman of the Board (“Chairman”). In the event of an equality of votes on any matter put to the vote of the Board, the Chairman shall have a casting vote on that matter.
- 116.6 Each of the Investors and the Promoter shall be entitled to, on written notification (including by facsimile or e-mail) to the company secretary (the “Company Secretary”) of the Company (which notification shall be deemed to be notice to the other shareholders) (“Notice of Nomination/Removal”), have nominated for appointment to or removed from or replaced on the Board, as the case may be, any individual as Director and any other individual to act as alternate Director for the Director in the absence of the latter in accordance with the provisions of the Act. Any casual vacancy in the Board seat occupied by a Director shall be filled by an individual nominated by the shareholder that originally nominated such Director. It is clarified that an Investor Director and/or his alternate can only be removed at the request of the Investor who appointed the said Investor Director and/or his alternate.
- 116.7 Each shareholder shall be entitled to nominate alternate Directors for each Director nominated by it. Such alternate Director may attend all meetings and exercise all voting rights of the nominated Director where such nominated Director is not in attendance.
- 116.8 The appointment, removal or replacement of a Director will be the first item of business at the Board meeting or the General Meeting, as the case may be, immediately following the receipt by the Company Secretary of a

- Notice of Nomination/Removal
- 116.9 Retiring Directors can be nominated for re-appointment by the shareholder that nominated their earlier appointment as Director.
- 116.10 Each of the shareholders shall exercise their voting rights to give effect to the provisions of this Article 116 and to ensure that each of the Directors nominated in accordance with this Article 116 are appointed as Directors of the Company.
- 116.11 The Board shall meet at least four times a year and in accordance with the Act. Meetings of the Board will be held in such place as may be mutually agreed to by the Board and shall, subject to applicable Law, provide the facility for Directors based outside India to participate by way of teleconference or video conference.
- 116.12 At least 10 days notice of a meeting of directors shall be given to all Directors, provided always that a meeting may be convened by a shorter notice than 10 days with the consent of the majority of the Directors (such majority to include all of the Investor Directors when any Reserved Item is on the agenda at a meeting). The notice of each Board meeting shall include an agenda setting out the business proposed to be transacted at the meeting. Without the unanimous consent of the Directors, no meeting should vote upon any matter other than that set out in the agenda circulated along with the notice.
- 116.13 The quorum for a meeting of the Board shall be one third of its total strength or two Directors, whichever is higher, provided that in the event that any Reserved Item is on the agenda for such meeting, no quorum shall be deemed to be present unless one MQ Director and one GS Director are present. If a quorum is not present at a meeting of the Board, including with respect to a Reserved Item, such meeting shall be adjourned to the same time on the same day of the following week at the same venue, at which meeting there shall be no requirement as to the presence of any of the Investor Directors to constitute the quorum with respect to the Reserved Item.
- 116.14 Subject to Articles 116.12 and 117, all decisions of the Board shall be taken by simple majority of those Directors present and voting. The following matters must be referred to the Board:
- (a) all investments other than treasury investments made in accordance with Article 114.1(f);
 - (b) any change in the accounting principles or policies of the Company;
 - (c) the settlement of any material litigation by the Company;
 - (d) the appointment of the Chief Executive Officer or the Chief Financial Officer, or equivalent;
 - (e) the initial composition, and subsequent appointment and/or removal of any members, of an investment committee (the "Investment Committee"); and
 - (f) the establishment by the Company of any new funds.
- 116.15 Equity Calls shall be made by the Board as and when, it in its business judgement, feels the same is necessitated.

INVESTOR DIRECTOR

- 116.16(a) Each of MQ and GS shall ensure that the MQ Director and the GS Director, respectively, is not a director of any Person involved or engaged in the Energy Sector or Related Energy Infrastructure Sector in India. If any Investor Director accepts the directorship of any such Person, then such Investor Director shall, and the concerned Investor shall cause such Investor Director to, forthwith resign from his directorship on the Board, to be replaced by an alternative Investor Director, appointed by such Investor
- (b) Without prejudice to the customary fiduciary duties of Directors in discharge of their duties, every Investor Director shall, if so required by the Board, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy in respect of and keep confidential all information of the Company disclosed to him or to which he becomes privy and shall by such declaration pledge himself not to reveal the same to any person except:
- (i) when required to do so by the Board;
 - (ii) for his internal reporting requirements;
 - (iii) where the Investor Director feels that it is in the best interest of the Company, to consult with the Investor's Affiliates (which includes the Affiliates directors, officers and employees) with a view to take strategic/value-add inputs on any specific matter from such Affiliates of the Investor;
 - (iv) in so far as may be permitted by or may be necessary in order to comply with any of the provisions in this Articles of Association; or
 - (iv) as required by a court of law.

RESERVED ITEMS

- 117.1 For so long as an Investor is entitled to nominate an Investor Director, the Company shall not, and the Promoter shall procure that the Company shall not, take any action with respect to any of the matters listed below ("Reserved Items") unless such matter has been, subject to Articles 116.13 and 117.2, approved at a meeting of the Board, by each Investor Director:
- (a) any adverse variation in the rights attached to any of the Investors' Equity Shares, including by way of amendment to the MoA or AoA of the Company.
 - (b) any merger, amalgamation, de-merger, re-organisation or voluntary winding up of the Company.
 - (c) any change in the dividend policy of the Company.
 - (d) any transaction or series of transactions in a given Financial Year between the Company and its Affiliate or between the Company and the Promoter of a value either individually or in aggregate of more than the Rupee equivalent of USD 100,000, except infusion of capital by the Promoter.

- 117.2 For the avoidance of doubt, the quorum of any meeting of the Board to take an action on any Reserved Item shall be as per Article 116.13.

SHAREHOLDER MEETINGS

- 118.1 Every year the Company shall hold in addition to any other General Meetings, an annual General Meeting in accordance with Section 166 of the Act. Not more than 15 months shall elapse between the date of one annual General Meeting and that of the next
- 118.2 Notice for any general meeting of the shareholders shall not be less than 21 days unless and to the extent that both Investors consent to a shorter period in writing in advance.
- 118.3 The quorum for a General Meeting shall be the minimum quorum as set out in the Act. A corporate shareholder represented by a duly authorized representative shall be deemed to be present in person for purposes of this Article 118.3 and Article 118.4. If a quorum is not present at a General Meeting the meeting shall be adjourned in accordance with Section 174 of the Act.
- 118.4 Subject to Articles 117.1 and 118.5, any resolution, which under the provisions of the Act or the Articles is permitted or is required to be done or passed by the Company in a General Meeting shall be sufficiently so done if passed by ordinary resolution, as defined under Section 189(1) of the Act, unless either the Act or the Articles specifically require such act to be done or resolution passed by a special resolution as defined under Section 189(2) of the Act
- 118.5 Any matter falling under the Reserved Items shall first be considered and approved by the Board in accordance with Article 117, before being considered by the Company in a General Meeting
- 118.6 The General Meeting shall, subject to applicable Law, provide the facility for shareholders based outside India to participate by way of teleconference or video conference

MANAGEMENT OF THE COMPANY

- 119.1 The Company shall be managed professionally. It shall have an appropriate management structure and a compensation policy commensurate with its scale of operations with a view of achieving market leadership and achieving an IPO. The organization structure shall be as is approved by the Board.

COVENANTS OF THE COMPANY AND THE PROMOTER

- 120.1 The Company and the Promoter hereby jointly and severally undertake to comply with the following covenants ("Company Covenants").
- 120.2 The Company undertakes to, at all times, act in a manner consistent with the rights and obligations of the shareholders under the Articles, to the extent permitted by Law.
- 120.3 The Company shall keep the Investors informed, on a current basis, of any events, discussions, notices or changes with respect to any criminal or regulatory investigation or action involving the Company or any of its subsidiaries, so that the Investor will have the opportunity to take appropriate steps to avoid or mitigate any regulatory consequences to them that might arise from such criminal or regulatory investigation or action and the Company shall reasonably co-operate with the Investors, their members and their respective Affiliates in an effort to avoid or mitigate any cost or regulatory consequences that might arise from such investigation or action (including by reviewing written submissions in advance, attending meetings with authorities, coordinating and providing assistance in meetings with regulators and, if requested by an Investor, making public announcements of such matters).
- 120.4 The Company will use the Initial Subscription Consideration exclusively for the purpose set out in the Framework Strategic Plan and will use the MQ Equity Call Amount and the GS Equity Call Amount exclusively for the purpose set out in the Equity Call Notice.
- 120.5 The Company will not take any action with respect to the use of the Subscription Consideration (or any part thereof) to fund, directly or indirectly, any business activities with, or for the benefit of, a government, national, resident or legal entity of Cuba, Sudan, Iran, Myanmar, or any other country with respect to which U.S. persons are prohibited by any regulation or statute administered by the Office of Foreign Assets Control of the United States Treasury Department ("U.S. Economic Sanctions") from doing business. The Company shall be deemed to have complied with this covenant if prior to such funding, it has conducted a reasonable due diligence and has sought customary representations and warranties from the person which is being funded that such person is not any such government, national, resident or legal entity.
- 120.6 Each of the Company, the Promoter and the Investors agrees that the Company will notify the Investor Directors in advance of any matter that is to come before the Board that concerns a business or activity that relates in any way to a country, government, entity or a national of North Korea, Iraq, Libya, Cuba, Iran, Myanmar or Sudan, or otherwise relates directly or indirectly with any government, country or other entity or person that is the target of U.S. economic sanctions administered by the U.S. Treasury Department Office Of Foreign Assets Control, including Specially Designated Nationals and Blocked Persons as identified on the internet web site: <http://www.treas.gov/offices/enforcement/ofac/>. With respect to any such business or activity, each of the Company, the Promoter and the Investors further agrees that no Investor Director shall attend any part of a Board meeting at which any such business or activity is discussed, approved or voted upon and shall recuse themselves from any and all discussion, votes, approvals and any other matters related to any such business or activity, whether proposed or actual.
- 120.7 United States Depository or other Financial Services Activities
- (a) The Company confirms that: (1) the Company does not engage, and that it has no intention of engaging (which for all purposes of this section (a) and of section (b) below shall include maintaining an office of any type),

directly in depository or other financial services activities in the United States; (2) the Company does not own or control (which term, for all purposes of this section (a) and of section (b) below, shall be interpreted as applied by the Board of Governors of the U.S. Federal Reserve System), and has no intention of acquiring ownership or control of, more than five percent of any class of voting securities of (i) a U.S. company engaged directly or indirectly (which for all purposes of this section (a) and of section (b) below shall mean through any chain of control) in depository or other financial services activities or (ii) a company that directly or indirectly owns or controls more than five percent of any class of voting securities of a company engaged directly or indirectly in depository or other financial services activities in the United States; and (3) the Company does not otherwise control, and has no intention of otherwise acquiring control of, any company engaged, directly or indirectly, in depository or other financial services activities in the United States.

- (b) The Company agrees that it will not, without the prior written consent of each Investor (which consent may be given or withheld in the Investor's absolute discretion) directly or indirectly: (1) engage, or file an application or notice to engage, in depository or other financial services activities in the United States; (2) acquire, or file an application or notice to acquire ownership or control of, more than five percent of any class of voting securities of (i) a U.S. company engaged directly or indirectly in depository or other financial services activities or (ii) a company that directly or indirectly owns or controls more than five percent of any class of voting securities of a company engaged directly or indirectly in depository or other financial services activities in the United States; or (3) otherwise acquire, or file an application or notice otherwise to acquire control of, any company engaged, directly or indirectly, in depository or other financial services activities in the United States.
- 120.8 For purposes of paragraphs (a) through (d) of this Article 120.8:
- (a) "U.S. Investor" means (A) any Investor that is a United States person and (B) any Investor that is an entity treated as a foreign partnership for U.S. federal income tax purposes, one or more of the owners of which are United States persons; and
 - (b) "United States person" means any person described in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code").
 - (c) Classification for U.S. Tax Purposes.
The Company will not take any action inconsistent with the treatment of the Company as a corporation for U.S. federal income tax purposes and will not elect to be treated as an entity other than corporation for U.S. federal income tax purposes unless agreed upon by each U.S. Investor,
 - (d) Passive Foreign Investment Company.
The Company agrees, at the Company's expense, to make available to any U.S. Investor upon request, the books and records of the Company and its direct and indirect subsidiaries, and to provide information to such U.S. Investor pertinent to the Company's or any subsidiary's status or potential status as a passive foreign investment company ("PFIC") as defined under section 1297 of the Internal Revenue Code of the United States. Upon a determination by the Company, any U.S. Investor or any taxing authority that the Company or any direct or indirect subsidiary has been or is likely to become a PFIC, the Company will provide such U.S. Investor, at the Company's expense, with all information reasonably available to the Company or any of its subsidiaries to permit such U.S. Investor to (i) accurately prepare all tax returns and comply with any reporting requirements as a result of such determination and (ii) make any election (including, without limitation, a "qualified electing fund" election under Section 1295 of the Code), with respect to the Company or any of its direct or indirect subsidiaries, and comply with any reporting or other requirements incident to such election. If a determination is made that the Company is a PFIC for a particular year, then for such year and for each year thereafter, the Company, at the Company's expense, will also provide each U.S. Investor with a completed "PFIC Annual Information Statement" as required by Treasury Regulation Section 1.1295-1(g).
- 120.9 In the event any Investor Director or his alternate suffers any liability, damage, action, claim, cost, charge, or expense, by virtue of any act or abstinence on the part of the Investor Director or the alternate whilst acting as a Director of the Company pursuant to any decision of the Board to which that Director has not consented, then (without limiting any other right of such Investor Director or his alternate under law) the Company agrees to indemnify, defend and hold harmless the Investor Director or such alternate against any and all liability, damage, action, claim, cost, charge, or expense (including, without limitation, legal fees, experts' fees, consultants' fees, and all costs and expenses incurred in the recovery of the amount payable under this undertaking), incurred or suffered by the Investor Director or his alternate, provided that this indemnity shall not apply to any liability, claim, action, damage, cost, charge or expense arising as a result of any negligence or misfeasance of the Investor Director.
- 120.10 The investment policy for the Company (the "Investment Policy") shall be developed, adopted and revised by the Board. The Investment Policy shall outline investment procedures and clear qualitative and quantitative investment criteria for direct investments
- 120.11 The management of the Company will, as and when deemed necessary by them or as required by this Article, seek consultation from the Investor Directors on various business/ management related matters. If the management seeks any consultation from an Investor Director, such Director shall provide his inputs within 7 days from the date of the request, or such period as is mutually agreed by the shareholders. Once an Investor Director has provided the management with his inputs, the Company, if it considers it necessary, shall discuss these inputs with the Investor. Should consultative inputs not come to the Company from the Investor Director within 7 days (or such mutually agreed period) then the management may proceed with its decision-making without the Investor Directors' inputs.

ANTI-DILUTION PROTECTION

- 121.1 Until the completion of subscription under the Share Subscription Agreement (“Subscription Completion”) the Company shall not, except pursuant to the ESOP in accordance with Article 124, issue further Equity Shares or Securities convertible into Equity Shares to any other Person without the prior written consent of each Investor and such issue shall be on such terms as agreed by both Investors.
- 121.2 After the Subscription Completion and until the completion of an IPO, a further issue of Equity Shares or of Securities convertible into Equity Shares (such further Securities, the “New Securities”) by the Company (otherwise than through an IPO in accordance with Article 123 hereof or pursuant to the ESOP in accordance with Article 124) shall only be permitted if the New Securities are first offered to the existing holders of Equity Shares of the Company in proportion with their ownership of the Relevant Equity Shares (such proportionate Securities to be offered, the “Proportionate New Securities”) in accordance with the procedure set out below.
- 121.3 Subject to Article 121.6, the Proportionate New Securities offered to a shareholder may not be subscribed for by any person other than that shareholder or its Affiliate
- 121.4 Within 30 Business Days of the passing of the shareholder’s resolution approving the issuance of New Securities, the Company shall offer the Proportionate New Securities by notice in writing (“Notice of Proportionate New Securities”) stating the price thereof. The Proportionate New Securities shall be issued at the same price and on the same terms and conditions to each of the existing shareholders including the Promoter.
- 121.5 Each shareholder shall reply in writing to the Notice of Proportionate New Securities within 21 Business Days of the receipt thereof stating the number, if any, of the Proportionate New Securities that it wishes to subscribe for (“Accepted New Securities”) along with payment thereof as per the price stated in the Notice of Proportionate New Securities (“Subscription Monies”). An Investor may nominate its Affiliate to subscribe for the Accepted New Securities.
- 121.6 Proportionate New Securities that are not accepted by a shareholder shall be offered, in accordance with the above procedure, to the other holders of Equity Shares of the Company in proportion to their ownership of the Relevant Equity Shares (including any Equity Shares comprised in the Accepted New Securities). New Securities that are left over after such offer may be allotted in accordance with the Act to any third party as identified by the Board. Provided that any issue of shares to a third party should be at a price not less than that offered to the shareholders and on terms no more favourable than those offered to the shareholders.

TRANSFER OF SHARES

- 122.1 Restrictions on Transfer:
- (a) The Investors and the Promoter shall not Transfer their Equity Shares to any Person until IPO without complying with the procedure set out in Articles 122.2 to 122.5 below.
 - (b) The provisions of Article 122.2 to 122.4 shall not apply to any Transfer of Equity Shares by the Promoter or an Investor to its Associate, not being a Competitor, made in accordance with Article 122.5 and any such Transfer shall not require the prior consent of any of the other shareholders.
- 122.2 Deleted
- 122.3 Deleted
- 122.4 Deleted
- 122.5 Transfer to Associates:
- 122.5.1 In the event an Investor or the Promoter (“Transferring Shareholder”) Transfers all of its Equity Shares to any of its Associates, such Transfer must be made in accordance with applicable Law and such Transferring Shareholder shall cause the Associate to execute a deed of novation and release in a form mutually agreed by the shareholders prior to such Associate acquiring such Equity Shares and the Investor(s) and/or the Promoter who are not transferring their Equity Shares shall execute such deed of novation and release. The Associate must be under an obligation to retransfer its Equity Shares to the Transferring Shareholder or an Associate of the Transferring Shareholder immediately if it ceases to be an Associate.
- 122.5.2 In the event that the Transferring Shareholder Transfers less than all of the Equity Shares held by it to any of its Associates:
- (a) the Transferring Shareholder shall cause such Associate to sign a deed of adherence, in a form mutually agreed by the shareholders;
 - (b) the Transferring Shareholder must be granted the exclusive right to exercise votes in respect of each Equity Share Transferred on behalf of the transferee;
 - (c) the Articles shall apply as if the Transferring Shareholder and the transferee is one shareholder;
 - (d) all the rights of the transferee under the Articles shall be exercised exclusively by the Transferring Shareholder;
 - (e) any notice given by the Transferring Shareholder under the Articles shall be deemed also to be given by the transferee; and
 - (f) any notice required to be given to the transferee shall also be given to the Transferring Shareholder.
- 122.6 Any Transfer of Equity Shares by an Investor or the Promoter in contravention of this Article shall be void *ab initio* and ineffectual and shall not bind or be recognized by the Company.

INITIAL PUBLIC OFFERING

- 123.1 The Company shall use its best endeavours to achieve an IPO by the End Date or such extended date as may be mutually agreed by the Promoter and each of the Investors. The IPO shall be based on the advice of the IPO Investment Bank. The Investors shall, subject to applicable Law, have the right but no obligation to participate in the IPO by way of an offer for sale of a part or all of their Equity Shares.
- 123.2 All expenses incurred in connection with the IPO, except those relating to an offer for sale by a shareholder,

- shall be borne by the Company
- 123.3 Subject to applicable Law, the Investors shall not be named as promoters of the Company in relation to the IPO.
- 123.4 In the event of an overseas offering of the Company's Securities, the Company shall comply with the regulations relating to such offering and assist in enabling the Investors to obtain standard registration rights available to private equity investors.

EMPLOYEE STOCK OPTION

- 124.1 Shareholders hereby agree and acknowledge that:
- (a) the Company is contemplating offering certain employees stock options under an ESOP to be established for a certain category of its employees;
 - (b) up to 5% of the aggregate paid up equity share capital of the Company shall be offered to its employees;
 - (c) the price at which Equity Shares pursuant to the ESOP ("ESOP Shares") shall be offered to the Employees shall be determined by the Board.
- 124.2 Each Investor further covenants that it shall not object to the offer of the ESOP Shares to the Company's employees.

STRATEGIC PLAN/ BUSINESS PLAN

- 125.1 The Company's Business including investment decisions and the decision to establish and/or manage the Energy Fund and subsequent funds shall be conducted substantially in accordance with the Strategic Plan and as decided by the Board.
- 125.2 The Strategic Plan shall include, in particular, in relation to the period to which it relates, directions for the different business activities, manpower plan, funding policy, and distribution policy.
- 125.3 A framework strategic plan (the "Framework Strategic Plan") has been agreed between the Promoter and the Investors. The Framework Strategic Plan shall serve as the initial template for the first Strategic Plan, which shall be developed in consultation with the Investors and adopted by the Board not later than 30 June 2008.
- 125.4 The Strategic Plan will be reviewed by the Board from time to time and any amendments thereto shall be carried out by the Board.
- 125.5 The Company shall also develop the Business Plan, which shall be approved by the Board prior to the beginning of the financial year to which it relates, and reviewed and agreed by the Board from time to time.

AUDITOR AND FINANCIAL STATEMENTS

- 126.1 The financial statements of the Company shall be audited at the Company's expense by an independent internationally certified public accounting firm ("Auditor") selected by the Company
- 126.2 The Company shall appoint one of the following accounting firms in India, namely, PriceWaterhouse Coopers, Ernst & Young, Deloitte Haskins & Sells, or KPMG, as the Auditor at the second annual General Meeting which is scheduled to be held on or before September 30, 2008. The Auditor shall hold office until the next annual General Meeting and their appointment, remuneration, rights and duties shall be regulated under the provisions of the Act.
- 126.3 The Company shall deliver to the Investors (a) audited financial statements within 90 days after the end of each fiscal year; and (b) un-audited half yearly financial statements within 30 days of the end of the 6 months period for the first year of operation and thereafter un-audited quarterly financial statements within 30 days of the end of 3 months period.
- 126.4 Subject to an advanced and reasonable request, the Company will grant the Investors the right to inspect the facilities, books, records of the Company and to discuss the business, operations and conditions of the Company with their respective directors, accountants and legal counsel, subject to such persons being made aware of the confidentiality obligations under Article 95 and agreeing to abide by the same.

INFORMATION

- 127.1 Rights to information:
A shareholder may, on giving the Company 7 days prior notice:
- 127.1.1 discuss the affairs, finances and accounts of the Company with its Affiliates, officers and principal executives, subject to such persons being made aware of the confidentiality obligations under Article 127 and agreeing to abide by the same;
 - 127.1.2 inspect and request copies of, to the extent the same may be necessary for its accounting purposes and preparing its tax returns, all books, records, accounts, documents and vouchers relating to the Business and the affairs of the Company; and
 - 127.1.3 request the Company for such other information and data in relation to the Company that the Investor may reasonably require and the Company shall provide the Investor with such information.
- 127.2 Where the Company provides information to a shareholder under Article 127.1 above, it shall within 7 days provide the same information through the same means to all other shareholders.
- 127.3 If, in the reasonable opinion of the management of the Company, any information sought by an Investor pursuant to this Article 127 is business sensitive or strategically significant for the Company, such information may be disclosed to the Investor only with the prior approval of the Board, which may in its discretion refuse the disclosure of such information.

TERMINATION OF ARTICLES 112 TO 127

- 128 Each of the Articles 112 to 127 shall automatically terminate and cease to be a part of these articles with effect

from the date of filing of the Prospectus with the Registrar of Companies in relation to the IPO of the equity shares of the Company.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered and Corporate Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts in relation to this Issue

1. Letter dated December 17, 2010 for appointment of the Book Running Lead Managers and the Co Book Running Lead Manager.
2. Issue Agreement among our Company, the Selling Shareholder, the Book Running Lead Managers and the Co Book Running Lead Manager dated December 18, 2010.
3. Agreement between our Company, the Selling Shareholder and Registrar to the Issue dated December 16, 2010.
4. The RBI by its letter dated February 4, 2011 and bearing no. FE.CO.FID.No. 18538/10.21.228/2010-11 has conveyed its no objection for offer for sale of 29,200,000 Equity Shares by the Selling Shareholder as a part of the Issue, subject to certain conditions prescribed therein.
5. Escrow Agreement dated [●] among our Company, the Selling Shareholder, the Book Running Lead Managers, the Co Book Running Lead Manager and the Escrow Collection Banks.
6. Syndicate Agreement dated [●] among our Company, the Selling Shareholder, the Book Running Lead Managers, the Co Book Running Lead Manager and the Syndicate Members.
7. Underwriting Agreement dated [●] among our Company, the Selling Shareholder, the Book Running Lead Managers, the Co Book Running Lead Manager and the Syndicate Members.
8. Agreement dated February 28, 2011 among NSDL, our Company and the Registrar to the Issue.
9. Agreement dated February 23, 2011 among CDSL, our Company and the Registrar to the Issue.

Material Documents

1. Our Memorandum of Association and Articles of Association, as amended from time to time.
2. Our certification of incorporation.
3. Our certificate of commencement of business.
4. Registration certificate under section 45 IA of the Reserve Bank of India Act, 1934 to commence business of a non deposit taking non-banking financial institution (“**Registration Certificate No. 1**”).
5. Registration certificate issued in lieu of Registration Certificate no. 1 under section 45 IA of the Reserve Bank of India Act, 1934 to classify the Company as an non-banking financial institution (non deposit accepting) Infrastructure Finance Company.
6. Resolution passed by our Board dated September 24, 2010 approving this Issue.
7. Resolution passed by our shareholders dated September 24, 2010 approving this Issue.
8. Resolution passed by the board of the Selling Shareholder dated December 10, 2010 approving the Offer for Sale.

9. Resolution of the Board dated December 13, 2010 approving the Draft Red Herring Prospectus.
10. Resolution dated September 24, 2010 passed by our Board appointing the Company Secretary of our Company as the Compliance Officer.
11. Resolution of the IPO Committee dated March 5, 2011 approving the Red Herring Prospectus.
12. The Examination Report of the Auditor, Deloitte Haskins & Sells, dated March 1, 2011 on our Restated Financial Information, and included in this Red Herring Prospectus.
13. Copies of annual reports of our Company for the last four Fiscals.
14. Consent of the Auditor, Deloitte Haskins & Sells, for inclusion of their report on the Restated Financial Information in the form and context in which it appears in this Red Herring Prospectus.
15. Statement of Tax Benefits available to our Company and its shareholders, from Deloitte Haskins & Sells dated March 3, 2011.
16. Appointment letter dated August 13, 2008 for appointment of Dr. Ashok Haldia as a Director of the Company.
17. Report of the IPO Grading Agencies, Credit Analysis and Research Limited, ICRA Limited and CRISIL Limited, furnishing the rationale for their grading, as disclosed in the Red Herring Prospectus.
18. Consent of the IPO Grading Agencies, Credit Analysis and Research Limited, CRISIL Limited and ICRA Limited, for inclusion of their IPO grading reports furnishing the rationale for their grading, in the form and context in which they appear in the Red Herring Prospectus.
19. Consents of Bankers to our Company, Book Running Lead Managers, Co Book Running Lead Manager, members of the Syndicate, Registrar to the Issue, Bankers to the Issue, Domestic Legal Counsel to the Underwriters and Domestic Legal Counsel to the Company, International Legal Counsel, Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
20. In-principle listing approvals, both dated January 14, 2011 received from the NSE and the BSE, respectively.
21. Due diligence certificate dated December 21, 2010, provided to SEBI by the Book Running Lead Managers and the Co Book Running Lead Manager.
22. SEBI observation letter No. CFD/DIL/ISSUES/ SP/VB/4575/2011 dated February 7, 2011.
23. Share subscription agreement dated December 28, 2007 between the Company, GS Strategic Investments Limited, Macquarie India Holdings Limited and PTC India Limited.
24. Shareholders agreement dated December 28, 2007 between the Company, GS Strategic Investments Limited, Macquarie India Holdings Limited and PTC India Limited.
25. Letter agreement dated February 19, 2008 between Company, GS Strategic Investments Limited, Macquarie India Holdings Limited and PTC India Limited.
26. SHA Amendment Agreement dated December 17, 2010 between our Company, GS Strategic Investments Limited, Macquarie India Holdings Limited and our Promoter, PTC India Limited.
27. Share subscription cum shareholders agreement dated August 23, 2008 between the Company, Ind-Barath Powergencom Limited and Ind-Barath Power Infra Limited.
28. Share subscription cum shareholders agreement dated August 11, 2009 between the Company, Ind-Barath Energy (Utkal) Limited and Ind-Barath Power Infra Limited.

29. Waiver letter dated April 29, 2010 by the Company to Ind-Barath Energy (Utkal) Limited.
30. Equity subscription agreement dated January 30, 2008 (“ESA”) between the Company, RS India Wind Energy Private Limited (now known as RS India Wind Energy Limited) and Mr. Rajkumar Yadav representing parties mentioned in annexure to the ESA.
31. Equity subscription agreement dated January 7, 2008 between the Company, Varam Bio Energy Private Limited, Mr. V. Kameswara Raju and Mr. Hari Krishna Polavarapu.
32. Debenture subscription agreement dated February 10, 2010 between the Company, Varam Bio Energy Private Limited, Mr. P. Mohan Kumar, Mr. Kameswara Raju Vysya Raju and Mr. Hari Polavarapu.
33. Investment Agreement dated September 29, 2007 between the Company, Indian Energy Exchange Limited and Financial Technologies (India) Limited.
34. Supplementary Investment Agreement dated November 21, 2007 between the Company, Indian Energy Exchange Limited and Financial Technologies (India) Limited.
35. Agreement dated September 9, 2010 between the Company, Indian Energy Exchange Limited and Financial Technologies (India) Limited.
36. Investment Agreement dated September 13, 2010 between Indian Energy Exchange Limited, Lightspeed Venture Partners VIII Mauritius, Bessemer Venture Partners Trust, Financial Technologies (India) Limited and the Company.
37. Equity subscription agreement dated August 14, 2008 between the Company, Meenakshi Energy Private Limited and Meenakshi Energy and Infrastructure Holdings Private Limited.
38. Restated equity subscription agreement dated January 5, 2011 between the Company, Meenakshi Energy Private Limited, Meenakshi Energy and Infrastructure Holdings Private Limited and Mr. D. Suresh.
39. Supplementary Agreement dated January 5, 2011 between the Company, Meenakshi Energy and Infrastructure Holdings Private Limited and Mr. D. Suresh.
40. Debenture conversion agreement dated March 3, 2010 between the Company, East Coast Energy Private Limited, Asian Genco Pte. Ltd., Asian Infrastructure Pte. Ltd. and AIP Power Private Limited.
41. Deed of Amendment dated March 3, 2010 between Asian Infrastructure Pte. Ltd., AIP Power Private Limited, East Coast Energy Private Limited, Athena Energy Ventures Private Limited, the Company and Asian Genco Pte. Ltd.
42. Amended shareholders agreement dated September 27, 2008 between Asian Infrastructure Pte. Ltd., AIP Power Private Limited, East Coast Energy Private Limited, Athena Energy Ventures Private Limited, the Company and Asian Genco Pte. Ltd.
43. Share Swap and Investment Agreement dated March 3, 2010 between the Company, Asian Genco Pte. Ltd. and Varuna Investments.
44. Joint Venture and Equity Subscription Agreement dated August 7, 2008 between Company and Bermaco Energy Systems Limited.

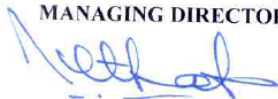
Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time, if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

In accordance with Section 61 of the Companies Act, in the event any of the material contracts mentioned in this section are required to be modified or amended, post the filing of the Prospectus with the RoC, reference shall be made to the shareholders of our Company for the same.

DECLARATION

We, the Directors, certify that all relevant provisions of the Companies Act and the guidelines issued by the GoI or SEBI, as applicable, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or the rules made or regulations issued thereunder, and that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Red Herring Prospectus are true and correct.

**SIGNED BY THE CHAIRMAN AND
MANAGING DIRECTOR**



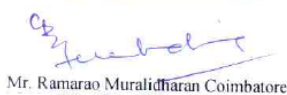
Mr. Tantra Narayan Thakur

**SIGNED BY THE WHOLE TIME DIRECTOR
AND CHIEF FINANCIAL OFFICER**



Dr. Ashok Haldia

SIGNED BY THE OTHER DIRECTORS OF OUR COMPANY



Mr. Ramarao Muralidharan Coimbatore



Mr. Surinder Singh Kohli



Mr. Prathipati Abraham



Mrs. Rama Murali



Dr. Uddesh Kohli



Mr. Sudhir Kumar



Mr. Neil Kant Arora



Mr. M.K. Goel

SIGNED BY THE SELLING SHAREHOLDER

We certify that all statements in respect of Macquarie India Holdings Limited, in its capacity as the Selling Shareholder, in this Red Herring Prospectus are true and correct.

(For Macquarie India Holdings Limited)

Place: New Delhi, India.

Date: March 9, 2011

DECLARATION

SIGNED BY THE SELLING SHAREHOLDER

We certify that all statements in respect of Macquarie India Holdings Limited, in its capacity as the Selling Shareholder, in this Red Herring Prospectus are true and correct.

(For Macquarie India Holdings Limited)

Authorised Signatory



Name: Craig Thomas Downes

Authorised Signatory



Name: Steven Robert Flynn

Date: March 9, 2011

Place: Port Louis - Mauritius

ANNEXURES - IPO GRADING REPORTS OF THE IPO GRADING AGENCIES

ANNEXURE I - IPO GRADING REPORT OF CRISIL LIMITED



CONFIDENTIAL

Ref.: PFS \ EJ \ 17-02-11 \ 68

Dated: March 01, 2011

Dr. Ashok Haldia,
Director,
PTC India Financial Services Limited,
2nd Floor, NBCC Tower,
15 Bhikaji Cama Place, New Delhi – 110 066,
India

Dear Dr. Haldia,

Ref: CRISIL IPO Grading for the Initial Public Offer of Equity Shares of PTC India Financial Services Limited

We refer to your request for an IPO Grading and the Grading Agreement for the captioned equity issue.

CRISIL has, after due consideration, assigned a **CRISIL IPO Grade "3/5"** (pronounced "three on five") to the captioned equity issue. This grade indicates that the fundamentals of the Issue are average relative to other listed equity securities in India.

The assigned grade is a one time assessment valid for a period of 60 Calendar days only from the date of this letter. In the event of your company not opening the captioned issue within a period of 60 days from the above date, or in the event of any change in the size/structure of the issue, a fresh letter of revalidation from CRISIL shall be necessary.

As per our Grading Agreement, CRISIL shall disseminate the assigned Grade through its publications and other media once the company agrees to the same.

Should you require any clarifications, please feel free to contact us.

With warm regards,

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Omaji-thea", written over a horizontal line.

Chetan Majithia
Head, Equities – CRISIL Research

A handwritten signature in blue ink, appearing to read "Elizabeth", written over a horizontal line.

Elizabeth John
Analyst, Equities – CRISIL Research

A CRISIL IPO Grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India. A CRISIL IPO Grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO Grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO Grading is not a recommendation to buy / sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of CRISIL IPO Gradings. For information on any IPO grading assigned by CRISIL, please contact 'Client Servicing' at +91-22-33423561, or via e-mail: clientservicing@crsil.com.

For more information on CRISIL IPO Gradings, please visit <http://www.crsil.com/ipo-gradings>

PTC India Financial Services Ltd

CRISIL IPO Grade 3/5 (Average)

March 01, 2011

Grading summary

CRISIL has assigned a CRISIL IPO grade of '3/5' (pronounced "three on five") to the proposed IPO of PTC India Financial Services Ltd (PFS). This grade indicates that the fundamentals of the IPO are **average** relative to other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The grade is not a recommendation to buy, sell or hold the graded instrument, its future market price or suitability for a particular investor.

The assigned grade showcases the high tide of financing opportunities arising for players like PFS thanks to large-scale investments required in the power sector following an increase in power demand. CRISIL Research expects more than Rs 9.3 tn will be invested in the power sector during FY10-15. The grade takes into account the rich vintage of the company's parent, PTC India, which has been a leader in power trading. The parent support will also help PFS in sourcing clients and synergise monitoring of common projects. The grade further draws support from the company's well-laid out systems and processes for project appraisal and collateral requirement.

However, the grade is moderated by the relatively small balance sheet of PFS given its short track record. PFS is likely to face intense competition from large banks and non-banking finance companies (NBFCs) who have strong balance sheets and long-existing clients. The company's high cost of funds also impacts its competitive position. The grade factors in the single sector risk (only power) as well as execution risk of the projects funded.

PFS reported PAT of Rs 255 mn on a total income of Rs 536 mn in H1FY11. The average yield and cost of funds during the same period were 16.9% and 10.7%, respectively. In H1FY11, the book value was Rs 15.21 per share.

Contacts:

Media

Mitu Samar
Head, Market Development & Communications

CRISIL Ltd
Phone: +91-22-3342 1838
Mobile: +91-9820061934
Fax: +91-22-3342 3001
Email: msamar@crisil.com

Analytical

Tarun Bhatia
Director – Capital Markets
Phone: +91-22-3342 3226
Email: tbhatia@crisil.com

Chetan Majithia
Head, Equities
Phone: +91-22-3342 4148
Email: chetanmajithia@crisil.com

CRISIL Limited
Phone: +91-22-3342 3000
Fax: +91-22 -3342 3501

Client-Servicing

Client servicing
Phone: +91-22-3342 3561
Email: clientservicing@crisil.com

1

About the company

Incorporated as a wholly-owned subsidiary of PTC India in 2006, PFS commenced business in 2007. PFS is a 'systematically important' non-deposit taking non-banking finance company (NBFC) engaged in the business of making equity investments, providing debt financing, carbon credit financing, fee-based syndication and advisory services exclusively to the power sector. As on September 30, 2010, it carried out equity investments and debt financing (including long- and short-term) worth Rs 4,186 mn and Rs 6,048 mn, respectively.

In 2008, the company received Rs 1.55 bn in funds from private equity players Macquarie and Goldman Sachs for a 22% stake in the company.

Its promoter, PTC India, is the market leader in power trading solutions in India. Set up in 1999, PTC India is a Government of India initiated public-private partnership between National Thermal Power Corporation (NTPC), Power Grid Corporation of India Ltd (Power Grid), Power Finance Corporation Ltd (PFC) and NHPC Ltd (NHPC). As on September 30, 2010, PTC India had a portfolio of power purchase agreements aggregating to ~14,185 MW and memoranda of understandings for an additional ~11,781 MW. PFS has a group company, PTC Energy, which acts as a co-developer of energy projects with private project developers.

2

Issue details

Shares offered to public	156,700,000*
As per cent of post issue equity	27.88
Object of the issue	- To augment the company's capital base to meet future capital requirements for business growth - Issue-related expenses
Amount proposed to be raised	Not available at the time of grading
Price band	Not available at the time of grading
Lead managers	SBI Capital, JM Financial, ICICI Securities, Almondz, Avendus

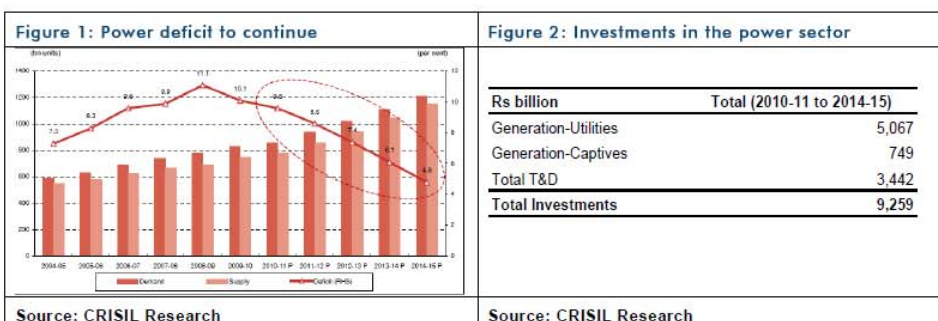
*Includes offer for sale of 29.2 mn shares by Macquarie India Holdings Ltd

Detailed Grading Rationale

A. Business Prospects

- Investments worth Rs 9.3 tn expected in the power sector offer lending opportunities

We expect PFS to ride the giant wave of lending opportunities thrown up by the power sector following an increase in demand for power. CRISIL Research expects power demand to grow at 7.8% CAGR over FY10-15 with the industrial sector leading the growth. India is estimated to add around 82 GW of power capacity over FY10-15 with power supply growing at 9.1% CAGR. The capacity additions are expected to be spearheaded by the private sector, with a share of 46 GW. With this, the power deficit in India will come down to 4.8% by FY15, but will continue.



The sizeable capacity addition in the power sector is expected to translate to Rs 9.3 tn in investment over the next five years, with generation (both utilities and captives) comprising Rs 5.8 tn (63% of the total investment).

CRISIL Research estimates a CAGR of 23% for private sector investments compared to the overall 15% CAGR over the next five years. Consequently, the share of private sector investments is expected to increase to 60% in 2014-15 from 42% in 2009-10. During the same period, CRISIL Research expects total investments in the generation segment (utilities) to be ~Rs 5.1 tn, with the private sector accounting for about 57% of the investments.

- Leverages on expertise and relationships of its promoter PTC India

PFS extensively benefits from the power sector expertise, network and relationships of PTC and its affiliates, which helps PFS to assess the financing needs of power projects. Synergies with PTC India help PFS in sourcing deals as well as to understand and efficiently cater to the developers' needs in a comprehensive manner. Also, financing the projects where PTC is a power trader helps continuous monitoring of the project. Further, it benefits from brand association – PTC India is an established brand name in the Indian power sector. Additionally, key management personnel inducted in PFS have been associated with the power sector and have the ability to identify specific requirements of power project developers.

- Well-established internal systems and processes

PFS has laid down various systems and processes for project appraisal and monitoring. For instance, it has implemented the Advanced Internal Risk Scoring Model developed by ICRA Management Consulting Services Ltd

for the assessment and mitigation of credit risk. These processes and systems include a detailed appraisal methodology, identification of risks and suitable structuring of credit risk mitigation measures. Further, it takes additional collaterals especially for weaker projects to protect itself from any deterioration in the asset quality.

- *Relatively small balance sheet compared to peers, but enjoys cross-selling benefit*

PFS is relatively small with a net worth of just Rs 6,600 mn as on September 30, 2010 compared to other NBFCs in the power sector, namely PFC and REC, who have a stronger balance sheet with a net worth of Rs 126 bn and Rs 110 bn, respectively as of FY10, considering decades of existence in the lending business. Also, banks and NBFCs have an existing relationship with clients. A small balance sheet restricts the company's ability to fund large-scale projects. However, it enjoys benefits of cross-selling a basket of products like equity investments, structured products in debt financing and carbon credit financing unlike its competitors who only provide long-term financing.

- *Short history of operations and high concentration risk*

With a short history of two to three years, PFS is still a relatively new player in equity and debt financing. Though the company enjoys support from parent PTC India, which helps it identify key project risks, its financing ability is yet to be proven. Most of its debt-financing (long-term) projects are still in the implementation/ moratorium stage. On the equity side it has, till date, monetised only one equity investment – IEX - for Rs 135 mn (partial exit) in September 2010. Only three of its eight equity investment projects - with an aggregate power generation capacity of 176 MW - have commenced commercial operations. However, some of the top management at PFS have expertise in the banking and NBFC sector which helps in structuring products while effectively minimising associated risks.

PFS funds projects only in the power sector, which exposes it to the single-sector concentration risk. Additionally, within the power sector, it has financed largely generation sector power projects. Further, all the power projects funded by PFS are usually small or medium projects. Considering that large power companies face several execution constraints leading to project delays, we believe small/ medium power projects could face larger execution risks. However, the projects funded by PFS till date have been able to largely meet their respective execution timelines. In terms of borrower concentration, its top five borrowers comprise 81% of the total loans outstanding as of FY10.

Concentration of outstanding loans as on September 30, 2010

Borrowers	Percentage of total outstanding loans
MB Power (Madhya Pradesh) Ltd	19.84%
Konaseema Gas Power Ltd	16.53%
Thermal Powertech Corp. India Ltd	16.53%
Athena Chhattisgarh Power Pvt. Ltd	14.88%
Surana Power Ltd	13.23%
Jhajjar Power Ltd	5.27%
OCL India Ltd	4.96%
A.A. Energy Ltd	2.69%
Anreli Power Projects (P) Ltd	2.51%
RKM Powergen P Ltd.-Phase-II	1.69%
Total	98%

Source: DRHP

- *Relatively high cost of funds*

PFS's cost of funds is higher compared to other financiers. However, going forward, with its balance sheet size increasing, its cost of funds is expected to fall and the gap with peers would narrow. Further, IFC status to PFS offers it the benefit to issue infrastructure bonds as well as external commercial borrowings (ECB), which will help to reduce the cost of funds. Additionally, PFS does high-yielding short-term financing, which has helped it garner better interest margin. However, in order to mitigate the risks associated with short-term lending, it has systems and processes to take sufficient collateral.

Key ratio comparison amongst power-focused NBFCs

	PFS		PFC		REC	
	FY09	FY10	FY09	FY10	FY09	FY10
Yield on loan (%)	17.71	19.02	10.92	10.75	10.45	11.03
Cost of borrowings (%)	11.86	10.6	8.70	8.14	7.32	7.76
Spread (%)	5.85	8.42	2.22	2.61	3.13	3.27
NIM (%)	17.2	11.94	3.84	4.00	3.96	4.32

Source: Companies

B. Financial Performance

As on September 30, 2010, PFS has approved equity investments worth Rs 4,838 mn for 10 projects and disbursed equity investments worth Rs 4,186 mn for eight projects. It has approved debt financing worth Rs 18,815 mn for 27 projects of and disbursed debt financing of Rs 6,048 mn to 12 projects.

Given the recent commencement of business operations, it has till date only partially monetised one of its investments in Indian Energy Exchange for Rs 135 mn.

However, going forward, with increase in net worth post IPO, financials are expected to improve.

Financial performance snapshot

		FY09	FY10	H1FY11
Total income	Rs mn	116.0	534.9	536.1
Net profit	Rs mn	85.3	254.5	255.1
Adjusted EPS	Rs	0.35	0.59	0.59
Adjusted equity shares	Mn	434.6	434.6	434.6
Net worth	Rs mn	6,093	6,359	6,608
Book value	Rs	14.02	14.63	15.21
RoE	%	2.4	4.1	3.9
RoA	%	2.3	3.2	2.4
CRAR	%	275.4	88.3	60.9
Yield	%	17.7	19.0	16.9
Cost of funds	%	11.9	10.6	10.7
Spread	%	5.8	8.4	6.2
Net interest margin	%	17.2	11.9	8.4

Note: PFS has NIL NPAs as of date

Source: DRHP

C. Management Capabilities and Corporate Governance

- *Top management well experienced in the power sector*

Most of PFS' top management personnel have several decades of experience in the power sector. Their experience will help PFS identify investment opportunities in the power sector. Also, PTC will support PFS in getting leads for investment opportunities as well in monitoring the progress of the projects (in case PTC is involved in the PPA arrangement).

- *A novice in financing business although a few key management personnel have banking/ lending background*

Although PFS benefits from PTC India's industry experience, it is relatively new in the lending business. However, some of its key management personnel have banking/ lending background. For instance, PFS has hired people who have earlier served Power Finance Corporation. The CMD of PFS, who is also CMD of PTC India, has three decades of experience as a member of the Indian Audit and Accounts Service and previously was Director- Finance with PFC. However, none of them have equity investment experience.

- *Experienced and reputed independent directors*

Independent directors are professionals with good experience and knowledge. Out of the six independent directors, two are also on the board of PTC India. One independent director, Mr Uddesh Kohli, was earlier the CMD of PFC and brings to the table his long years of experience as well as board practices of PFC. Mrs Rama Murali, retired Indian Audit and Accounts Service officer, inducted on the board in 2010 is the chairman of the Audit Committee. The company has 10 committees in place, of which four committees are chaired by the independent directors and the rest - IPO, Compensation, Nomination, Asset Liability Management, Issuance of Bonds and Directors committee - by the CMD.

- *Similar business interests: Both PFS and PTC India want to launch a PE fund*

PFS and PTC India both have plans to launch a private equity fund. PTC India has already entered into an agreement with the Ashmore group to establish an energy fund and an asset management company. PFS too is keen on launching an energy fund. Although the terms of a definitive cooperation agreement between PFS and PTC India for PE fund are under discussion, no such definitive agreement has been entered into as of date. The Principles of Co-operation state that PFS shall refer all energy sector equity financing opportunities in India in excess of Rs 1,000 mn to PTC Ashmore Fund, while PTC Ashmore Fund shall refer to PFS all energy sector equity financing opportunities of less than or equal to Rs 1,000 mn.

Annexure I

Business Profile

Business overview

PFS provides equity financing, debt financing (long- and short-term), carbon credit financing as well as fee-based syndication and advisory services such as techno-economic feasibility studies for power projects in India. It is focused primarily on funding power generation projects.

• *Equity financing*

PFS makes strategic equity investments in power sector companies, mostly greenfield projects. The nature and extent of equity participation in such companies vary in accordance with requirements, opportunities and risks associated with the relevant project. The first equity investment of Rs 65 mn was made in Indian Energy Exchange (IEX) in December 2007 for a 26% stake. In September 2010, it liquidated investments in IEX for Rs 135 mn, post which PFS' shareholding in IEX reduced to 21.12%. As of September 30, 2010, the company has approved and disbursed equity investments worth Rs 4,838 mn and Rs 4,186 mn, respectively.

• *Debt financing*

PFS commenced the debt financing business including short-term, long-term as well as structured financing in FY09. Long-term loans act as a part of consortium financing, typically with a 10-15 years maturity period, bear floating interest rates and are usually backed by various securities and collaterals including, mortgage of immovable properties, hypothecation of movable assets, corporate guarantee, personal guarantee, pledge of shares of promoters, bank guarantee, etc. Short-term loans typically have a maturity period of up to five years. Short-term loans permit the borrower to provide one or more of the following types of any of the securities: a pledge of shares, hypothecation of assets, bank guarantee, corporate and personal guarantees. Additionally, it offers short-term loans which can get converted to long-term loans after the achievement of financial closure. Bridge loans are offered prior to financial closure of a project to expedite its implementation. The average yield on all loans was 19.02% for FY10 and 16.86% for H1FY11. As of September 30, 2010, the company has approved and disbursed debt financing worth Rs 18,815 mn and Rs 6,048 mn, respectively.

• *Carbon credit financing against CER*

PFS commenced carbon credit financing against Certified Emission Reductions (CER) in March 2010. It finances companies by acquiring their CER rights, which have already accrued or will accrue to the companies in the future. It purchases future CERs from power project developers for sale to third parties. It enters into strategic partnerships with Macquarie Bank Ltd and Vitol SA for back to back sale of these CERs.

Sources of funding

PFS' primary fund sources include equity, term loans and non-convertible debentures (NCDs) issued. It issued NCDs of Rs 2 bn in October 2009 and Rs 3 bn February 2010. In October 2010, it also entered into agreement with Germany's Deutsche Investitions-UND Entwicklungsgesellschaft MBH (DEG) for US\$26 mn ECB loan for on-lending to renewable energy projects. As of September 30, 2010, NCD and long-term loans formed 38.3% and 19.0%, respectively, of the total funding. The average funding cost was 10.60% in FY10 and 10.70% in H1FY11.

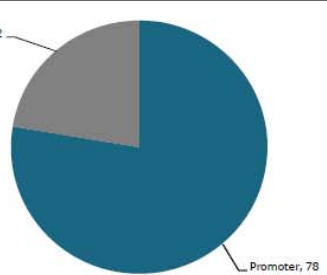
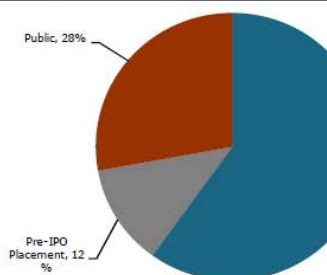
Infrastructure status given to PFS

The Reserve Bank of India (RBI) classified PFS as an Infrastructure Finance Company (IFC) in August 2010. This will enable PFS to raise funds on cost-competitive basis and get higher debt exposures in infrastructure projects. It is entitled to lend up to 25% of its owned funds to a single borrower in the infrastructure sector, compared to 20% of owned funds by other NBFCs that have not been granted IFC status. It is also eligible to raise ECBs up to 50% of owned funds without prior RBI approval. Further, it can raise capital through issuance of infrastructure bonds at comparatively lower yields, as holders of such bonds are entitled to tax benefits under Section 80CCF of the Income Tax Act 1961 against cost of borrowing of 10.7-11%.

Key operational data

Parameters	
Average yields	19.02% in FY10 and 16.86% in H1 FY11
Average cost of funds	10.60% in FY10 and 10.70% in H1 FY11
NPAs	Nil

Source: DRHP

Pre-issue shareholding pattern	Post-issue shareholding pattern
 Pre-IPO Placement, 22 % Promoter, 78 %	 Public, 28% Promoter, 60 % Pre-IPO Placement, 12 %
Source: DRHP	Source: DRHP

Annexure II: Profile of the Directors

Name	Designation	Age	Date of joining	Qualification	Previous experience	Directorships / partnership in other entities
Tantra Narayan Thakur	Chairman and Managing Director	61	Since inception	Bachelor's degree in Engineering.	More than 30 years of experience as a member of the Indian Audit and Accounts Service. Also served as a Director (Finance and Financial Operations) in PFC. Currently, CMD of PTC India too	PTC India, PTC Energy, Athena Energy Ventures, RS India Wind Energy, etc.
Dr. Ashok Haldia	Whole Time Director and Chief Financial Officer	54	13-Aug-08	Chartered Accountant, PhD (on 'Privatisation of Public Enterprises in India')	Served as secretary in ICAI, Delhi for a decade. Earlier associated with PFC, State Enterprises Dept, etc.	PTC Energy, Meenakshi Energy Pvt., PTC Bermaco Green Energy, etc.
Shashi Shekhar	Non Executive Director	53	6-Aug-07	B.Sc (Hons) in Geology	Served as MD in Tamil Nadu Minerals Ltd, Tamil Nadu Transport Development Finance Corporation and Tamil Nadu Urban Infrastructure Financial Services Ltd. At present, also on board of PTC India	PTC Energy, Meenakshi Energy Pvt., PTC Bermaco Green Energy
Sudhir Kumar	Independent Director	54	22-Mar-10	M. Com (Delhi School of Economics, University of Delhi)	IAS; presently serving as Joint Secretary in Ministry of Power and on PTC India board	PTC India, NHPC, THDC, etc.
Prathipati Abraham	Independent Director	71	4-Jun-07	M.A. (Andhra University)	Presently serving as the chairman of Maharashtra State Electricity Board and is also on PTC India board	PTC India, JSW Energy, Visaka Industries, Lanco Infratech, etc.
Rama Murali	Independent Director	62	21-Apr-09	B.A. (Hons) (Maharani College, Jaipur)	Retired Indian Audit and Accounts Service officer	None
Dr. Uddesh Kohli	Independent Director	69	25-Sep-09	Bachelors degree (Hons) in Engineering, Ph.D. in Economics (Delhi School of Economics)	Former CMD of PFC; currently, chairman of Engineering Council of India and Construction Industry Arbitration Association	ICRA, Lanco Infratech, Henkel India, etc.
Surinder Singh Kohli	Independent Director	65	13-Dec-10	Bachelors degree in Mechanical Engineering (Benaras Hindu University), diploma in Industrial Finance from Indian Institute of Bankers	Former CMD of India Infrastructure Finance Company, PNB and SIDBI	IDFC, SME Rating Agency of India, Ahluwalia Contracts, etc.
Ramarao Muralidharan Coimbatore	Independent Director	63	11-Jan-10	B.Sc., certified associate of Indian Institute of Bankers	Earlier served in RBI, IRDA, etc.	City Union Bank, ICICI Prudential AMC
M K Goel	Non Executive Director	53	12-Jan-10	B. Tech (Electrical engineering)	Currently, director (commercial) of PFC, also on of PTC India board	PFC, PTC India, etc.
Neil Kant Arora	Non Executive Director	41	31-Jan-08	Degree in Actuarial Science (First class honours) (London School of Economics)	At present, ED with Macquarie Capital	Macquarie Capital Advisors, Dalian Holding Co, etc.

Source: Company, DRHP

March 1, 2011

Please see disclaimer on last page

Page 10 of 11

Disclaimer

A CRISIL IPO grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India. A CRISIL IPO grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO grading is not a recommendation to buy / sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

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For more information on CRISIL IPO gradings, please visit <http://www.crsil.com/ipo-gradings>

ANNEXURE II - IPO GRADING REPORT OF ICRA LIMITED



ICRA Limited
An Associate of Moody's Investors Service

D/RAT/2010-11/P48/11

Date: February 25, 2011

Mr. Ashok Haldia
Director
PTC India Financial Services Limited
2nd Floor, NBCC Tower
15, Bhikaji Cama Place,
New Delhi - 110066

Dear Sirs,

Re : ICRA Grading of Initial Public Offer of 156,700,000 (Nos.) Equity Shares to be issued by PTC India Financial Services Limited to the Public ("IPO")

Please refer to your mandate letter dated January 20, 2011 for grading the IPO of PTC India Financial Services Limited (PFS). The Rating Committee of ICRA, after due consideration, has assigned the "IPO Grade 4"* (pronounced ICRA IPO grade four) grading to the captioned IPO programme. This grading indicates above average fundamentals.

In any of your publicity material or other document wherever you are using the above grading, it should be stated as "IPO Grade 4". We would appreciate if you can sign on the duplicate copy of this letter and send it to us as a token of your confirmation about the use of this letter. The rationale for assigning the above grading will be sent to you in due course.

This grading is specific to the terms and conditions of the proposed IPO issue as was indicated to us by you and any change in the terms or size of the IPO would require the grading to be reviewed by us. If there is any change in the terms and conditions or size of the rated IPO, as above, the same must be brought to our notice before the issue of the IPO. If there is any such change after the grading is assigned by us, it would be subject to our review and may result in change in the grading assigned.

ICRA reserves the right to suspend, withdraw or revise the above grading at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the aforesaid grading assigned to you.

The grading, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Equity Shares to be issued by you. If the issue graded, as above, is not placed by you within a period of 6 months from date of this letter communicating the grading, the same would stand withdrawn unless revalidated before the expiry of 6 months.

* IPO fundamentals are graded on a five point scale from Grade 5 (indicating strong fundamentals) to Grade 1 (indicating poor fundamentals)

Building No. 8, 2nd Floor
Tower A, DLF Cyber City
Phase II, Gurgaon - 122002

Tel. : + 91 - 124 - 4545300
Fax : + 91 - 124 - 4545350

website : www.icra.in
email : info@icraindia.com

Regd. Office: 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110001

RATING • RESEARCH • INFORMATION



PTC India Financial Services Limited

ICRA has assigned an 'IPO Grade 4', indicating above average fundamentals to the proposed initial public offering of PTC India Financial Services Limited (PFS). ICRA assigns IPO grading on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. PFS is proposing to come out with an Initial Public Offer of 15.67 crore number of equity shares of face value Rs 10/- at a yet to be determined premium. The IPO constitute fresh issue of 12.75 crore number of equity shares by PFS and offer for sale of 2.92 crore number of equity shares by existing shareholder Macquarie India Holdings Limited. The offer will constitute 27.88% of the fully diluted post issue paid up equity share capital of the company. Following the IPO the shareholding of the promoters (PTC) will reduce from 77.6% to 60%. The offer would be made through the 100% book building route. Of the net offer, 50% is reserved for Qualified Institutional Buyers (QIBs), 15% for non-institutional investors and 35% for the retail investors. Post IPO, the shares will be listed on the National Stock Exchange and Bombay Stock Exchange. The objects of the offer are to augment the capital base of PFS to meet future capital requirement and to achieve the benefits of listing on the Stock Exchanges.

The above average fundamental grading factors in the high growth prospects of PFS given sizeable fund requirement of the power sector backed by strong capacity addition plans of Independent Power Producers (IPPs). In addition, PFS' close association with PTC, a leading power trading company in India, likely to offer adequate growth opportunities to PFS. Further, PFS is well positioned to leverage the robust growth potential in the segment given its diversified product mix i.e. term lending, direct equity investments and mezzanine/intermediate funding and benefits arising from adequate power sector knowledge deriving from PTC and its experienced senior management team. However, PFS is a relatively small size company, compared to other power sector financiers, and also has limited track record as it started operations in May-2007, but PTC's power sector knowledge alongwith PFS' experienced management team likely to ensure quality of appraisals and selection of good investments. In addition, relatively small network of PFS also limits its exposure to small share in consortium lending or a reasonable share in small to medium size power projects, though with the augmentation of the company's capital base through its proposed IPO and Infrastructure Finance Company (IFC) status is likely to help company to certain extent.

PFS has long-term credit rating of LA+ (Positive) and short-term rating of A1+ from ICRA. PFS has diversified funding profile and raises funds at relatively competitive rates from banks and other investors, though its cost of funds is higher than leading power sector financiers and banks. PFS intends to mitigate the impact of higher cost of funds by maintaining higher lending rates in some cases and also higher margins in mezzanine/intermediate financing. As on September 30, 2010, PFS has total portfolio of Rs.1,023 crore; around 41% of PFS' portfolio represented equity investments in project companies followed by mezzanine/intermediate financing (38%) and term lending book (21%). Independent Power Producers (IPPs) are the main customers of PFS in all three segments. Going forward, the proportion of term lending book is likely to increase significantly from the current level as PFS will start disbursing the funds from the existing sanctions which are in different stages of implementation.

PFS' return on networth, has been lower than other players in the industry, at around 4% in 2009-10 and 8% in H1 2010-11. The return on networth of PFS is relatively low as large chunk of its assets are blocked in equity investments in project companies, which are not fetching any return as of now. Despite the expected shift in portfolio in favour of low earning term loans, return on net worth of PFS is likely to improve once PFS starts liquidating the equity / mezzanine portfolio as and when these become operational. However, given the long gestation period of power projects, impact on earnings may be visible with a lagged effect.

As on September 30, 2010, PFS has sanctioned debt commitments of Rs.1,882 crore and had portfolio outstanding of Rs.605 crore. As regard direct equity investments, PFS sanctioned total investments of Rs.484 crore and had portfolio outstanding of Rs.418 crore.

PRESS RELEASE

Page 1

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

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About the Company

PTC India Financial Services Limited (PFS) was promoted by PTC India Limited (PTC), a leading player in power trading activity in India. PFS was incorporated in September 2006 and started operations in May 2007. PFS is engaged in the business of providing financial assistance both in the form of debt and equity to projects in the entire energy value chain. As on September 30, 2010, PTC owned 77.6% equity stake in PFS; other shareholders of the company are GS Strategic Investments Limited (11.2%), and Macquarie India Holdings Limited (11.2%). The company is registered as a ND SI NBFC-IFC, Infrastructure Finance Company, with Reserve Bank of India (RBI). During the year ended March 31, 2010 PFS reported a net profit of Rs. 25.45 crore on an asset base of Rs. 993 crore as against a profit of Rs. 8.53 crore on an asset base of Rs. 631 crore in the previous year. During H1 2010-11, PFS reported profit after tax of Rs.25.51 crore on total asset base of Rs.1198 crore as on September 30, 2010 against profit after tax of Rs.25.45 crore in FY 2009-10 on total asset base of Rs.959 crore as on March 31, 2010. As on September 30, 2010 the company had a capital adequacy of 60.98%, which comprised 100% of Tier 1 Capital.

About PTC India Limited

PTC India Limited (PTC) was established by National Thermal Power Corporation (NTPC), Power Grid Corporation (PGC), NHPC, and Power Finance Corporation in 1999 to promote inter-State trading in power and provide power advisory services. As of now, these four institutions combining together hold around 16% stake in the company and remaining is with Insurance companies, Mutual Funds, Foreign Institutional investors and Indian Public. PTC mobilised equity capital of Rs. 1,199 crore in Jan-08 by issuing around 7.4 crore equity shares at Rs.155 per share and another Rs. 500 crore in May-09 through Qualified Institutional Placements (QIP) by issuing around 6.7 crore shares at Rs.75 per share. The company's share is currently trading at Rs.82 (as on February 27, 2011) and based on H1 2010-11 financial results its currently trading at P/E of around 18 times and P/B of around 1.1 times.

PTC India currently derives most of its revenue from power trading business. Currently, the core power trading business is skewed towards short term and short to medium term trades. The company reported profit after tax of Rs.94.10 crore in FY 2010 on total asset base of Rs.2598.50 crore against profit after tax of Rs.90.97 on total asset base of Rs.1913.37 crore as on Mar-09. During H1 2010-11, the company reported profit after tax of Rs.67.20 crore.

February 2011

PRESS RELEASE

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For further details please contact:

Analyst Contacts:

Ms. Vibha Batra, (Tel. No. +91 124 4545302)
vibha@icraindia.com

Relationship Contacts:

Mr. Vivek Mathur, (Tel. No. +91-124-4545310)
vivek@icraindia.com

For further details please contact:

Analyst Contacts:

Ms. Vibha Batra, (Tel. No. +91 124 4545302)
vibha@icraindia.com

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vivek@icraindia.com

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Disclosure: A Member of the Board of Directors of ICRA Limited is also an Independent Director on the Board of Directors of PTC India Financial Services Limited. This Director was not involved in any of the discussions and processes related to the IPO Grading of PTC India Financial Services Limited.

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Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

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Corporate Office
Mr. Vivek Mathur
 Mobile: 9871221122
 Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
 Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax: +91-124-4545350

Mumbai Mr. L. Shivakumar Mobile: 91-22-30470005/9821086490 Email: shivakumar@icraindia.com 3rd Floor, Electric Mansion, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025 Ph : +91-22-2433 1046/ 1053/ 1062/ 1074/ 1086/ 1087 Fax : +91-22-2433 1390	Kolkata Ms. Anuradha Ray Mobile: 91-33-22813158/9831086462 Email: anuradha@icraindia.com A-10 & 11, 3rd Floor, FMC Fortuna, 234/ 3A, A.J.C. Bose Road, Kolkata-700020. Tel: +91-33-2287 6617/ 8839/ 2280 0008 Fax: +91-33-2287 0728
Chennai Mr. Jayanta Chatterjee Mobile: 9845022459 Email: jayantac@icraindia.com Email: Mr. K. Ravichandran Mobile: 91-44-45964301/ 9940008808 Email: ravichandran@icraindia.com 5th Floor, Karumuttu Centre, 498 Anna Salai, Nandanam, Chennai-600035. Tel: +91-44-2433 3293/ 94, 2434 0043/ 9659/ 8080, 2433 0724, Fax:91-44-24343663	Bangalore Mr. Jayanta Chatterjee Mobile: 9845022459 Email: jayantac@icraindia.com 2 nd Floor, Vayudhoot Chambers, Trinity Circle, 15-16 M.G Road, Bangalore-560001. Tel:91-80-25597401/ 4049 Fax:91-80-25594065
Ahmedabad Mr. L. Shivakumar Mobile: 9821086490 Email: shivakumar@icraindia.com 907 & 908 Sakar -II, Ellisbridge, Ahmedabad- 380006 Tel: +91-79-26585494, 26582008,26585049, 26584924 TeleFax:+91-79- 2648 4924	Pune Mr. L. Shivakumar Mobile: 9821086490 Email: shivakumar@icraindia.com 5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020 Tel : (91 20) 2556 1194 -96; Fax : (91 20) 2556 1231
Hyderabad Mr. M.S.K. Aditya Mobile: 9963253777 Email: adityamsk@icraindia.com 301, CONCOURSE, 3rd Floor, No. 7-1-58, Ameerpet, Hyderabad 500 016. Tel: +91-40-2373 5061 /7251 Fax: +91-40- 2373 5152	

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ANNEXURE III - IPO GRADING REPORT OF CREDIT ANALYSIS AND RESEARCH LIMITED



Mr. Tantra Narayan Thakur
Chairman and Managing Director
PTC India Financial Services Ltd.
Second Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi - 110 066

**CREDIT ANALYSIS &
RESEARCH LTD.**

4th Floor, Godrej Coliseum,
Santalya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457
E-mail : care@careratings.com
www.careratings.com

February 7, 2011

Confidential

Dear Sir,

IPO Grading

Please refer to your request for grading of the Initial Public Offering (IPO) of **PTC India Financial Services Ltd.** for 15.7 crore equity shares of face value of Rs.10 each.

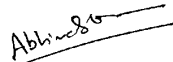
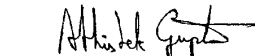
2. CARE has assigned a '**CARE IPO Grade 4' [Grade Four]** to the proposed IPO issue of PTC India Financial Services Ltd. (PFS). **CARE IPO Grade 4** indicates **above average fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever '**CARE IPO Grade 4' [Grade Four]** appears, it should invariably be followed by the definition '**CARE IPO Grade 4 [Grade Four]** indicates above average fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure I**. The rationale and press release for this grading will be communicated to you separately.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.
6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
7. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings. As such, in the absence of any request for review of grading within a week of this letter, CARE will disclose this IPO grading to the public.

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15/2/11

8. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,


[Abhinav Sharma]
Senior Manager
[Abhishek Gupta]
Deputy Manager

Encl: As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure I

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

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Annexure I

**CARE assigns 'CARE IPO Grade 4' to the proposed IPO of
PTC India Financial Services Ltd.**

Grading

Particulars	No. of equity shares	Grading
IPO Grading	15.7 crore*	'CARE IPO Grade 4'

*including an offer for sale by selling shareholders of 2.9 crore shares

CARE has assigned a 'CARE IPO Grade 4' to the proposed Initial Public Offer (IPO) of PTC India Financial Services Ltd. (PFS). 'CARE IPO Grade 4' indicates 'Above Average Fundamentals'. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

Grading Rationale

The grading reflects the strengths that the company derives from its parent PTC India Limited (PTC) and the strong growth potential for the company given its strategic positioning in the power sector. The grading also reflects PFS' experienced board of directors and management and the good corporate governance practices adopted by the company including presence of various committees and independence of the board. The grading considers sound financial management of the company reflected in tie up of long term funding for financing of long gestation power projects along with comfortable capital adequacy and access to diverse sources of institutional funding.

The grading is however moderated due to low seasoning of the portfolio, high concentration risk due to relatively small balance sheet size and exposure to project risks. However these risks are mitigated to some extent due to the PFS' expertise in appraising power sector projects. The grading is also constrained due to the relatively recent operational setup and evolving risk management systems.



Background and Company Profile

PFS is an Infrastructure Finance Company (IFC), promoted by PTC India, with the mandate to provide financing solutions to companies with projects across the entire energy chain. The company provides financing to private sector power generation projects in India. PFS was incorporated on September 8, 2006 and was classified as an Infrastructure Finance Company (IFC) with effect from August 23, 2010. As on March 31, 2010, major shareholders of the company include PTC India Limited (77.6%), GS Strategic Investments Limited (11.2%) and Macquarie India Holdings Limited (11.2%).

Management

The management team comprises of senior managers having wide experience in the power sector. Mr. Tantra Narayan Thakur, Chairman and Founder of PFS, has been the Chairman of PTC since 2000. He has more than 30 years of experience in treasury and financial management as a member of the Indian Audit and Accounts Service. He has also previously served as a Director (Finance and Financial Operations), Power Finance Corporation Limited, where he was responsible for mobilizing resources for on-lending to power projects.

Dr. Ashok Haldia, Whole-time director and Chief Financial Officer of PFS, has prior experience of project financing and industrial financing policy; public sector policy reforms, power sector reform, restructuring and financing. He previously served as Secretary, the Institute of Chartered Accountants of India for almost a decade and has also been associated with the Bureau of Public Enterprises, State Enterprises Department, Government of Rajasthan and Power Finance Corporation Ltd.

Mr. Vijay Singh Bisht, Senior Vice President and Head (Debt division) has over 24 years of experience in techno economic/financial appraisal of power projects. He previously served at Power Finance Corporation Limited as Deputy General Manager and was responsible for the commercial appraisal of power projects and marketing of debt portfolio in Eastern and North Eastern region of India.



The board consists of senior officials and IAS officers who have served in various capacities in the power sector. Some of the entities in which the board members have served include Power Finance Corporation Limited, Ministry of Power (Government of India), Ministry of Finance (Government of India), Maharashtra State Electricity Board and NHPC Limited.

Strategic positioning in the Power sector

The projected demand in the power sector presents significant growth opportunities for power specialist financing companies in India. According to the Twelfth Plan of the planning commission, the required funding for power generation projects alone is estimated to be approximately Rs.495,083 crore. As a subsidiary of PTC, PFS derives benefits from PTC's industry knowledge and network both in terms of business origination and investment appraisals.

Corporate Governance

PFS has adopted good corporate governance practices that include presence of various committees and independence of the board of directors. PFS has constituted various committees including audit committee, shareholders/investors grievance committee, nomination committee, asset liability management committee, remuneration committee and an IPO committee which have directors of the company as members. PFS has six independent directors (out of eleven directors) which constitute majority of the board.

Financial Management

PFS has a sound asset liability management policy and diversified resource profile. Asset liability profile is comfortable as there is no cumulative mismatch in any of the buckets. PFS has raised long term funding for its long gestation projects and funds equity investments through its net worth. Term loans with a maturity of 9-15 years constitute the majority of the borrowings. PFS has also entered into External Commercial Borrowings (ECB) agreement with Deutsche Investitions - UND Entwicklungsgesellschaft MBH (US\$26 million with a tenure of 12 years) and has signed a term sheet with International Finance Corporation (US\$50 million with a tenure of 11 years) for on-lending to renewable energy projects. The IFC status granted by RBI to PFS in August 2010 provides the company more flexibility in terms

of funding as IFCs can issue infrastructure bonds at comparatively lower yields and are allowed to raise ECBs up to 50.00% of their owned funds without prior RBI approval. The company has also been able to raise equity at regular intervals over the years and counts Goldman Sachs and Macquarie Group as institutional investors.

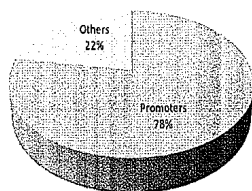
Asset Quality and Risk Management Systems

Asset quality concerns remain with low seasoning of the portfolio while the risk management systems of the company are still evolving due to the relatively short history of the company. The company started operations in 2007 and has built up its book substantially in the past 2 years. As on September 30, 2010, PFS did not have any non performing assets. Majority of the projects in the company's equity and debt portfolio are in pre-commissioning stage due to which the asset quality is exposed to high project completion risk. Moreover, the company also faces high concentration risk due to small asset base with top ten individual borrowers accounting for 98% of the total outstanding loans as of September 30, 2010. However, the above risks are mitigated to a certain extent due to the company's sector expertise. Also the company is in the process of raising equity which will increase its balance sheet size thereby reducing the portfolio concentration.

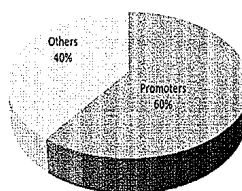
IPO Issue Details

Issue details	No. of shares (in crore)
Public Issue	15.67
Fresh Issue	12.75
Offer for Sale	2.92

Pre-Issue Shareholding



Post-Issue Shareholding



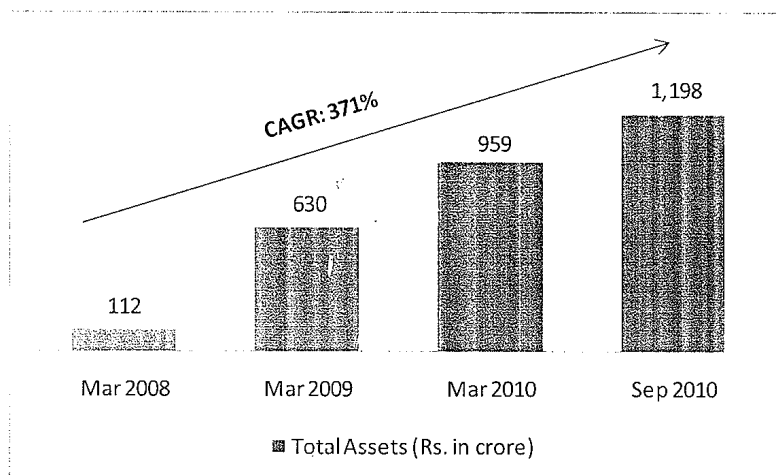
PFS is proposing to issue 15.67 crore shares including an offer for sale by selling 2.92 crore shares and the balance constituting fresh equity. PFS will not receive any proceeds from the offer for sale. PFS plans to utilize the funds mobilized through initial public offering (IPO) to augment its capital base to meet future capital requirements arising out of growth in the company's business.

Financial Performance of PFS

	(Rs. crore)		
As on / Period ended	31.03.09 (A)	31.03.10 (A)	30.09.10 (A)
Consolidated	12 m	12 m	6 m
Income from investments	10.3	21.3	13.5
Interest income	0.4	27.5	34.3
Other income	0.9	4.7	5.8
Total income	11.6	53.5	53.6
Interest expense & fin charges	0.0	11.6	16.0
Operating expenses	2.9	5.1	1.4
Depreciation and impairment of fixed assets	0.0	0.0	2.7
Total provision / write offs	-	-	-
PBT	8.7	36.7	33.5
Tax	0.2	11.2	8.0
PAT	8.5	25.5	25.5
Net worth	609.0	635.9	660.8
Total debt	20.0	310.8	522.0
Total assets	630.2	959.0	1,198.2
Overall gearing (times)	0.03	0.49	0.79
Interest coverage before provisions, writeoffs and depreciation (times)	484.56	4.17	3.26
Capital adequacy (%)	275.36	88.30	60.98
Interest income/ Avg. Interest earning assets (A)*	1.14	15.81	13.96
Interest / Avg. Borrowed Funds (B)*	0.18	7.02	7.69
Interest spread (A-B)	0.96	8.79	6.26
Net interest margin (%)*	0.12	2.34	2.93
PAT / Total Income (PAT margin)*	73.53	47.58	47.59
Total Income / Avg. Total Assets (%)*	3.12	6.73	9.94
Operating Expenses/Avg. Total Assets (%)*	0.78	0.65	0.26
Return on total assets (ROTA) (%)*	2.30	3.20	4.73
Return on net worth (RONW) (%)*	2.37	4.09	7.87
Gross NPA ratio (%)	Nil	Nil	Nil
Net NPA ratio (%)	Nil	Nil	Nil

*Ratios are annualized for the period 1st April 2010 to 30th September 2010

Majority of the income was through financing activity with interest income contributing more than 50% of total income for FY10. Income from investments increased significantly in H1FY11 due to profits realized from stake sale in one of the equity investments. PFS has managed to borrow long term funds at very low costs due to its parentage. Operating costs are low as PFS is a corporate finance business with limited distribution channel costs. Gearing is maintained at low levels and capital adequacy is comfortable with a reported figure of 60.9% as on September 30, 2010. The company has built up its portfolio substantially over the last two years.



Industry Outlook

According to the Monthly Review (October 2010) of the Central Electricity Authority (CEA), the total installed power generation capacity in India was 167,278 MW as of August 31, 2010. The peak power deficit was 12.7% and total energy deficit was 10.1% in FY10. The target capacity addition in the Eleventh plan (FY2008-Fy2012) was of 78,700 MW out of which 22,302 MW of capacity addition was achieved in first 3 years of the plan. The overall (generation, transmission, distribution and r&m projects) funding requirements for the Eleventh and Twelfth plan are Rs.10,59,515 crore and Rs.11,00,000 crore respectively.

Moreover, in order to promote further development in the power sector, The Electricity Act was enacted in 2003. The Electricity Act covered major issues involving generation, distribution, transmission and trading in power. Some of the major growth initiatives include making electricity generation a non-licensed activity allowing the independent power producers (IIP) to sell power directly to consumers and removing restrictions on setting up of power plant by captive generation acts. The act was further amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer.

Major investments are needed to meet the capacity targets in the country and the enactment of Electricity Act, 2003 removes some of the important regulatory bottlenecks that prevailed in the sector. Companies having specialist power knowledge will have a significant advantage in selecting investment opportunities in the sector. PFS as a subsidiary of PTC, will be in a strong position to leverage on PTC's sector expertise and industry network for its growth.

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure II

CARE assigns 'CARE IPO Grade 4' to the proposed IPO of
PTC India Financial Services Ltd.

Grading

Particulars	No. of equity shares	Grading
IPO Grading	15.7 crore*	'CARE IPO Grade 4'

*including an offer for sale by selling shareholders of 2.9 crore shares

CARE has assigned a 'CARE IPO Grade 4' to the proposed Initial Public Offer (IPO) of PTC India Financial Services Ltd. (PFS). 'CARE IPO Grade 4' indicates 'Above Average Fundamentals'. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

Grading Rationale

The grading reflects the strengths that the company derives from its parent PTC India Limited (PTC) and the strong growth potential for the company given its strategic positioning in the power sector. The grading also reflects PFS' experienced board of directors and management and the good corporate governance practices adopted by the company including presence of various committees and independence of the board. The grading considers sound financial management of the company reflected in tie up of long term funding for financing of long gestation power projects along with comfortable capital adequacy and access to diverse sources of institutional funding.

The grading is however moderated due to low seasoning of the portfolio, high concentration risk due to relatively small balance sheet size and exposure to project risks. However these risks are mitigated to some extent due to the PFS' expertise in appraising power sector projects. The grading is also constrained due to the relatively recent operational setup and evolving risk management systems.

Background and Company Profile

PFS is an Infrastructure Finance Company (IFC), promoted by PTC India, with the mandate to provide financing solutions to companies with projects across the entire energy chain. The company provides financing to private sector power generation projects in India. PFS was incorporated on September 8, 2006 and was classified as an Infrastructure Finance Company (IFC) with effect from August 23, 2010. As on March 31, 2010, major shareholders of the company include PTC India Limited (77.6%), GS Strategic Investments Limited (11.2%) and Macquarie India Holdings Limited (11.2%).

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