

14<sup>th</sup> Annual Report  
2009 - 2010

Fuelling **Growth**



ADANI

Adani Power Limited

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## Forward Looking Statement

This Annual Report contains forward looking information to enable investors to comprehend company's prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot

guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties, and even less than accurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We under take no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# 14<sup>th</sup> Annual Report 2009 - 2010

## Company Information

### Board of Directors

Mr. Gautam S. Adani, Chairman  
Mr. Rajesh S. Adani, Managing Director  
Mr. Ameet H. Desai, Executive Director  
Mr. R. K. Madan  
Mr. S. K. Tuteja, IAS (Retd.)  
Mr. B. B. Tandon, IAS (Retd.)  
Mr. Vijay Ranchan, IAS (Retd.)  
Mr. Chinubhai R. Shah

### Company Secretary

Mr. Rahul C. Shah

### Auditors

M/s. Deloitte Haskins & Sells  
Chartered Accountants  
Ahmedabad

### Registered Office

“Shikhar”  
Near Adani House, Mithakhali Six Roads,  
Navrangpura, Ahmedabad – 380 009.

### Bankers and Financial Institutions

Allahabad Bank	Indian Overseas Bank	State Bank of Hyderabad
Andhra Bank	Industrial Development Bank of India	State Bank of India
Axis Bank Ltd.	Jammu & Kashmir Bank Ltd.	State Bank of Mysore
Bank of India	Life Insurance Corporation of India	State Bank of Patiala
Bank of Maharashtra	Oriental Bank of Commerce	State Bank of Saurashtra
Canara Bank	Power Finance Corporation Ltd.	State Bank of Travancore
Central Bank of India	Punjab National Bank	Syndicate Bank
Corporation Bank	Punjab & Sind Bank	Tamilnad Mercantile Bank Ltd.
Dena Bank	Rural Electrification Corporation Ltd.	UCO Bank
Development Credit Bank Ltd.	Small Industries Development Bank of India	Union Bank of India
ICICI Bank Ltd.	State Bank of Bikaner & Jaipur	United Bank of India
Indian Infrastructure Finance Co. Ltd.		Yes Bank Ltd.

## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Fourteenth Annual Report and the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2010.

### Initial Public Offering:

During the financial year 2009-10, your Company entered the Capital Market with Initial Public Offer (IPO) of 30,16,52,031 equity shares of Rs. 10/- each at a premium of Rs. 90/- per share. Your Company's shares were listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 20<sup>th</sup> August, 2009. The issue was over subscribed by about 18 times.

Your Directors take this opportunity to thank all the investors for their overwhelming response to the IPO and the confidence reposed by them.

### Financial Highlights:

The bird eye view of the summarized financial highlights is depicted below:

Rs. in Lacs

Particulars	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
Income from operations	43,486.09	-
Other Income	3,192.84	-
<b>Total Income</b>	<b>46,678.93</b>	-
Operating & Administrative Expenses	22,561.65	281.67
Operating Profit before Interest and Tax	24,117.28	(281.67)
Interest and Financial Charges	3,767.03	-
<b>Profit Before Tax</b>	<b>20,350.25</b>	<b>(281.67)</b>
Provision for tax (including deferred tax)	3,270.12	-
<b>Profit after tax</b>	<b>17,080.13</b>	<b>(281.67)</b>
Surplus brought forward from previous year	(281.67)	-
<b>Balance carried to Balance Sheet</b>	<b>16,798.46</b>	<b>(281.67)</b>

### Operational Highlights:

Your Company together with its subsidiaries currently has eight power projects with a combined installed capacity of 13,200 MW, out of which 660 MW has been commissioned, 9900 MW is under implementation and 2640 MW is at the planning stage. Your Company intends to sell the power generated from these projects under a combination of long-term PPAs and on merchant basis.

The detailed Operational Performance of the Company has been comprehensively discussed in the Management Discussion and Analysis Report which forms part of Directors' Report.

### Dividend:

In order to conserve resources for operational purposes, your Directors do not recommend any dividend on equity shares for the year under review.

### Capital:

During the year under review, your company issued 3,64,06,933 shares by way of preferential allotment and 30,16,52,031 equity shares by way of IPO, making total subscribed, issued and paid up equity share capital to Rs. 2180,03,52,000/- divided into 218,00,35,200 equity shares of Rs. 10/- each as on date of this report.

### Utilization of Proceeds of IPO:

The statement of projected utilization of the IPO proceeds as per Prospectus dated 5<sup>th</sup> August, 2009 against actual utilization as on 31<sup>st</sup> March, 2010 is as follows:

Rs. in Lacs

Proceeds received from IPO	301,652.03	
Objects of the Issue	Projected Utilization of IPO proceeds	Actual Utilization till 31 <sup>st</sup> March, 2010
To part finance the construction and development of Mundra Phase IV Power Project for 1,980 MW	115,300.00	115,297.00
Funding equity contribution in Adani Power Maharashtra Limited to part finance the construction and development cost of power project for 1,980 MW at Tiroda, Maharashtra	104,000.00	28,650.00
General corporate purposes	75,900.00	75,895.00
Issue Expenses	6,452.03	5,332.00
<b>TOTAL</b>	<b>301,652.03</b>	<b>225,174.00</b>
<b>Total funds unutilized as at 31<sup>st</sup> March, 2010</b>		<b>76,478.03</b>

### Consolidated Financial Statements:

Consolidated Financial Statements pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard is part of Annual Report.

### Subsidiary Companies:

Your Company has 11 subsidiaries at the end of the year which are as follows:

- 1) Adani Power Maharashtra Ltd.
- 2) Adani Power Rajasthan Ltd.
- 3) Adani Power Dahej Ltd.
- 4) Adani Pench Power Ltd.
- 5) Mundra Power SEZ Ltd.
- 6) Kutchh Power Generation Ltd.
- 7) Adani Power (Overseas) Ltd., UAE
- 8) Adani Shipping PTE Ltd., Singapore
- 9) Adani Power PTE Ltd., Singapore
- 10) Rahi Shipping PTE Ltd., Singapore
- 11) Vanshi Shipping PTE Ltd., Singapore

During the year under review, Adani Pench Power Ltd. (earlier known as Adani Power MP Ltd.) was incorporated as wholly owned subsidiary of your company.

During the year under review, your company acquired Kutchh Power Generation Ltd. and Adani Shipping PTE Ltd., Singapore by purchase of all shares of respective companies at face value. Subsequently Adani Shipping PTE Ltd., Singapore incorporated Rahi Shipping PTE Ltd., Singapore and Vanshi Shipping PTE Ltd., Singapore as its wholly owned subsidiary companies.

The Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, containing details of subsidiaries of the Company forms part of the Annual Report.

In terms of approval granted by the Central Government vide letter no. 47/194/2010-CL-III dated 23<sup>rd</sup> March, 2010 under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit & Loss Account, report of the Board of Directors and report of the auditors of each of the Subsidiary Companies have not been attached to the accounts of the Company for the year ended 31<sup>st</sup> March, 2010. The annual accounts of the subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by the member of the Company/its subsidiaries at the Registered Office of the Company on any working day during business hours.

### **Fixed Deposits:**

During the year under review, your Company has not accepted any deposits from Public under Section 58A of Companies Act, 1956.

### **Corporate Governance and Management Discussion and Analysis Report:**

Your Company has been proactive in following the principles and practices of good Corporate Governance as an important step towards building investor confidence, improve investor's protection and maximize long-term shareholder value. A separate report on Corporate Governance compliance and a Management Discussion and Analysis Report as stipulated by the Clause 49 of the Listing Agreement forms part of the Annual Report along with the required Certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement.

In compliance with Corporate Governance requirements as per Clause 49 of the Listing Agreement, your Company has formulated and implemented a Code of Business Conduct and Ethics for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto.

### **IT System:**

To cater to the fast growing IT Infrastructural requirements of the business, the following technological solutions/systems have been implemented:

- Implementation of FOC Network connectivity for entire site.
- Implementation of Video Surveillance system for entire site area.
- Implementation of IP Based Telecom Infrastructure for unified messaging
- Optimization of SAP ERP system for Procurement & Financial processes for better manageability of data.
- Development of MIS using SAP BI functionality.
- Development of user friendly Enterprise Portal with Employee Self Services (ESS).
- Implementation of Contractor Labor Management System.
- Implementation of Visitor Management & Health Management Systems

### **Corporate Social Responsibility:**

Your Company has been carrying out community development activities in the villages near the project sites as also in other places in the state of Gujarat through "Adani Foundation".

### **The Adani Foundation believes that "SUCCESS IS NOT TRUE UNLESS IT IS SHARED".**

During the year under review, the Company through Adani Foundation has undertaken various activities for socio-economic development of the people and has meaningfully contributed in the fields of literacy, health, sanitation, watershed development, animal husbandry, support in cultural activities and livelihood development. These activities are undertaken in the villages surrounding the Power Plant locations in Gujarat and others parts of Gujarat and Maharashtra.

During the year under review, Adani Foundation organized several camps covering about 56,800 beneficiaries on Health Awareness which include general health checkup camp, multi specialty camp, gynec camp, blood donation camp, HIV testing camp, Thallesimia Testing etc.

Further, Adani Foundation carried out various projects and activities covering about 55,000 beneficiaries on Education side which includes distribution of school bags & writing kit, science kit & VEC chart, creation of reading corner and

health corner, student portfolio, arranging bal mela, celebration of national day, education tour for children, girl child education competition etc.

Water, an essential of life is becoming a scarce commodity day by day. Adani Foundation is also promoting water resource development in coordination with Government of Gujarat in Mundra Taluka by construction of rain water harvesting structures. This will help in controlling the depleting water levels and salinity and improve the water availability for drinking and irrigation for the local community. Adani Foundation is also providing relief and support to fishermen during cyclones.

### Health, Safety & Environment

Your Company gives paramount importance to environment. During the year, Mundra Project Site as well as operating units at Mundra exercised great care to improve on the required environmental norms for emissions as stipulated by the state pollution control board and Ministry of Environment and Forests using, amongst other things, technology and state-of-the-art equipment. Your company has received environmental clearance for all its ongoing projects. Your company has further initiated the process of obtaining environmental clearances for all its forthcoming projects.

Your Company is also deeply committed to sustainable means of conducting its operations. Your company has established Environment Divisions both at Plant level and Corporate level with competent officials.

Your Company has given occupational health and safety a high priority, appointing safety professionals to guide it on its journey to Safety Excellence. A number of initiatives have been taken to embed a culture of safety and safe working practices in the organisation. A detailed corporate safety action plan is being prepared, including the activities that will be guided and supervised by safety team of the Company on a monthly basis. New safety procedures have been developed and are being implemented. Intensive training modules have been organized.

### Clean Development Mechanism (CDM):

As the shareholders are aware, your Company has registered its first two units of 660 MW each of phase III of Mundra Power Project with United Nations Framework Convention on Climate Change (UNFCCC) as Clean Development Mechanism (CDM) Project. This is the world's first project based on super-critical technology to get registered as CDM Project under UNFCCC.

### Directors:

#### ➤ **Appointment of Additional Director:**

During the year under review, Mr. R.K Madan was appointed as an Additional Director on the Board of the Company w.e.f 20<sup>th</sup> March, 2010. Pursuant to Section 260 of Companies Act, 1956 and Articles of Association of the company, Mr. R.K Madan holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member of the Company signifying his candidature for the office of the Board of Directors of the Company.

#### ➤ **Appointment of Executive Director:**

During the year under review, Mr. Ameet H. Desai, Director of the company was appointed as an Executive Director for period of five years w.e.f 1<sup>st</sup> November, 2009.

#### ➤ **Resignation of Director:**

During the year under review, Mr. R.K Gupta, Wholetime Director resigned w.e.f 27<sup>th</sup> February, 2010.

#### ➤ **Retirement by rotation:**

As per Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Gautam S. Adani and Mr. Rajesh S. Adani are liable to retire by rotation and being eligible offer themselves for re-appointment.

The Board recommends appointment / re-appointment of aforesaid Directors.

A brief resume of directors being appointed / re-appointed with the nature of their expertise, their shareholding in the Company as stipulated under Clause 49 of the Listing Agreement is appended as an annexure to the notice of the ensuing Annual General Meeting.



## Directors Responsibility Statement:

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
2. Reasonable and Prudent Accounting Policies have been adopted in preparation of the Financial Statements. The Accounting Policies have been consistently applied except for the changes mentioned in Notes forming part of Accounts.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

## Additional information to Shareholders:

Your company provides all the latest information on the Company's projects, matters of interest to the investors like financial information, investor presentations, press releases, etc., on the website [www.adanipower.com](http://www.adanipower.com).

## Insurance:

Assets of your Company are adequately insured against various perils.

## Auditors:

Your Company's Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, hold office until the conclusion of the ensuing Annual General Meeting. They have shown their willingness to accept the office as Statutory Auditors, if appointed. Your Company has received a written certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

## Auditors' Report:

Notes to the accounts, as referred in the Auditors Report, are self-explanatory and practice consistently followed and therefore do not call for any further comments and explanations.

## Particulars of Employees:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees forms part of this report as Annexure. However, as permitted by section 219 (1)(b) (iv) of the companies Act, 1956 this Annual Report is being sent to all shareholders excluding aforesaid information. Any member interested in obtaining such particulars may write to Company Secretary at the Registered office of the Company.

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are appended herewith as Annexure I and forms part of this Annual Report.

During the year there was no earning in foreign exchange. The foreign exchange outgo during the year under review amounted to Rs. 83062.02 lacs.

## "Group" For Inter-Se Transfer of Shares:

As required under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are given in Annexure II attached herewith and forms part of this Annual Report.

### Acknowledgement:

In consonance with established maxim that the company is only as good as its people, your Company has put together a team of highly qualified and experienced professionals.

The success achieved by your Company and the progress made by it are due to co-operation, efforts and commitment of all concerned with its affairs, including various ministries and department of Government of India, Government of Gujarat, Financial Institutions, Banks, shareholders, directors, executives, officers of your Company. The management expresses gratitude to all for their co-operation especially to the employees for their dedicated services without which the good results would not have been possible.

For and on behalf of the Board of Directors

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**Gautam S. Adani**  
Chairman

## Annexure - I to the Directors' Report

### Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956.

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out as under:

#### A. Conservation Of Energy:

##### a) Measures taken for conservation of energy.

- (i) Energy audit for optimization of auxiliary power consumption and continuous analysis of auxiliary power consumption in various system / sub system such as Coal handling/Cooling Tower and Rotary Machines is being done.

The Operation and Efficiency Group is constituted of technical experts both at Plant level and Head office to facilitate the same.

- (ii) Energy conservation measures like CFL Lighting / Control switches have been installed in various operating areas of plants.
- (iii) This is being the 1<sup>st</sup> year of the operation, in-house energy audit in Mundra Unit – I & II have been taken up.

##### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

It is proposed to carry out Energy Audit through external audit in the year 2010-11.

##### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Since this is the first year of operations, no effect on the cost of production can be identified.

##### d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the schedule thereto.

Not applicable to the Company.

#### B. Technology Absorption:

##### e) Specific areas in which R & D carried out by the company and benefits arrived out of it.

The year 2009-10 being the first year of the operation, following exercises are being taken up to improve the performance of the plant

- (i) Pre-drying of high moisture Coal.
- (ii) Cathodic protection for water Box of Condenser.
- (iii) Reduction of Drift in Cooling Towers.
- (iv) Efficient operation of equipments in switchyards in the prevalent Costal conditions.
- (v) Sea water based Electro Chlorination Plant has been installed and commissioned to generate hypo chloride solution for plant uses.

##### f) Future plan of action.

The abovementioned R&D activities are planned to be continued for the year 2010-11.

##### g) Technology absorption, Adaptation and Innovation.

The technology absorbed/adapted FGD system based on Sea Water has been planned for Mundra Phase – IV to reduce SO<sub>x</sub> emission.

##### h) Benefits derived as a result of the above efforts.

Since this is the first year of operations, no effect on the cost of production can be identified.

## Annexure II to the Directors' Report

The following is the list of Persons Constitution "Group" (within the meaning as defined in the Monopolistic and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("the said Regulations") as provided in Clause 3(1)(e) of the said Regulations:

Sr. No.	Name of entity	Sr. No.	Name of entity
1	Accurate Finstock Pvt. Ltd.	35	Adani Retail Pvt. Ltd.
2	Adani Agri Fresh Ltd.	36	Adani Shipping PTE Ltd.
3	Adani Agri Logistics Ltd.	37	Adani Shipyard Pvt. Ltd.
4	Adani Agro Pvt. Ltd.	38	Adani Textile Industries
5	Adani Cements Ltd.	39	Adani Trade and Investments Ltd.
6	Adani Commodities (formerly Adani Investment)	40	Adani Tradelinks Pvt. Ltd.
7	Adani Developers Pvt. Ltd.	41	Adani Virginia Inc.
8	Adani Energy Ltd.	42	Adani Welspun Exploration Ltd.
9	Adani Enterprises Ltd.	43	Adani Wilmar Ltd.
10	Adani Estates Pvt. Ltd.	44	Advance Exports
11	Adani Exports	45	Advance Tradex Pvt. Ltd.
12	Adani Gas Ltd.	46	Asset Trade & Investment Pvt. Ltd.
13	Adani Global FZE	47	B2B India Pvt. Ltd.
14	Adani Global Ltd.	48	Baramati Power Pvt Ltd.
15	Adani Global Pte. Ltd.	49	Bhavik B. Shah
16	Adani Habitats Pvt. Ltd.	50	Chemoil Adani PTE Ltd.
17	Adani Hazira Port Pvt. Ltd.	51	Chemoil Adani Pvt. Ltd.
18	Adani Infra (India) Ltd.	52	Columbia Chrome (India) Pvt Ltd.
19	Adani Infrastructure Developers Pvt. Ltd.	53	Concord Trade & Investment Pvt. Ltd.
20	Adani Infrastructure Services Pvt. Ltd.	54	Crown (International)
21	Adani Land Developers Pvt. Ltd.	55	Ezy Global
22	Adani Landscapes Pvt. Ltd.	56	Gautam S. Adani
23	Adani Logistics Ltd.	57	Gautam S. Adani Family Trust
24	Adani Mining Pvt. Ltd.	58	Gautambhai S. Adani HUF
25	Adani Mundra SEZ Infrastructure Pvt. Ltd.	59	Gujarat Adani Infrastructure Pvt. Ltd.
26	Adani Murmugao Port Terminal Pvt. Ltd.	60	I Call India Pvt. Ltd.
27	Adani Pench Power Ltd.	61	I Gate India Pvt. Ltd.
28	Adani Petronet (Dahej) Port Pvt. Ltd.	62	Jeet G. Adani
29	Adani Power (Overseas) Ltd., Dubai	63	Karan G. Adani
30	Adani Power Dahej Ltd.	64	Karnavati Aviation Pvt. Ltd.
31	Adani Power Maharashtra Ltd.	65	Kunal D. Shah
32	Adani Power Pte. Ltd., Singapore	66	Kutchh Power Generation Ltd.
33	Adani Power Rajasthan Ltd	67	m to M Traders Pvt. Ltd.
34	Adani Properties Pvt. Ltd.	68	Mahaguj Power Ltd.

Sr. No.	Name of entity
69	Maharashtra Eastern Grid Power Transmission Company Ltd.
70	Mahasukh S. Adani
71	Mahasukh S. Adani Family Trust
72	Mahasukh S. Adani HUF
73	Mansi K. Shah
74	Miraj Impex Pvt. Ltd.
75	MPSEZ Utilities Pvt. Ltd.
76	Mundra International Airport Pvt. Ltd.
77	Mundra Port and Special Economic Zone Ltd.
78	Mundra Power SEZ Ltd.
79	Mundra SEZ Textile and Apparel Park Pvt. Ltd.
80	Namrata P. Adani
81	Netvantage International Pvt. Ltd.
82	Param P. Adani
83	Parsa Kente Collieries Ltd.
84	Pranav V. Adani
85	Pride Trade and Investment Pvt. Ltd.
86	Priti G. Adani
87	Priti R. Shah
88	PT Adani Global
89	PT Aneka Sumber Bumi, Indonesia
90	PT Kapuas Coal Mining
91	Pushpa V. Adani
92	Radiant Trade and Investment Pvt. Ltd.
93	Rahi R. Adani
94	Rahi Shipping Pte. Ltd.
95	Rajasthan SEZ Pvt. Ltd.
96	Rajesh S. Adani
97	Rajesh S. Adani Family Trust

Sr. No.	Name of entity
98	Rajeshbhai S. Adani HUF
99	Rakesh R. Shah
100	Ranjan V. Adani
101	Riddhi V. Adani
102	S. B. Adani Family Trust
103	Sagar R. Adani
104	Shantaben Adani
105	Shantigram Estate Management Pvt. Ltd.
106	Shantigram Utility Services Pvt. Ltd.
107	Shantikrupa Estates Pvt. Ltd.
108	Shantikrupa Services Pvt. Ltd.
109	Sharmishta Sanghavi
110	Shilin R. Adani
111	Surekha B. Shah
112	Suvarna M. Adani
113	Swayam Realtors and Traders Ltd.
114	Trident Trade and Investment Pvt. Ltd.
115	Vanshi R. Adani
116	Vanshi Shipping Pte. Ltd.
117	Vasant S. Adani
118	Vasant S. Adani Family Trust
119	Vasantbhai S. Adani HUF
120	Ventura Power Investment Pvt. Ltd.
121	Ventura Trade and Investment Pvt. Ltd.
122	Vinod N. Sanghavi
123	Vinod S. Adani
124	Vinod S. Adani Family Trust
125	Vinodbhai S. Adani HUF

# Management Discussion and Analysis

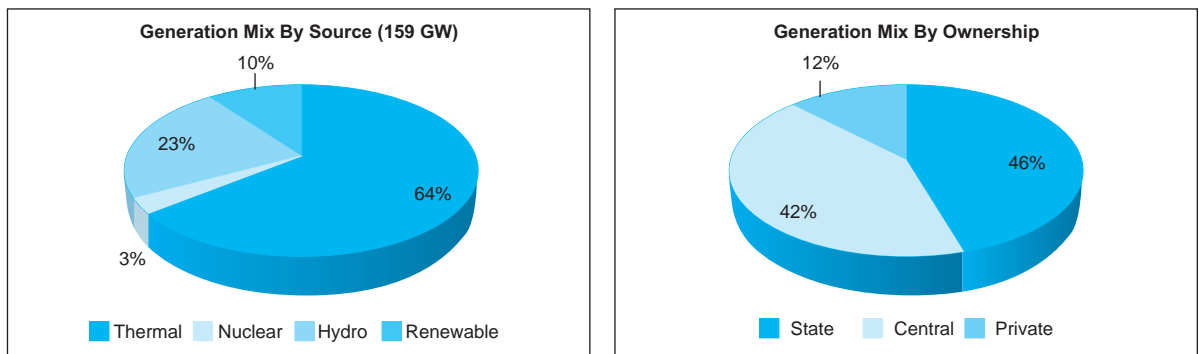
## 1. SECTOR OVERVIEW

### 1.1 Power Generation in India

After a lackluster performance in the Ninth Plan when the GDP grew only at 5.5% per annum, a growth of 7.6% in the Tenth Plan was impressive. Also, for the FY04-07, a GDP growth higher than 8% per annum was achieved. With this consistently high growth rate on a sustainable basis, India has emerged as one of the fastest growing economies in the world. In order to attain an envisaged GDP growth rate of 9% for the Eleventh Plan and the Prime Minister's target of double digit growth rate for the Twelfth Plan, power sector must move at 8% to 9% annual growth rate.

The total power generation in the country during FY10 was 771.2 Billion Units (BUs) as against the target of 789.5 BUs, about 2.30% below target<sup>1</sup>. The annual growth in the energy generation during the year has been 6.6% against the CAGR of 5.2% during the period 2001-02 to 2009-10<sup>1</sup>. The installed generation capacity in the country, as on 31<sup>st</sup> March, 2010 was 1,59,398 MW<sup>1</sup>.

The primary source of fuel for power generation in India is still coal. The current generation capacity mix by ownership is as given in the following chart.



Source: Central Electricity Authority (CEA)

### 1.2 Details of Capacity Addition

The Indian power sector has historically been characterized by demand-supply gap which has been increasing over the years. During the Eleventh Plan period (FY08-12) the Government of India (GoI) was targeting capacity addition of 78,577 MW<sup>1</sup>. As per Central Electricity Authority (CEA) assessment, a total capacity of 62,374 MW is likely with a high level of certainty, and an additional capacity of 12,590 MW may materialize on best effort basis during the 11<sup>th</sup> Plan. The actual addition has been only 22,300 MW<sup>1</sup> (as on 31<sup>st</sup> March, 2010) and it is estimated that final addition for the plan will not be more than 50,000 MW. In FY09, peak energy deficit was at 12%<sup>1</sup>. This figure for FY10 has increased to 13.3% as per CEA's provisional numbers. India's peak power shortage is projected to further rise in coming years. As per the report on 17<sup>th</sup> Electric Power Survey (EPS) of India published by CEA, the projected peak electricity demand in FY12 & FY17 will be 1,52,746 MW and 2,18,209 MW respectively. As per the estimates of CEA, the capacity addition target for the Twelfth Plan (FY13-17) should be about 1,07,000 MW to meet the demand prospects of the 17<sup>th</sup> EPS.

### 1.3 Fuel Availability for Power Generation

With about 84,198 MW<sup>1</sup>, i.e. 52.82% of the installed capacity, contributed by coal based power plants, coal remains a key fuel for power generation. As per the Mid-Term Appraisal of the Eleventh Plan, it is estimated that the coal demand for FY12 would be about 713 Million Tonnes (MT), out of which 520 MT would be required for the Power sector. Against this, as per the Annual Report of Ministry of Coal for FY10, the indigenous availability is estimated to be about 630 MT, out of which 486 MT is to be supplied from Coal India Limited (CIL). A likely gap of 83 MT would be met through imports, of which about 60 MT would be required for the Power sector.

<sup>1</sup> Central Electricity Authority (CEA)

For the 11<sup>th</sup> Plan power projects, the Ministry of Power recommends coal linkage to the Ministry of Coal based mainly on subjective estimates of clearances obtained, construction progress at site and placement of equipment orders. However, for the 12<sup>th</sup> Plan power projects, a coal linkage policy has been finalized by the Ministry of Power defining the sector-wise priority and the pre-qualification criteria for coal linkage<sup>2</sup>. As per this policy 60% of the coal available would be earmarked for the Central and State sector projects, including the projects based on tariff based competitive bidding (Case-II), 35% of the coal available will be earmarked for the Independent Power Projects (IPP) and balance 5% will be earmarked for the Captive Power Projects (CPP).

The improved gas availability at the gas power plants, due to allocation of gas from Krishna – Godavari (KG) D-6 basin, resulted in a high growth rate of 32.56% in the electricity generated from gas based power plants<sup>1</sup>. Gas was allocated first to the fertilizer units and then to the existing power projects likely to be commissioned during FY10. With the increase in the number of applications for setting up gas based projects, Ministry of Power is in the process of finalizing gas allocation policy for the 12<sup>th</sup> Plan projects defining the sector-wise priority and the pre-qualification criteria for gas linkage. As per the estimates of CEA, for the 12<sup>th</sup> Plan projects, there will be an additional gas requirement of 90 MMSCMD for a capacity addition of about 25,000 MW at 70% PLF. Considering the expected growth in the gas based power projects, there might be a shortage of domestically produced Liquefied Natural Gas (LNG), which may have to be reduced by importing LNG or Re-liquefied Natural Gas (RLNG), thus increasing the costs of setting up these projects.

#### 1.4 Latest Developments in Power Sector Policies

##### *Central Electricity Regulatory Commission (CERC's) FY09-14 Tariff Norms & Regulations*

The base rate of Return on Equity (RoE) was raised from 14% (post-tax) to 15.5% to be grossed up with normal tax rate as applicable to the concerned utility in order to make the sector more attractive to developers. Also, there is an additional 0.5% RoE if projects commissioned within given timelines. Incentives were linked to plant availability factor instead of PLF for thermal power plants.

##### *Mega Power Project Policy<sup>2</sup>*

Policy guidelines for setting up mega power projects were revised in FY10 to smoothen the procedures. A thermal power project of capacity 1000 MW or more is eligible to gain benefits of this policy. As per the recent amendment, mandatory condition of inter-state sale of power for getting mega power project status has been removed. Also, mega power projects can sell power outside the long term Power Purchase Agreement (PPA) in accordance with the National Electricity Policy (NEP), 2005 and Tariff policy, 2006. For projects having requisite power tied up through tariff based competitive bidding, it is no longer required to procure the equipments for the project through International Competitive Bidding (ICB).

##### *Restructured – Accelerated Power Development & Reforms Programme (R-APDRP)*

The APDRP launched in the 10<sup>th</sup> Plan was continued in the 11<sup>th</sup> Plan modified and renamed as R-APDRP with the main objective of bringing about actual, demonstrable reduction in Aggregate Technical & Commercial (AT&C) losses, thus improving the quality and reliability of power supply.

Apart from this the introduction of open access, formulation of guidelines for Competitive Bidding of tariff, setting up of and increasing the powers of Central and State Regulatory Commissions, restructuring of State Electricity Boards (SEBs) into separate generation, transmission and distribution entities, and facilitation of trading of surplus capacity has invited more players to the power sector.

#### 1.5 Transmission

The transmission segment has a major role in achieving the ambitious targets set for capacity addition as an efficient transmission capacity and network will prove essential to transfer power from generating

<sup>2</sup> Ministry of Power

stations to distribution networks. The sector has moved towards integrated system planning because generation capacities are distributed unevenly in different regions. As on 31<sup>st</sup> March, 2010, India has 2,36,467 circuit km (ckt km) of transmission lines, of which 1,28,099 ckt km is of 220 kV voltage level and 97,353 ckt km is of 400 kV voltage level; and transmission substation size of 3,18,752 Mega Volt Ampere (MVA), of which 1,89,125 MVA capacity for 220 kV voltage level and 1,16,427 MVA for 400 kV voltage level<sup>1</sup>. The existing inter-regional power transfer capacity is around 20,800 MW, and is targeted to be raised to 37,750 MW by FY12<sup>1&3</sup>. Successful competitive bidding for Ultra Mega Power Plants (UMPPs) has led to bidding of high capacity transmission lines. Power Grid Corporation of India Ltd. (PGCIL) is working on the planned set up of a national power grid to facilitate transfer of power within the different regions in India by FY12. This grid will support the inter-regional energy transfer and will exploit the country's unevenly distributed energy resources. Creation of high capacity "Transmission Highways" is being planned to address the existing constraints. PGCIL notes that these plants need to be progressively commissioned from 2011, at a total estimated cost of Rs. 58,000 Crores<sup>4</sup>. As per the Power Finance Corporation (PFC) presentation on financing of power sector at the "International Conclave on Key inputs for Accelerated Development of Indian Power Sector for 12th Plan and Beyond", an investment of about Rs. 1,40,000 Crores has been estimated in the transmission sector for the 11<sup>th</sup> Plan.

## 1.6 Distribution

India has a Transmission & Distribution (T&D) network of 6.6 million circuit km - the third largest in the world<sup>5</sup>. Distribution is the key segment of the electricity supply chain. Distribution segment is characterized by wide dispersal of network over large areas with long lines, high consumer density, high cost of supply, unmetered flat rate supply to farmers, non-metering (due to high cost and practical difficulties), higher rate of growth of load, cross-subsidies, large number of unauthorized connections and power theft. The biggest challenge of the power sector is the high T&D losses. With increased private sector participation, consumer awareness, improved demand side management and prevention of theft there can be marked decrease in the losses. The last few years have seen increased participation of private sector in the distribution sector with distribution licenses for several cities already provided to the private sector. With R-APDRP large number of initiatives have been introduced with the objective of reducing the AT&C losses to below 15% by FY12, compared to a national average of about 32% at present. As per the Power Finance Corporation (PFC) presentation on financing of power sector at the "International Conclave on Key inputs for Accelerated Development of Indian Power Sector for 12th Plan and Beyond", an investment of about Rs. 2,87,000 Crores has been estimated in the distribution sector for the 11<sup>th</sup> Plan.

## 1.7 Power Trading

With a view to promote optimum utilization of resources and encourage competition, Electricity Act 2003 (EA 2003) recognized "Power Trading" as a distinct licensed activity. As on 31<sup>st</sup> March, 2010 CERC has granted 45 inter-state trading licenses. In order to further increase competition and liquidity in the power market, power exchanges have been set up. Indian Electricity Exchange (IEX) and Power Exchange India Limited (PXIL) are the on line satellite connected exchanges supporting trading through a transparent price discovery mechanism.

In FY10, 33.91 BUs were traded in the country representing around 4.4% of the total power generation in the country<sup>6</sup>. Of the total transactions 7.086 BUs, representing around 0.92% of the total power generation in the country, were traded through the Power Exchanges, 6.17 BUs were traded through IEX and 0.91 BUs were traded through PXIL<sup>6</sup>. For FY10, Weighted Average Price for the power transacted through traders was Rs. 5.26 per kWh and through power exchanges was Rs. 4.99 per kWh<sup>6</sup>.

<sup>3</sup> Eleventh Five Year Plan Document (Vol. III)

<sup>4</sup> Power Grid Corporation of India Ltd. (PGCIL)

<sup>5</sup> The Investment Commission of India Website

<sup>6</sup> Central Electricity Regulatory Commission (CERC)



## 1.8 Renewable Energy

Taking in to consideration the growing threat of climate change, the need to develop domestic supply options to the maximum extent and the need to diversify energy sources, renewable energy sources remain important to India's energy sector. Renewable Energy accounted for 9.74%, i.e. 15,521 MW, of the total installed capacity upto FY10, of which Wind power accounted for about 70%, Small Hydro power accounted for about 16%, power from bagasse based Cogeneration accounted for about 8.33%, whereas Solar power, Biomass power, etc. accounted for the remaining capacity addition<sup>1&7</sup>.

In FY10, GoI took various steps to increase the share of power from renewable sources and to utilize the huge potential in this sector. The Jawaharlal Nehru National Solar Mission (JNNSM) was launched with the ambitious target of achieving 20,000 MW of grid connected power from solar energy by FY22<sup>7</sup>. CERC issued new guidelines for tariff determination for all renewable energy sources to give further impetus to the development of this sector. A new scheme on Generation Based Incentive (GBI) was introduced for the wind power projects and a similar scheme is under development for the solar power projects as well<sup>7</sup>. Most of the SERCs have specified the Renewable Purchase Obligations (RPOs) – percentage of electricity to be purchased by the distribution companies from renewable energy sources as specified under EA 2003. National Action Plan on Climate Change (NAPCC) stipulated that minimum RPO may be set at 5% of the total power purchased in the year 2010 and thereafter be increased by 1% each year for 10 years.

## 2. OPPORTUNITIES AND CONCERNS

### 2.1 Opportunities

With the increase in the per capita income levels there will be substantial increase in the per capita electricity demand. The National Electricity Policy (NEP) aims at providing a per capita electricity availability of 1000 kWh by FY12; the per capita electricity consumption was 704 kWh (FY08)<sup>1</sup>. Considering the demand-supply gap, the GoI plan of providing "Power for All" by FY12 and keeping in mind the objectives of the NEP 2005 and the demand projected by the 17<sup>th</sup> EPS, there will be number of opportunities for the private sector in the power generation.

In order to provide cheaper power to consumers large size power projects have been planned and are being developed at various locations. The company is in advanced stages of implementing a 4620 MW coal based power project at Mundra in Gujarat and a 3300 MW coal based power project at Tiroda in Maharashtra. The company may evaluate Ultra Mega Power Projects (UMPPs), coal based power projects with a capacity of 4000 MW or above, as and when they come up for bidding.

There are various opportunities in other sectors as well. With the increased efforts to secure the gas supply and improvements in the gas transmission and distribution infrastructure, there will be large number of opportunities to implement projects near the existing or proposed gas pipeline or gas grid. Also, there will be opportunities across the LNG value chain which may be explored.

Over 1,50,000 MW of Hydro Power is yet to be tapped in India<sup>5</sup>. The launch of New Hydro Power Policy 2008 and the incentives provided will give impetus to the hydro power development. India is endowed with vast solar energy potential. Both technology routes for conversion of solar radiation into heat and electricity, Solar Thermal and Solar Photovoltaics (PV), can effectively be harnessed providing huge scalability for solar power in India. With the increased focus on research and development for reducing the costs of setting up solar power projects and the tariffs being offered for solar power, the sector provides large number of opportunities.

Inter-regional transmission capacity target of 37,750 MW by FY12<sup>3</sup> and the creation of a national power grid provide large opportunities in the transmission sector for private sector, both through Joint Ventures (JVs) and equity participation. Additional 60,000 ckt km of transmission network is expected by FY12<sup>5</sup>. The company has followed an integrated approach to generation and transmission for timely evacuation.

<sup>7</sup> Ministry of New & Renewable Energy (MNRE)

With the initiatives taken under R-APDRP to reduce losses and improve the distribution infrastructure, improvement in quality of power supply is expected. Bidding for the privatization of distribution in states that have unbundled their State Electricity Boards (SEBs), or plan to do so in the next 2-3 years, provides the private sector with an attractive opportunity in the distribution sector. Also, the successful implementation of the franchisee model in the near future may create more opportunities for private sector participation.

## 2.2 Concerns

The macroeconomic factors like the growth of the Indian economy, interest rates, as well as the political and economic environment have a significant affect on the business environment and the sector as a whole.

The biggest grievance of private sector has been the long process of clearances, securing fuel linkages and delays in land acquisition. Inadequate domestic supply of quality fuel, viz. coal and gas results in higher costs of generation.

The graduation from the regulated regime to a competitive scenario has made developers conscious of the costs incurred (both capital and operating costs) and delays in equipment delivery schedules due to inadequate manufacturing capacity in the country.

Most of the state utilities are loss-making. New policies have boosted the security of utilities' revenue directly impacting both their willingness and ability to pay for the power purchased. Over the long term, unless AT&C losses are reduced, the ability of state utilities to meet their obligations will be of grave concern.

Adverse changes in the government policies or regulations, the taxes levied by the central or state governments or removal of tax concessions, exemptions or incentives, or claims by tax authorities may affect the financial condition and operational results of various companies in the sector.

Considering the proposed capacity addition and the capital intensive nature of power projects, high level of debt financing will be required. The company, sector and group level exposures of various banks and insurance companies need to be increased in order to adequately fund the proposed capacity addition.

## 3. REVIEW OF COMPANY'S BUSINESS

The company together with its subsidiaries currently has eight power projects with a combined installed capacity of 13,200 MW, out of which 660 MW has been commissioned, 9900 MW is under implementation and 2640 MW is at the planning stage. The company intends to sell the power generated from these projects under a combination of long-term PPAs and on merchant basis.

A. The power projects of **4620 MW** capacity being developed at **Mundra, Gujarat** are as follows:

1. *Mundra Phase I and II Power Project (Mundra I and II)* will have four coal-fired, sub-critical generation units of 330 MW each, with combined capacity of 1,320 MW. The first two 330 MW units of Mundra Phase I power project were commissioned in October 2009 and March 2010, respectively. For the period from October 2009 to March 2010, unit 1 operated at an average PLF of 93% and at an average availability of 98%, generating 1335 units of electricity.

The Boiler, Turbine and Generator (BTG) package and Balance of Plant (BoP) for the power project have been awarded. A power off-take agreement has been executed with Gujarat Urja Vikas Nigam Limited (GUVNL) for supply of 1000 MW for a period of 25 years.

2. *Mundra Phase III Power Project (Mundra III)* will have two coal-fired, super-critical generation units of 660 MW each, with combined capacity of 1,320 MW. The engineering, procurement and construction (EPC) contract for Mundra III has been awarded. A power off-take agreement has been executed with GUVNL for supply of 1,000 MW for a term of 25 years. However, the company has terminated the Mundra III PPA, pursuant where to GUVNL has filed a petition before the Gujarat Electricity Regulatory Commission (GERC) for adjudication of the dispute.

3. *Mundra Phase IV Power Project (Mundra IV)* will have three coal fired, super-critical generation units of 660 MW each, with combined capacity of 1,980 MW. The EPC contract for Mundra IV has been awarded. The first 660 MW unit of Mundra IV is expected to be commissioned by August 2011, and the power project is expected to be fully commissioned by April 2012. Power off-take agreements have been executed with Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) for the supply of a total of 1,424 MW of power for a term of 25 years.

In addition, environmental clearances for 2640 MW Mundra Power Projects have been received from Ministry of Environment & Forest (MoEF), GoI. Land requirement for implementation of all the Mundra Power Projects has been fulfilled. In order to meet consumptive and cooling water requirements sea water will be utilised. A dedicated 433 km double circuit 400 kV transmission line with a capacity to wheel up to 1,000 MW of power, connecting to the grid of the Power Grid Corporation of India Limited (PGCIL) at Dehgam, Gandhinagar has been commissioned in July 2009 for evacuation of surplus power from the Mundra Power Project. Construction of a dedicated 986 km 500 kV high voltage direct current transmission line with a capacity to wheel up to 2,500 MW of power, from Mundra IV up to Haryana Vidyut Prasaran Nigam Limited (HVPNL) substation at Mohindergarh, Haryana, is under progress. Coal requirement for the projects has been fulfilled from both domestic and imported coal. In FY11, additional capacity of 1320 MW is expected to be commissioned and by FY12 entire 4620 MW capacity is expected to be commissioned.

- B. The power projects of **3300 MW** capacity being developed at **Tiroda, Maharashtra** are as follows:

1. *Tiroda I and II Power Project (Tiroda I and II)*, being developed by Adani Power Maharashtra Limited (APML), a subsidiary of the company, will have three coal fired, super-critical generation units of 660 MW each, with a combined capacity of 1,980 MW. The BTG package and the BoP package for the power project have been awarded. A power off-take agreement has been executed with Maharashtra State Electricity Distribution Company Limited (MSEDCL) for sale of 1,320 MW of electricity for a term of 25 years.
2. *Tiroda III Power Project (Tiroda III)*, which is also being developed by APML, will have two coal-fired, super-critical generation units of 660 MW each, with a combined capacity of 1,320 MW. The BTG package for the power project has been awarded. A power off-take agreement has been executed with MSEDCL for sale of 1,200 MW of electricity for a term of 25 years at a tariff having a non-escalable component and an escalable component with yearly escalation as notified by CERC escalation indexes from time to time.

In addition, sufficient land for implementing the Tiroda power projects has been leased on a long term basis. Water requirement for both the projects has been fulfilled. The environmental clearances for the power projects have been received from MoEF, GoI. Construction of a 200 km 440 kV double circuit transmission line with a capacity to wheel 1,000 MW of power, from Tiroda to Warora in Maharashtra, is under progress. Coal requirement for 1980 MW projects has been fulfilled from domestic sources and an application for coal linkage to meet the balance coal requirement has been made. In FY12, a capacity of 1980 MW is expected to be commissioned and by FY14 entire 3300 MW capacity is expected to be commissioned.

- C. The power project of **1320 MW** capacity being developed at **Kawai, Rajasthan** is as follows:

Kawai Power Project, being developed by Adani Power Rajasthan Limited (APRL), a wholly-owned subsidiary, will have two super-critical generation units of 660 MW each, with a combined capacity of 1,320 MW. The BTG package for the power project has been awarded. A power purchase agreement has been executed with Jaipur Vidyut Vitran Nigam Limited, Ajmer Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited for the procurement of 1,000 MW power and an additional 200 MW (subject to approval of the Rajasthan Electricity Regulatory Commission) for a term of 25 years at a tariff having a non-escalable component and an escalable component with yearly escalation as notified by CERC escalation indexes from time to time.

In addition, land and water requirement for the implementation of the Kawai power project has been fulfilled. The terms of reference have been obtained from MoEF, Gol and an environmental impact assessment study is currently under progress. An application for coal linkage to meet the requirements of the Kawai power project has been made. By FY14, entire 1320 MW capacity is expected to be commissioned.

- D. The power project of **1320 MW** capacity being developed at **Chhindwara, Madhya Pradesh** is as follows:

Chhindwara Power Project, being developed by Adani Pench Power Limited (Adani Pench), a wholly-owned subsidiary, pursuant to a Letter of Intent (LoI), from Madhya Pradesh Power Trading Company Limited (M.P. Tradeco) to set up a 1,320 MW thermal power project based on super critical technology. A notice inviting tenders for EPC works has been floated.

In addition, land and water required for the implementation of the Chhindwara power project have been reserved. An application for coal linkage to meet the requirements of the Chhindwara power project has been made. By FY15 entire 1320 MW capacity is expected to be commissioned.

- E. The power project of **2640 MW** capacity under planning at **Dahej, Gujarat** is as follows:

Dahej Power Project, proposed to be developed by Adani Power Dahej Limited, a wholly-owned subsidiary, will be a coal-based power project with an aggregate capacity of 2,640 MW. The terms of reference have been obtained from MoEF, Gol and an environmental impact assessment study is currently under progress. A notice inviting tenders for EPC works has been floated. An application for coal linkage to meet the requirements of the Dahej power project has been made.

#### 4. KEY DEVELOPMENTS

- Mundra III power project has been registered with United Nations Framework Convention on Climate Change (UNFCCC) and is eligible for generating and selling Certified Emission Reductions (CERs) under the Kyoto Protocol's Clean Development Mechanism (CDM) project. Adani Power is eligible to receive credit for up to 1,839,516 metric tonnes of CERs per annum between the crediting period of February 1, 2011 and January 31, 2021.
- The company has received the approval from the Gol to act as a co-developer for the Special Economic Zone (SEZ) at Mundra with Mundra Port & Special Economic Zone (MPSEZ) as the developer, thus allowing the company to avail certain exemptions from income tax, excise duty, central sales tax, service tax, dividend distribution tax and customs duty on the import of goods and services for setting up the project.
- APMIL has received the approval for 2,640 MW of Tiroda Power Project under the Mega Power Project Policy of the Gol, thus allowing the company to avail benefits from certain exemptions from income tax, excise duty and customs duty on import of goods and services for setting up the project.
- Adani Shipping, a wholly-owned subsidiary, entered into a contract for the purchase of two newly-built capesize vessels for transportation of coal.

#### 5. COMPETITION

With the developments in the last seven years, the power sector has attracted large number of private companies. Considering the huge demand-supply gap and with the gradual shift to a competitive bidding scenario, both in the generation and transmission sector, the competition is going to further increase, with most of the companies striving to reduce costs, both operating and capital.

#### 6. MANAGEMENT CONTROL, INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS

Internal Audit Program is designed in consultation with the Statutory Auditors and is cleared by the Audit Committee. For smooth execution of audit program it is segregated month wise. The Internal Audit program reviews the quality of planning, execution and effectiveness of all ongoing projects to ensure that project management controls are adequate. It also ensures adherence to policies and systems.

The Internal Control System comprises of approved structural Delegation of Authority (DOA) coupled with laid down Standard Operating Procedures (SOP) for all the operation and servicing departments. The Internal Control Systems are periodically reviewed and amendments are made, if required.

Some significant features of the internal control systems are:

- Corporate policies on major processes;
- Processes for formulating and reviewing annual and long term business plans;
- Periodic Business Review Meeting to review operations and plans in keys business areas.
- Multidisciplinary Internal Audit team to review the compliance with internal controls and efficiency and effectiveness of operations, and for technical audit;
- Audit Committee of the Board of Directors, comprising of independent directors, to review the audit plans, significant audit findings, adequacy of internal control, oversee the company's financial reporting process, review the performance of statutory and internal auditors, compliance with Accounting Standards as well as reasons for changes in accounting policies and practices, if any.

## 7. FINANCIAL PERFORMANCE OF THE COMPANY

### 7.1 Standalone Financial Performance

During FY10, the company recorded a total income of Rs. 466.79 Crores, of which income from the sale of power was Rs. 434.86 Crores and other income was Rs. 31.93 Crores.

For the year FY10, Earnings Before Interest, Depreciation, Tax and Amortization (EBIDTA) was Rs. 244.60 Crores.

For the year FY10, Depreciation was Rs. 35.34 Crores, Interest and Finance charges were Rs. 37.67 Crores and Profit Before Tax (PBT) was Rs. 203.50 Crores.

Profit After tax (PAT) was Rs. 170.80 Crores, with a Net Profit margin of 39% and basic Earnings Per Share (EPS) of Rs. 0.82.

During FY10, the equity share capital increased to Rs. 2,180.03 Crores, subsequent to the Initial Public Offering (IPO). As on 31<sup>st</sup> March, 2010 the networth of the company was Rs. 5,799.63 Crores.

Net Block of the company was Rs. 2652.88 Crores on account of capitalization of 660 MW Mundra phase I power project.

### 7.2 Consolidated Financial Performance

During FY10, the company recorded a total income of Rs. 466.79 Crores, of which income from the sale of power was Rs. 434.86 Crores and other income was Rs. 31.93 Crores.

For the year FY10, EBIDTA was Rs. 243.80 Crores.

For the year FY10, Depreciation was Rs. 35.34 Crores, Interest and Finance charges were Rs. 37.67 Crores and PBT was Rs. 202.72 Crores.

PAT was Rs. 170.11 Crores, with a Net Profit margin of 39% and basic EPS of Rs. 0.82.

Net Block of the company was Rs. 2787.12 Crores on account of capitalization of 660 MW Mundra phase I power project.

## 8. CAUTIONARY STATEMENT

Statements made in the report describing the company's plan, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.

## Corporate Governance Report

### 1. Company's philosophy on code of governance

Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. It is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation. The Company recognizes that strong Corporate Governance is indispensable for safeguarding the interest of shareholders and other stakeholders and creating value on sustainable basis.

Our philosophy on Corporate Governance is built on rich legacy of fair, transparent and effective governance which includes strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct.

With the listing of the Equity Shares, the Company has abided by the requirements of Corporate Governance covered under Clause 49 of the Listing Agreement of the Stock Exchange.

### 2. Board of Directors

The Board of Directors is the supreme body constituted by shareholders to conduct the business of the Company. The Board formulates the strategy, management policies, reviews the performance of the Company on regular intervals and ensures that the previously agreed objectives are met on a consistent basis.

#### a) Composition of the Board:

The Composition of the Board of Directors with reference to the number of Executive and Non Executive Directors meets the requirement of Corporate Governance. The Board is headed by the Non Executive Chairman. As on the date of this report the Board of Directors of the Company consists of eight Directors. The Board has an optimum combination of 2 Executive Directors, 4 Non Executive Independent Directors and 2 Non Executive Non Independent Directors who have in depth knowledge of business, in addition to the expertise in their areas of specialization. No Director is related to any other Director on the Board in terms of definition of "relative" given under the Companies Act 1956 except Mr. Gautam S. Adani and Mr. Rajesh S. Adani, who are related to each other as brothers.

#### b) What constitutes independence of Directors:

For a Director to be considered independent, the Board determines that the Director does not have any direct or indirect material pecuniary relationship with the Company. The Board has adopted guidelines which are in line with the applicable legal requirements.

#### c) Details of Memberships of the Directors in other Boards and in Board Committees as on 31<sup>st</sup> March, 2010 are as under:

Name of Director	Category of Directorship	Directorship in other Companies	Details of Committee	
			Chairman	Member
Mr. Gautam S. Adani (Chairman)	Promoter - Non Executive	5	1	-
Mr. Rajesh S. Adani (Managing Director)	Promoter - Executive	11	2	3
Mr. Ameet H. Desai (Executive Director)	Executive - Non Independent	5	-	-
Mr. R.K. Gupta* (Wholetime Director)	Executive - Non Independent	-	-	-
Mr. R.K Madan**	Non Executive - Non Independent	6	-	1
Mr. S. K. Tuteja, IAS (Retd.)	Non Executive - Independent	14	4	5
Mr. B.B.Tandon, IAS (Retd.)	Non Executive - Independent	14	1	7
Mr. Vijay Ranchan, IAS (Retd.)	Non Executive - Independent	3	-	2
Mr. Chinubhai R. Shah	Non Executive - Independent	14	4	4

\* Resigned as Wholetime Director and Director w.e.f. 27<sup>th</sup> February, 2010.

\*\* Appointed as an Additional Director w.e.f 20<sup>th</sup> March, 2010

Other directorship do not include alternate directorship, directorship of Private Limited Companies and of companies incorporated outside India and companies under section 25 of the Companies Act 1956. Chairmanship / Membership of Board Committee include membership of Audit Committee and Shareholders/Investors Grievance Committee in other Public Limited Companies. None of the Directors is a member in more than ten committees and act as a chairman in more than five committees across all companies in which he is a Director.

**d) Board Procedure:**

**Number of Board Meetings held and the dates on which held**

The Board met five times during the year under review on 19<sup>th</sup> May, 2009, 29<sup>th</sup> June, 2009, 18<sup>th</sup> August, 2009, 29<sup>th</sup> October, 2009 and 27<sup>th</sup> January, 2010.

**Attendance of Directors:**

The attendance of each Director at the Board Meetings and last Annual General Meeting held during the year under review are as under:

Name of Director	Meetings		Attendance at last AGM held on 29 <sup>th</sup> June, 2009
	Held	Attended	
Mr. Gautam S. Adani	5	5	Yes
Mr. Rajesh S. Adani	5	4	Yes
Mr. Ameet H. Desai	5	5	Yes
Mr. R. K.Gupta*	5	5	Yes
Mr. R. K. Madan**	5	0	No
Mr. S. K. Tuteja, IAS (Retd.)	5	3	Yes
Mr.B. B.Tandon, IAS (Retd.)	5	3	No
Mr. Vijay Ranchan, IAS (Retd.)	5	5	Yes
Mr. Chinubhai R. Shah	5	5	Yes

\* Resigned as Wholetime Director and Director w.e.f. 27<sup>th</sup> February, 2010.

\*\* Appointed as an Additional Director w.e.f 20<sup>th</sup> March, 2010

**Circulation of Information and Board material:**

The information as required under Annexure IA to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the relevant papers for the Board Meeting are circulated in advance to facilitate the Board members to take informed decision. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. However, in case of urgent business need, the Board's approval is taken by circulating the resolution, which is ratified in the next Board Meeting.

**e) Disclosures regarding appointment/re-appointment of Directors:**

Mr. Gautam S. Adani and Mr. Rajesh S. Adani are Directors retiring at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. Ameet H. Desai has been appointed as an Executive Director by the Board of Directors for a period of five years w.e.f 1<sup>st</sup> November, 2009 subject to approval of the members.

Mr. R. K. Madan has been appointed as an Additional Director with effect from 20<sup>th</sup> March, 2010. He will retire pursuant to the provisions of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting.

The Board has recommended the appointment of Mr. R. K. Madan as Director and appointment of Mr. Ameet H. Desai as an Executive Director and re-appointment of Mr. Gautam S. Adani and Mr. Rajesh S. Adani, retiring Directors.

The brief resume and other information required to be disclosed under this section is provided in the Notice of the Annual General Meeting.

### 3. Code of Conduct:

Company's Board has laid down a Code of Business Conduct and Ethics (the "Code") for all the Board Members and Senior Management of the Company. The Code is available on the website of the Company [www.adanipower.com](http://www.adanipower.com). All Board Members and Senior Management personnel have affirmed compliance of the Code.

The Managing Director has confirmed the compliance of the Code. A declaration as required under sub-clause I (D) of clause 49 of the listing agreement is as under:

"In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics applicable to them, for the year 2009-10."

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**Rajesh S. Adani**  
Managing Director

### 4. Committees of the Board

#### A) Audit Committee:

##### a) Constitution of Audit Committee:

The Audit Committee was constituted in the meeting of the Board of Directors held on 26<sup>th</sup> December, 2005 and subsequently reconstituted from time to time to comply with the statutory requirements.

##### b) Composition of Audit Committee:

The Audit Committee of the Board comprises of four members, out of which three members are Independent Directors namely Mr. S.K Tuteja, Mr. B. B. Tandon and Mr. Chinubhai R. Shah and one member is Non Independent Director namely Mr. Ameet H. Desai.

##### c) Terms of reference:

- 1) Overseeing the Company's financial reporting process and disclosure of its financial information.
- 2) Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fees.
- 3) Approval of payments to the statutory auditors for any other services rendered by them.
- 4) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - ii. Changes, if any, in accounting policies and practices and reasons for the same
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management
  - iv. Significant adjustments made in the financial statements arising out of audit findings



- v. Compliance with listing and other legal requirements relating to financial statements
  - vi. Disclosure of any related party transactions
  - vii. Qualifications in the draft audit report.
- 5) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.
  - 6) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems.
  - 7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - 8) Discussion with internal auditors any significant findings and follow up there on.
  - 9) 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.
  - 10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - 11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  - 12) Reviewing the functioning of the whistle blower mechanism, in case the same is existing.
  - 13) Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor.
  - 14) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**d) Number of Audit Committee meetings held and dates on which held:**

During the year under review Audit Committee meeting were held four times on 19<sup>th</sup> May, 2009, 29<sup>th</sup> June, 2009, 29<sup>th</sup> October, 2009 and 27<sup>th</sup> January, 2010.

**e) Attendance of each member at the Audit Committee meetings held during the year:**

Name	Category	No. of Meetings during the year	
		Held	Attended
Mr. S.K.Tuteja, IAS (Retd.) (Chairman)	Non Executive - Independent	4	2
Mr. B.B.Tandon, IAS (Retd.)	Non Executive - Independent	4	3
Mr. Ameet H. Desai	Executive - Non Independent	4	4
Mr. Chinubhai R. Shah	Non Executive - Independent	4	4

Sr. Vice President-Finance, representatives of Statutory Auditors and representatives of the Internal Audit Department are invited to the meetings of the Audit Committee.

Mr. Rahul C. Shah, Company Secretary and Compliance officer acts as Secretary of the Committee.

The Chairman of the Committee was present at the last Annual General Meeting held on 29<sup>th</sup> June, 2009.

**B) Remuneration Committee:**

**a) Constitution of Remuneration Committee:**

The Remuneration Committee was constituted in the meeting of the Board of Directors held on 15<sup>th</sup> March, 2006 and subsequently reconstituted on 12<sup>th</sup> December, 2007.

**b) Composition of Remuneration Committee:**

The Remuneration Committee of the Board comprises of four members, out of which three members are Independent Directors namely Mr. B. B. Tandon, Mr. Vijay Ranchan and Mr. S. K. Tuteja and one member is Non Independent Director namely Mr. Gautam S. Adani.

**c) Terms of reference:**

- 1) Determine on behalf of the Board and the shareholders the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payments.
- 2) Perform such functions as are required to be performed by the Compensation Committee under Clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
- 3) Framing suitable policies and systems to ensure that there is no violation, by an Employee or the Company of any applicable laws in India or overseas, including:
  - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; or
  - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 1995.
- 4) Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such Committee.

**d) Number of meetings held and dates on which held:**

During the year under review Remuneration Committee meeting was held one time on 27<sup>th</sup> January, 2010.

**e) Attendance of each member at the Remuneration Committee meetings held during the year:**

The composition of the Remuneration Committee and details of Meetings attended by the Directors are given below:

Name	Category	No. of Meetings during the year	
		Held	Attended
Mr. B. B. Tandon, IAS (Retd.) (Chairman)	Non Executive - Independent	1	1
Mr. Vijay Ranchan, IAS (Retd.)	Non Executive - Independent	1	1
Mr. S. K. Tuteja, IAS (Retd.)	Non Executive - Independent	1	-
Mr. Gautam S. Adani	Non Executive - Non Independent	1	1

Mr. Rahul C. Shah, Company Secretary and Compliance officer acts as Secretary of the Committee.

**f) Remuneration Policy:**

The Company's remuneration policy is driven by success and performance of the Company. The Company endeavors to attract, retain, develop and motivate a high performance workforce. The Remuneration Committee decides on the remuneration payable to the Managing Director / Wholetime Director / Executive Director out of the profits of the financial year and within the ceilings prescribed under the Companies Act 1956 based on the performance of the Company.

During the year 2009-10, the Company paid sitting fees of Rs. 10,000 per meeting to its Independent Directors for attending meetings of the Board and Rs. 5000 per meeting for attending the meetings of Committees of the Board till 27<sup>th</sup> January, 2010. The sitting fees payable for attending Committee meeting is increased from Rs. 5000 to Rs. 10,000 per meeting thereafter. The Company also reimburses the out of pocket expenses incurred by the Directors for attending meetings. It is proposed to pay commission to Independent Directors subject to approval of members, w.e.f 1<sup>st</sup> April, 2010, within the ceiling of 1% of net profit of the Company as computed under the applicable provisions of the Companies Act 1956. The said commission will be decided by the Board of Directors and distributed amongst the Independent Directors. The Board in consultation with the Remuneration Committee has decided the Remuneration payable to Executive Director. The remuneration payable is subject to approval of the members in general meeting and applicable provision of the Companies Act 1956.

**g) Details of Remuneration:****i) Executive Directors:**

Details of remuneration paid to Whole Time Director during the financial year 2009-2010 is as under:

Rs. In Lacs

Name	Salary	Perquisites & Allowances (including Contribution to PF & Gratuity)	Total
Mr. R. K. Gupta*	32.01	9.52	41.53

\* Resigned as Wholetime Director and Director w.e.f. 27<sup>th</sup> February, 2010.

**ii) Non-Executive Directors:**

The details of sitting fees paid to Non-Executive Directors during the financial year 2009-2010 are as under:

Name	Sitting Fees (In Rupees)
Mr. Chinubhai R. Shah	95,000
Mr. Vijay Ranchan, IAS (Retd.)	75,000
Mr. B.B.Tandon, IAS (Retd.)	50,000
Mr. S. K. Tuteja, IAS (Retd.)	40,000

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

iii) **Details of shares of the Company held by Directors as on 31<sup>st</sup> March, 2010 are as under:**

<b>Name</b>	<b>No. of shares held</b>
Mr. Ameet H.Desai*	179940
Mr. R.K Madan	29940
Mr. Chinubhai R. Shah	5000
Mr. Vijay Ranchan, IAS (Retd.)	5000
Mr. B.B.Tandon, IAS (Retd.)	5000
Mr. S. K. Tuteja, IAS (Retd.)	5000

\* Additionally, Mrs. Deepali A. Desai, wife of Mr. Ameet H. Desai, holds 150000 Equity Shares.

The Company does not have any Employees' Stock Option Scheme and there is no separate provision for payment of Severance Fees.

**C) Shareholders/Investors Grievance & Share Transfer Committee:**

- a) Constitution of Shareholders / Investors Grievance & Share Transfer Committee:**  
The Shareholders / Investors Grievance & Share Transfer Committee was constituted in the meeting of the Board of Directors held on 12<sup>th</sup> December, 2007 and subsequently reconstituted on 27<sup>th</sup> May, 2008.
- b) Composition of Shareholders / Investors Grievance & Share Transfer Committee:**  
The Shareholders / Investors Grievance & Share Transfer Committee of the Board comprises of four members, out of which two members are Independent Directors namely Mr. Vijay Ranchan and Mr. Chinubhai R. Shah and two members are Non Independent Directors namely Mr. Rajesh S. Adani and Mr. Ameet H. Desai.
- c) Terms of reference:**
- i) Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet etc.
  - ii) Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.
  - iii) To approve request received for transfer, transmission, demat etc. of securities of the Company.
- d) Number of meetings held and dates on which held:**  
During the year under review Shareholders/Investors Grievance & Share Transfer Committee meeting was held five times on 30<sup>th</sup> September, 2009, 29<sup>th</sup> October, 2009, 9<sup>th</sup> December, 2009, 27<sup>th</sup> January, 2010 and 8<sup>th</sup> March, 2010.

e) **Attendance of each member at the Shareholders / Investors Grievance & Share Transfer Committee meetings held during the year:**

Name	Category	No. of Meetings	
		Held	Attended
Mr. Vijay Ranchan, IAS (Retd.)	Non Executive - Independent	5	3
Mr. Chinubhai R. Shah	Non Executive - Independent	5	4
Mr. Rajesh S. Adani	Executive - Non Independent	5	5
Mr. Ameet H. Desai	Executive - Non Independent	5	5

Mr. Rahul C. Shah, Company Secretary and Compliance officer acts as Secretary of the Committee.

f) **Investor Grievance Redressal:**

**Details of complaints received and redressed during the year:**

Number of complaints received and resolved during the year under review for the IPO of the Company and their breakup are as under:

Nature of complaint	No. of complaints received	No. of complaints resolved	Pending complaints
Non receipt of electronic credits of shares	2311	2311	Nil
Non receipt of refund orders	1363	1363	Nil
<b>Total</b>	<b>3674</b>	<b>3674</b>	<b>Nil</b>

5. **Subsidiary Companies: Monitoring Framework**

All subsidiary companies of the Company are Board managed with their Board having the rights and obligation to manage such companies in the best interest of their stakeholders.

None of the subsidiaries of the Company comes under the purview of the Material Non-Listed Subsidiary as per criteria given in clause 49 of Listing Agreement and hence the Company is not required to nominate an independent Director on the Board of any Subsidiary Company. The Audit Committee of the Company, reviews the Financial Statements and Investments made by unlisted subsidiary Companies and the minutes of the unlisted subsidiary companies are placed at the Board Meeting of the Company.

6. **General Body Meetings:**

a) **The last three Annual General Meetings were held as under:**

Financial Year	Date	Location of Meeting	Time	No. of special Resolutions passed
2008-2009	29.06.2009	“Shikhar”, Nr. Adani House, Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009	11.00 a.m.	–
2007-2008	25.09.2008	“Shikhar”, Nr. Adani House, Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009	1.00 p. m.	–
2006-2007	30.07.2007	“Shikhar”, Nr. Adani House, Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009	12.30 p.m.	–

**b) Special resolution passed through postal ballot**

No special resolution was passed through postal ballot during 2009-10. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

**7. Disclosures:**

- a) There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The details of related party transactions are disclosed in financial section of this Annual Report.
- b) In the preparation of the financial statements, the Company has followed the Accounting Policies and Practices as prescribed in the Accounting Standards and have been consistently applied except for the changes mentioned in Notes forming part of Account.
- c) The implementation of the risk assessment and minimization procedure containing the project/potential risk areas, its intensity, its effects, causes and measures taken by the Company are reviewed by the Committee periodically.
- d) The details of utilization of the proceeds of Initial Public Offer (IPO) are disclosed to the Audit Committee and the Board. The details of the utilization of Proceeds of IPO are mentioned in the Directors' Report.
- e) Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report.
- f) There has been no instance of non-compliance by the Company on any matter related to capital markets since listing (i.e. 20<sup>th</sup> August, 2009) and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.
- g) The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on 31<sup>st</sup> March, 2010 in compliance with Clause 49 of Listing Agreement.
- h) A Practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial audit report confirms that the total issued/paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- i) The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

**8. Means of Communication:**

**a) Financial Results:**

The quarterly, half-yearly and annual results are published in widely circulating national and local dailies such as 'The Indian Express' in English and 'Financial Express' in Gujarati and are displayed on the website of the Company [www.adanipower.com](http://www.adanipower.com).

**b) News Releases, Presentation etc. :**

Official news releases, press releases and presentation made to analysts, institutional investors etc. are displayed on the Company's website.

**c) Website:**

The Company's website [www.adanipower.com](http://www.adanipower.com) contains a separate dedicated section "Investor Relations" where shareholders information is available. The Annual Report of the Company is also available on the website in a downloadable form.

## 9. General Shareholders Information:

### a) Day, date, time and venue of the 14th Annual General Meeting:

Saturday, 21<sup>st</sup> August, 2010 at 10.30 a.m. at J. B Auditorium, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

### b) Registered Office:

“Shikhar”, Near Adani House, Mithakhali Six Roads, Navrangpura, Ahmedabad - 380009

### c) Financial Year:

Financial year is 1<sup>st</sup> April to 31<sup>st</sup> March and financial results will be declared as per the following schedule.

Particulars	Tentative Schedule
<b>Quarterly Results</b>	
Quarter ending 30 <sup>th</sup> June, 2010	By 14 <sup>th</sup> August, 2010
Quarter ending 30 <sup>th</sup> September, 2010	By 14 <sup>th</sup> November, 2010
Quarter ending 31 <sup>st</sup> December, 2010	By 14 <sup>th</sup> February, 2011
<b>Annual Result</b>	
Year ending 31 <sup>st</sup> March, 2011	Within 60 days from 31 <sup>st</sup> March, 2011

### d) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Monday, 16<sup>th</sup> August, 2010 to Saturday, 21<sup>st</sup> August, 2010 (both days inclusive) for the purpose of 14<sup>th</sup> Annual General Meeting.

### e) Unclaimed Shares lying in the Escrow Account:

The Company entered into the Capital Market with Initial Public Offer of 30,16,52,031 equity shares of Rs. 10/- each at a premium of Rs. 90/- per share through 100% Book Building process. In light of SEBI's notification No. SEBI/CFD/DIL/LA/2009/24/04 on 24<sup>th</sup> April, 2009, the Company is in process of opening a separate demat account in order to credit the unclaimed shares which could not be allotted to the rightful shareholder due to insufficient / incorrect information or any other reason. The voting rights in respect of the said shares will be frozen till the time rightful owner claims such shares.

### f) Listing on Stock Exchanges:

The Company's shares are listed on the following Stock Exchanges:

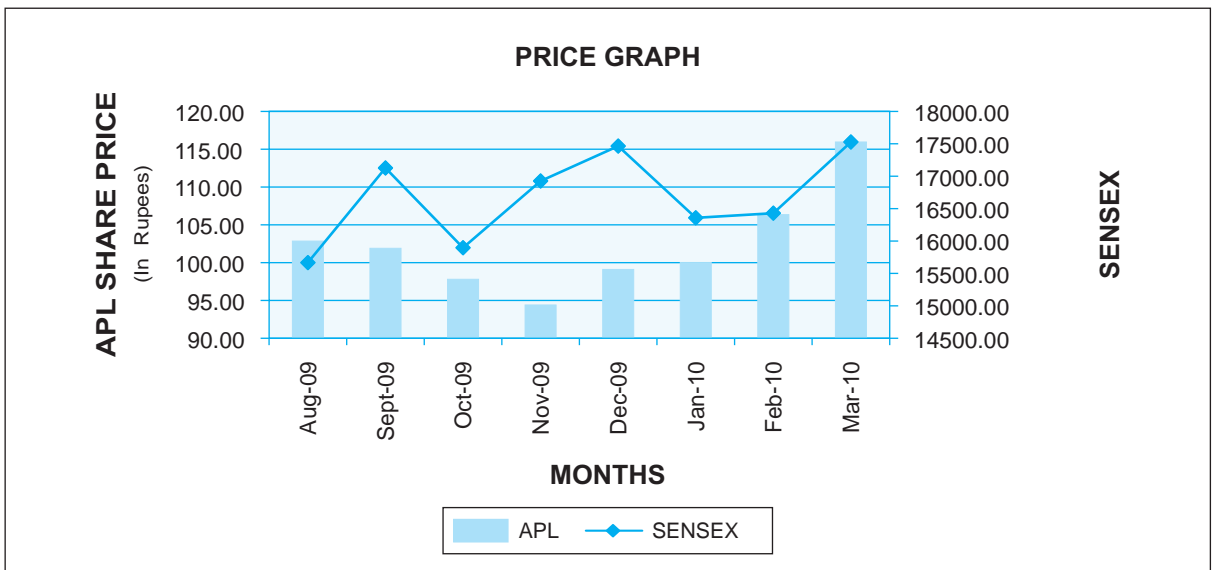
Name of Stock Exchange	Address	Code
Bombay Stock Exchange Limited	Floor 25, P. J Towers, Dalal Street, Mumbai - 400 001	533096
National Stock Exchange of India Limited	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	ADANIPOWER

Annual Listing Fees for the year 2010-11 have been paid by the Company to BSE and NSE.

**g) Market Price Data:**

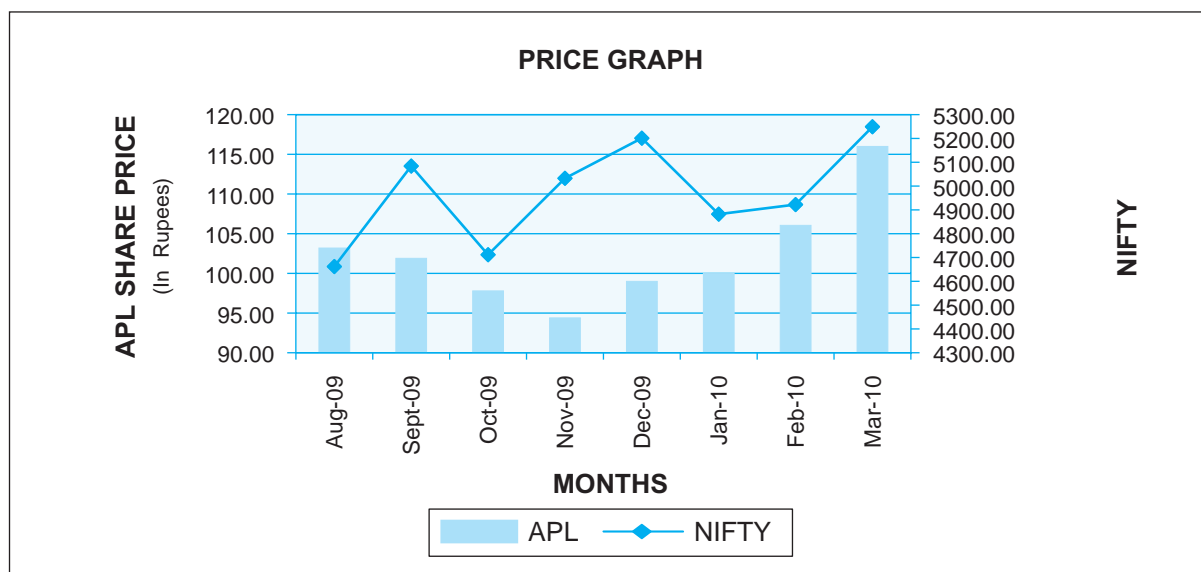
Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	Not listed			
May, 2009				
June, 2009				
July, 2009				
August, 2009	107.90	98.50	110.00	98.00
September, 2009	105.00	97.25	104.95	97.30
October, 2009	104.50	93.65	104.90	94.25
November, 2009	99.80	90.25	97.60	90.10
December, 2009	100.80	92.00	100.40	91.85
January, 2010	112.35	97.00	112.90	95.00
February, 2010	110.00	99.00	110.00	99.80
March, 2010	117.80	100.85	118.00	100.55

**h) Performance of the share price of the Company in comparison to BSE Sensex and NSE Nifty:  
BSE Sensex**





NSE Nifty



i) **Registrar & Transfer Agents:**

Name & Address : M/s Karvy Computershare Private Limited  
 Unit: Adani Power Limited  
 Plot No 17-24  
 Vittal Rao Nagar, Madhapur,  
 Hyderabad-500 081  
 Andhra Pradesh, India  
 Phone : +91-040-44655000  
 Fax : +91-040-44655021  
 E-mail : einward.ris@karvy.com  
 Website : www.karvycomputershare.com

j) **Share Transfer Procedure:**

As on 31<sup>st</sup> March, 2010, 99.99% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories without intervention of the Company. For transfer of physical shares, the transfer document can be lodged with Karvy Computershare Private Limited at the address mentioned in this Annual Report. The transfer of shares in physical form is processed within 15 days from the date of receipt, if the documents are complete in all respects. Shareholders / Investors Grievance & Share Transfer Committee is empowered to approve transfer.

All the transactions related to share transfer, change of address, dividend, share certificate etc., should be addressed to R&T Agent of the Company at the address mentioned in this Annual Report.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company obtained a certificate from a Practicing Company Secretary on half yearly basis, for compliance of share transfer formalities. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, a certificate have also been obtained from a Practicing Company Secretary for timely dematerialization of the shares of the Company and for conducting secretarial audit on a quarterly basis for reconciliation of the share capital of the Company. The Company files copy of these certificates with the stock exchange as required.

**k) Shareholding (as on 31<sup>st</sup> March, 2010):**

**(i) Distribution of Shareholding as on 31<sup>st</sup> March, 2010:**

No. of shares	No. of shares	% to capital	Total no. of accounts	% to total accounts
1-500	44013505	2.02	268946	97.53
501-1000	2729842	0.13	3317	1.20
1001-2000	2343475	0.11	1523	0.55
2001-3000	1626391	0.07	631	0.23
3001-4000	762382	0.03	213	0.08
4001-5000	1488076	0.07	306	0.11
5001-10000	2888627	0.13	373	0.14
10000 & above	2124182902	97.44	439	0.16
<b>Total</b>	<b>2180035200</b>	<b>100.00</b>	<b>275748</b>	<b>100.00</b>

**(ii) Shareholding Pattern as on 31<sup>st</sup> March, 2010:**

Category	No. of shares held		Total No. of Shares	% of Holding
	Physical	Electronic		
Promoter Group Holding	54000	1602264997	1602318997	73.50
Mutual Funds /UTI	0	37029417	37029417	1.70
Financial Institutions /Banks	0	19158955	19158955	0.88
Foreign Institutional Investors	0	177596215	177596215	8.15
Other Bodies Corporate	0	81968101	81968101	3.76
Trusts	0	12087	12087	0.00
Non Resident Indians	0	1044911	1044911	0.05
Foreign Nationals	0	1306868	1306868	0.06
Foreign Bodies Corporate	0	196045172	196045172	8.99
Directors & their relatives	0	379880	379880	0.02
Clearing members	0	367007	367007	0.02
Indian Public	1004	62806586	62807590	2.87
<b>Total</b>	<b>55004</b>	<b>2179980196</b>	<b>2180035200</b>	<b>100.00</b>

**l) Dematerialization of Shares and Liquidity:**

The Company's shares are compulsorily traded in dematerialized form. The dematerialization facility is available from both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 99.99% of the share capital are dematerialized as on 31<sup>st</sup> March, 2010.

The Company's shares are regularly traded on the 'Bombay Stock Exchange Limited' and 'National Stock Exchange of India Limited' in dematerialized form.

**m) Outstanding GDRs /ADRs / Warrants or any convertible instrument, conversion and likely impact on equity:**

Nil

**n) Site location:**

Adani Power Limited, Village: Tunda & Siracha, Taluka: Mundra, Dist: Kutchh, Gujarat – 370 435

**o) Address of Correspondence:**

i) Mr. Rahul C. Shah,  
Company Secretary & Compliance Officer  
“Adani House”,  
Nr. Mithakhali Six Roads,  
Navrangpura,  
Ahmedabad - 380 009.

Phone : +91-79-2555 5796

Fax : +91-79-2656 5500

E-mail : rcshah@adanigroup.com

ii) For transfer/dematerialization of shares, change of address of members and other queries.

M/s Karvy Computershare Private Limited

Unit : Adani Power Limited

Plot No. 17-24,

Vittal Rao Nagar, Madhapur,

Hyderabad - 500 081

Andhra Pradesh, India

Phone : +91-40-44655000

Fax : +91-40-23420814

E-mail : einward.ris@karvy.com

Website: www.karvycomputershare.com

**p) Non-mandatory Requirements:**

The non mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

**1. Remuneration Committee:**

Your Company has a Remuneration Committee to recommend appointment / re-appointment and to recommend / review remuneration of the Managing Director / Whole Time Director / Executive Director.

**2. Shareholders Right:**

The quarterly, half yearly and annual results of your Company with necessary report thereon are published in newspapers and posted on Company's website www.adanipower.com. The same are also available at the sites of the stock exchanges where the shares of the Company are listed i.e. www.bseindia.com and www.nseindia.com.

**3. Audit Qualifications:**

There are no qualifications in the Auditor's Report on the financial statements to the shareholders of the Company.

**4. Training of Board Members:**

There is no formal policy at present for training of the Board members of the Company as the members of the Board are eminent and experienced professional persons.

**5. Whistle Blower Policy:**

The Company has not established whistle blower policy.

## Certificate on Corporate Governance

To,  
The Members of  
Adani Power Limited

We have examined the compliance of conditions of Corporate Governance by Adani Power Limited for the year ended 31<sup>st</sup> March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**Chirag Shah**  
Company Secretary  
Samdani Shah & Associates,  
Company Secretaries,  
C.P. No. 3498

**AUDITORS' REPORT****TO  
THE MEMBERS OF  
ADANI POWER LIMITED**

1. We have audited the attached Balance Sheet of **ADANI POWER LIMITED** ("the Company") as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March, 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No.117365W)

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**GAURAV J. SHAH**  
Partner  
(Membership No.35701)

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business / activities / results, clauses (x), (xiii) and (xiv) of CARO are not applicable.
2. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposals, in our opinion, has not affected the going concern status of the Company.
3. In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
4. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has granted interest-free loans aggregating Rs.61,659.26 lacs to six subsidiaries during the year. At the year-end, the outstanding balances of such loans aggregated Rs.67,171.54 lacs and the maximum amount involved during the year was Rs.67,666.89 lacs.
  - (b) The other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
  - (c) The receipts of principal amounts have been regular/as per stipulations.
  - (d) There are no overdue amounts and hence the provisions of sub-clause (d) of clause 4(iii) of the Order are not applicable to the Company.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

- (a) The Company has taken a loan aggregating Rs.18,100 lacs from its holding Company during the year. At the year-end, the outstanding balance of such loan taken was Rs.1,500 lacs and the maximum amount involved during the year was Rs.7,600 lacs.
  - (b) The rate of interest and other terms and conditions of such loan is, in our opinion, *prima facie* not prejudicial to the interests of the Company.
  - (c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.
5. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

6. According to information and explanations given to us, there were no contracts or arrangement referred to in Section 301 of Companies Act, 1956 which were required to be entered in the register maintained under that section.
7. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
8. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
9. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of Electricity Generation and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
10. According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no dues of Income-tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax and Cess which have not been deposited as on 31<sup>st</sup> March, 2010 on account of any dispute except Custom Duty as mentioned in Note (B) 6 of Schedule 19 of the financial statements.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanation given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions.
14. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
15. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
16. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
17. The Company has not issued any debentures during the year.
18. The Management has disclosed the end use of money raised by public issues and we have verified the same.
19. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117365W)

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**GAURAV J. SHAH**  
Partner  
(Membership No. 35701)

## Balance Sheet as at 31<sup>st</sup> March, 2010

Rs. in Lacs

	Schedule	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	1	218,003.52	184,197.62
Share Application Money		-	5.99
Reserves & Surplus	2	361,959.67	45,166.40
		579,963.19	229,370.01
<b>LOAN FUNDS</b>			
Secured Loans	3	920,060.48	408,968.65
Unsecured Loans	4	54,850.00	90,000.00
<b>DEFERRED TAX LIABILITY</b> (Refer note (B) 15 of Schedule 19)		1,198.78	-
<b>TOTAL</b>		<b>1,556,072.45</b>	<b>728,338.66</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	271,921.79	33,552.56
Less: Depreciation		6,633.35	982.79
Net Block		265,288.44	32,569.77
Capital Work in Progress	6	978,744.88	559,308.23
Project Development Expenditure	7	87,891.55	64,187.60
Construction Materials at Site	8	11,708.71	1,505.02
		1,343,633.58	657,570.62
<b>INVESTMENTS</b>			
74,658.06	9	74,658.06	27,214.36
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	10	951.93	-
Sundry Debtors	11	25,629.89	-
Cash and Bank Balances	12	102,666.76	49,416.32
Loans and Advances	13	134,249.53	47,419.33
		263,498.11	96,835.65
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
	14	125,717.30	54,530.75
<b>NET CURRENT ASSETS</b>			
		137,780.81	42,304.90
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	15	-	967.11
<b>BALANCE OF PROFIT AND LOSS ACCOUNT</b>			
		-	281.67
<b>TOTAL</b>		<b>1,556,072.45</b>	<b>728,338.66</b>
Significant Accounting Policies and Notes on Accounts	19		
The accompanying schedules 1 to 19 form an integral part of these accounts			

As per our attached report of even date

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

**GAURAV J. SHAH**

(PARTNER)

Membership No. 35701

Date : 30<sup>th</sup> April, 2010

Place : Ahmedabad

**For ADANI POWER LIMITED**

**GAUTAM S. ADANI** Chairman

**RAJESH S. ADANI** Managing Director

**AMEET H. DESAI** Executive Director

**RAHUL C. SHAH** Company Secretary

Date : 30<sup>th</sup> April, 2010

Place : Ahmedabad



**Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010**

Rs. in Lacs

	Schedule	For the year ended 31 <sup>st</sup> March 2010	For the year ended 31 <sup>st</sup> March 2009
<b>INCOME</b>			
Revenue from Power Supply		43,486.09	-
Other Income	<b>16</b>	3,192.84	-
<b>Total Income</b>		<b>46,678.93</b>	-
<b>EXPENDITURE</b>			
Fuel Cost		16,671.38	-
Transmission, Selling, Administration and Staff Cost	<b>17</b>	2,355.64	281.67
Depreciation and Amortisation		3,534.63	-
Interest & Finance Charges	<b>18</b>	3,767.03	-
<b>Total Expenditure</b>		<b>26,328.68</b>	<b>281.67</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>20,350.25</b>	<b>(281.67)</b>
Provision for Taxation			
Current Tax		-	
Deferred Tax		<u>3270.12</u>	-
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>17,080.13</b>	<b>(281.67)</b>
Balance Brought Forward from the Previous Year		(281.67)	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>16,798.46</b>	<b>(281.67)</b>
Earning Per Share (Face Value Rs. 10 per share)			
Basic & Diluted EPS (Rs.)		0.82	(0.02)
(Refer note (B) 14 of Schedule 19)			
Significant Accounting Policies and Notes on Accounts	<b>19</b>		
The accompanying schedules 1 to 19 form an integral part of these accounts			

As per our attached report of even date

**For DELOITTE HASKINS & SELLS**  
 Chartered Accountants

**GAURAV J. SHAH**  
 (PARTNER)  
 Membership No. 35701

 Date : 30<sup>th</sup> April, 2010  
 Place : Ahmedabad

**For ADANI POWER LIMITED**
**GAUTAM S. ADANI** Chairman  
**RAJESH S. ADANI** Managing Director  
**AMEET H. DESAI** Executive Director  
**RAHUL C. SHAH** Company Secretary

 Date : 30<sup>th</sup> April, 2010  
 Place : Ahmedabad

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2010

Rs. in Lacs

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	20,350.25	(281.67)
Adjustment for:		
Depreciation	3,534.63	-
Preliminary Expenditure written off	-	96.20
Unrealised Foreign Exchange (Gain) / Loss	(606.93)	-
Interest & Finance Charges debited to Profit and Loss account	3,767.03	-
Interest Income received	(2,585.91)	-
Cash from Operating activity before Working Capital change	<b>24,459.07</b>	<b>(185.47)</b>
Adjustment for change in Working Capital		
Increase in Trade and Other Receivables	(25,629.89)	-
Increase in Trade Liabilities	18,272.12	-
Increase in Inventories	(951.93)	-
Cash generated from operations	<b>16,149.37</b>	<b>(185.47)</b>
Less: Taxes paid	(10.00)	-
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>16,139.37</b>	<b>(185.47)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(212,743.58)	(32,692.89)
Capital Work in Progress	(400,169.21)	(356,198.66)
Sale/(Purchase) of investments	-	5,323.85
Interest Income received	2,585.91	-
Investment in Subsidiary	(47,443.71)	(24,215.52)
Advance to Subsidiaries	(61,164.41)	(6,001.00)
Taxes Paid	-	(123.72)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(718,935.00)</b>	<b>(413,907.94)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Equity Shares	339,340.85	85,764.01
Long Term borrowings	511,091.83	307,851.23
Short Term Repayments	(110,000.00)	-
Short Term borrowings	74,850.00	90,000.00
Issue Expenses paid	(6,650.36)	-
Interest & Finance Charges paid	(52,586.25)	(38,316.92)
Miscellaneous Expenditure	-	(967.11)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>756,046.07</b>	<b>444,331.21</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>53,250.44</b>	<b>30,237.82</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	49,416.32	19,178.50
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	102,666.76	49,416.32
	<b>53,250.44</b>	<b>30,237.82</b>

<b>Notes to Cash flow Statement :</b>		
1	Cash and cash equivalents include:	
	Cash on hand	6.14
		3.31
	<b>With Scheduled banks:</b>	
	Current Accounts	18,365.44
	Unclaimed share application money lying in escrow account	147.05
	Fixed Deposit	57,060.78
	Margin Money Deposit against Bank Guarantee	27,015.69
	<b>With Non-Scheduled Bank:</b>	
	Current Account	71.66
		<b>102,666.76</b>
		<b>49,416.32</b>
2	Previous year's figures have been restated wherever necessary, to conform to this year's classification.	
3	The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.	

As per our attached report of even date

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**GAURAV J. SHAH**  
(PARTNER)  
Membership No. 35701

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**For ADANI POWER LIMITED**

**GAUTAM S. ADANI** Chairman  
**RAJESH S. ADANI** Managing Director  
**AMEET H. DESAI** Executive Director  
**RAHUL C. SHAH** Company Secretary

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March 2010

Rs. in Lacs

	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORIZED</b>		
2,500,000,000 Equity Shares of Rs. 10/- each	250,000.00	250,000.00
500,000,000 Cumulative Compulsorily Convertible Participatory Preference Shares of Rs. 10/- each	50,000.00	50,000.00
	<b>300,000.00</b>	<b>300,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
2,180,035,200 (As at 31 <sup>st</sup> March, 2009- 1,841,976,236) Fully Paid up Equity Shares of Rs. 10/- each	218,003.52	184,197.62
	<b>218,003.52</b>	<b>184,197.62</b>
Of the above equity shares :		
1. 1,531,440,000 (As at 31 <sup>st</sup> March, 2009 - 1,531,440,000) Shares are held by Adani Enterprises Ltd., the Holding Company and its nominees.		
2. 32,059,002 Shares were allotted during the year 2008-09 at a premium of Rs.36.78 each on conversion of 0.01% Cumulative Compulsorily Convertible Participatory Preference Shares.		
3. 787,313,868 Shares were allotted during the year 2008-09 as fully paid up bonus shares by capitalization of Share Premium Account.		
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Share Premium Account</b>		
As per last Balance Sheet	45,166.40	69,791.67
Add : On Equity Shares issued upon conversion of Cumulative Compulsorily Convertible Participatory Preference Shares	-	11,794.10
Add : On Equity Shares issued during the year	305,540.94	42,312.02
Less : Transfer to Share Capital Account consequent to Issue of Bonus Shares	-	78,731.39
Less : Share issue expenses written off (net off tax) (Refer Note (B) 4 of Schedule - 19)	5,546.13	-
	<b>345,161.21</b>	<b>45,166.40</b>
<b>Balance in Profit and Loss Account</b>	16,798.46	-
	<b>361,959.67</b>	<b>45,166.40</b>

Rs. in Lacs

	<b>As at 31<sup>st</sup> March 2010</b>	As at 31 <sup>st</sup> March 2009
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Term Loans		
From Banks	215,264.84	148,296.31
From Financial Institution	44,718.34	41,653.82
Bills Discounted under Letters of Credit (to be converted into Term Loans)	642,305.18	219,018.52
Bills Discounted under Letters of Credit (to be converted into Cash Credit)	17,772.12	-
	<b>920,060.48</b>	<b>408,968.65</b>
<b>The above borrowings are secured by:</b>		
<ol style="list-style-type: none"> <li>Secured Loans aggregating to Rs. 280,977.63 Lacs (As at 31<sup>st</sup> March, 2009 - Rs. 247,800.88 Lacs) are secured by first mortgage and charge on all immovable and movable assets, both present and future of Phase I &amp; Phase II, on <i>pari passu</i> basis.</li> <li>Secured Loans aggregating to Rs.30,000.00 Lacs (As at 31<sup>st</sup> March, 2009 - Nil) (Subordinate Debt) are secured by second mortgage and charge on all immovable and movable assets, both present and future of Phase I &amp; Phase II.</li> <li>Secured Loans aggregating to Rs. 17,772.12 Lacs (As at 31<sup>st</sup> March, 2009 - Nil) is secured by first charge on all immovable and movable assets , both present and future of Phase I on <i>pari passu</i> basis.</li> <li>Secured Loans aggregating to Rs. 303,373.59 Lacs (As at 31<sup>st</sup> March, 2009 - Rs.154,296.77 lacs) are secured by first mortgage and charge on all immovable and movable assets, both present and future of Phase III.</li> <li>Secured Loans aggregating to Rs.6,871 Lacs (As at 31<sup>st</sup> March, 2009 - Rs. 6,871 Lacs) (Subordinate Debt) are secured by second mortgage and charge on all immovable and movable assets, both present and future of Phase III.</li> <li>Secured Loans aggregating to Rs. 255,690.40 Lacs (As at 31<sup>st</sup> March, 2009 - Nil) are secured by first charge by way of hypothecation on all movable assets, both present and future of Phase IV.</li> <li>Secured Loans aggregating to Rs.10,000.00 Lacs (As at 31<sup>st</sup> March, 2009 - Nil) (Subordinate Debt) are secured by second charge by way of hypothecation on all movable assets, both present and future of Phase IV.</li> <li>Secured Loans aggregating to Rs. 15,375.74 Lacs (As at 31<sup>st</sup> March, 2009 - Nil ) are secured by first charge by way of hypothecation on all movable assets, both present and future of Transmission Line Project.</li> <li>The above Secured Loans are further secured by pledge of 886,106,331 Equity Shares of the Company through execution of Pledge Agreement with Adani Enterprises Limited as : <ol style="list-style-type: none"> <li>First charge for Secured Loans from banks aggregating to Rs. 840,043.32 Lacs (As at 31<sup>st</sup> March, 2009 - Rs.402,097.65 Lacs); and</li> <li>Second charge for Secured Loans from banks aggregating to Rs. 46,871.00 Lacs (As at 31<sup>st</sup> March, 2009 - Rs.6,871.00 Lacs).</li> </ol> </li> <li>Out of above Loans, payable within 12 months is Rs.25,968.18 Lacs (As at 31<sup>st</sup> March 2009 - Nil )</li> </ol>		
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
From Banks	46,850.00	90,000.00
From a Company	8,000.00	-
Out of above loans, Payable within twelve months is Rs.54,850.00 lacs (As at 31 <sup>st</sup> March,2009 - Rs. 90,000.00 lacs)		
	<b>54,850.00</b>	<b>90,000.00</b>

**SCHEDULE - 5**  
**FIXED ASSETS**

Rs. in Lacs

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION AND AMORTISATION			NET BLOCK		
	As at 1 <sup>st</sup> April 2009	Additions During the year	Deductions During the year	As at 31 <sup>st</sup> March 2010	As at 1 <sup>st</sup> April 2009	For the year	Deductions During the year	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
<b>Tangible Assets</b>									
Land (Lease Hold)	26,673.20	1,000.00	-	27,673.20	263.08	1,083.37	-	1,346.45	26,326.75
Freehold Land	-	170.38	-	170.38	-	-	-	-	170.38
Building	287.51	18,437.52	-	18,725.03	287.51	300.29	-	587.80	18,137.23
Plant and Machinery	5,239.55	217,415.78	15.00	222,640.33	164.12	4,033.72	0.78	4,197.06	218,443.27
Furniture and Fixtures	169.68	250.60	-	420.28	89.40	42.19	-	131.59	288.69
Railway Siding	-	512.59	-	512.59	-	13.50	-	13.50	499.09
Computers	355.16	204.84	-	560.00	79.24	76.82	-	156.06	403.94
Office Equipments	322.72	324.62	0.09	647.25	38.26	29.96	0.01	68.21	579.04
Electrical Installation	0.24	-	-	0.24	0.03	0.01	-	0.04	0.20
Vehicles	299.49	67.99	-	367.48	29.53	30.49	-	60.02	307.46
<b>Total Tangible Assets</b>	<b>33,347.55</b>	<b>238,384.32</b>	<b>15.09</b>	<b>271,716.78</b>	<b>951.17</b>	<b>5,610.35</b>	<b>0.79</b>	<b>6,560.73</b>	<b>265,156.05</b>
<b>Intangible Assets</b>									
Computer Software	205.01	-	-	205.01	31.62	41.00	-	72.62	132.39
<b>Total Intangible Assets</b>	<b>205.01</b>	<b>-</b>	<b>-</b>	<b>205.01</b>	<b>31.62</b>	<b>41.00</b>	<b>-</b>	<b>72.62</b>	<b>132.39</b>
<b>Total Fixed Assets</b>	<b>33,552.56</b>	<b>238,384.32</b>	<b>15.09</b>	<b>271,921.79</b>	<b>982.79</b>	<b>5,651.35</b>	<b>0.79</b>	<b>6,633.35</b>	<b>265,288.44</b>
Previous Year	859.67	32,698.49	5.60	33,552.56	111.99	873.28	2.48	982.79	32,569.77

Note:

Addition to Plant and Machinery during the year include Rs. 11,956.73 Lacs (Previous Year Rs. Nil) on account of foreign exchange fluctuation loss. The above addition also include Rs. 2,622.62 Lacs (Previous Year Rs. Nil) towards foreign exchange fluctuation gain capitalized during the year on account of Company's (Accounting Standards) Amendment Rules, 2009.

Rs. in Lacs

	<b>As at 31<sup>st</sup> March 2010</b>	As at 31 <sup>st</sup> March 2009
<b>SCHEDULE - 6</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
Land and Site Development	19.59	546.21
Building and Civil Works	18,631.86	29,087.51
Plant and Machinery	798,454.00	301,973.50
[Including in Transit Rs. 56,569.60 Lacs (As at 31 <sup>st</sup> March, 2009 - Rs.19,858.63 Lacs)]		
Electrical Installation	16,876.68	21,575.46
Railway Sidings	164.99	509.26
Desalination Plant	5,404.71	3,037.24
Transmission Line [Including in Transit Rs. 4,540.91 Lacs (As at 31 <sup>st</sup> March, 2009 - Nil)]	44,681.93	39,227.16
Coal Mine	870.06	867.28
SAP - Software and Implementation	-	217.75
<b>Advances for Capital Expenditure</b>		
Advance to Contractors / Suppliers	93,641.06	162,266.86
	<b>978,744.88</b>	<b>559,308.23</b>
<b>SCHEDULE - 7</b>		
<b>PROJECT DEVELOPMENT EXPENDITURE</b>		
Salary and Allowances	6,804.41	5,725.92
Contribution to Provident and other Funds	299.44	259.79
Employee Welfare Expenses	1,583.05	1,349.54
Sub Lease Rent for Land	76.41	37.11
Project Insurance	625.80	1,058.00
Professional Fees	2,870.49	5,152.17
Auditor's Remuneration	8.73	8.73
Statutory Expenses	342.53	297.89
Communication Expenses	185.09	171.55
Administration and Office Expenses	3,172.12	1,849.39
Stationery & Courier Expenses	83.87	84.82
Vehicle Running Expenses	325.69	639.06
Traveling Expenses	1,841.74	1,527.29
Other Miscellaneous Expenses	100.23	220.48
Depreciation	2,622.09	986.66
Interest and Finance Charges	71,577.31	46,985.73
Provision for Taxes		
- Current Tax	282.63	565.25
- Fringe Benefit Tax	118.40	141.06
	<b>92,920.03</b>	<b>67,060.44</b>
<b>OTHER INCOME</b>		
Gain on Sale of Securities / Treasury Bills	80.47	281.12
Interest (Tax deducted at source Rs. 301.86 Lacs) (As at 31 <sup>st</sup> March, 2009 Rs. 343.04 Lacs)	3,439.04	1,983.75
Dividend	762.28	343.92
Miscellaneous Income	746.69	264.05
	<b>5,028.48</b>	<b>2,872.84</b>
	<b>87,891.55</b>	<b>64,187.60</b>

Rs. in Lacs

	<b>As at 31<sup>st</sup> March 2010</b>	As at 31 <sup>st</sup> March 2009
<b>SCHEDULE - 8</b>		
<b>CONSTRUCTION MATERIALS AT SITE</b>		
Steel, Cement and Other Materials at Site (Includes in transit Rs. 21.70 Lacs) (As at 31 <sup>st</sup> March, 2009 Rs. Nil)	11,708.71	1,505.02
	<b>11,708.71</b>	<b>1,505.02</b>

### SCHEDULE - 9

<b>INVESTMENTS</b>				
<b>Long Term Investment</b>	Number of Equity shares	Face value per Equity share	<b>As at 31<sup>st</sup> March 2010</b>	As at 31 <sup>st</sup> March 2009
<b>Unquoted</b>				
<b>In Equity Shares (Fully Paid up)</b>				
<b>In Subsidiary Companies</b>				
Adani Power Maharashtra Limited	705,500,000	10.00	70,550.00	23,130.00
Adani Power Dahej Limited	50,000	10.00	5.00	5.00
Share Application Money Pending Allotment			4,064.00	4,064.00
Adani Power Rajasthan Limited	50,000	10.00	5.00	5.00
Adani Power (Overseas) Limited	2	(20000 AED)	5.24	5.24
Share Application Money Pending Allotment			5.04	-
Adani Pench Power Limited	50,000	10.00	5.00	-
Kutchh Power Generation Limited	50,000	10.00	5.00	-
Mundra Power SEZ Limited	50,000	10.00	5.00	5.00
Adani Shipping PTE Ltd	1,000	(1 SGD)	7.99	-
Adani Power PTE Ltd	1,000	(1 USD)	0.47	-
<b>Non Trade Investments</b>				
National Savings Certificate (Lying with Govt. Authorities)			0.32	0.12
			<b>74,658.06</b>	<b>27,214.36</b>
Aggregate value of unquoted Investments Cost			74,657.74	27,214.24



Current Investments purchased and sold during the year :	Face Value	Units	Amount	Amount
Mutual Fund:				
Fund	Face Value	Nos. / Units	Cost of Acquisition	Redemption value
DSP Black Rock Institutional Plan	1000	199,974.49	2,000.00	2,000.14
DSP Black Rock Money Manager Fund	1000	200,455.84	2,000.14	2,006.16
ICICI Prudential Institutional Liquid Plan	10	99,987,440.09	10,000.00	10,000.94
ICICI Prudential Ultra Short Term Plan	10	100,133,516.14	10,000.94	10,034.38
IDFC Super institutional Plan	10	49,991,563.14	5,000.00	5,000.41
IDFC Money Manager Plan	10	50,173,865.05	5,000.41	5,018.14
JM High Liquidity Fund	10	49,921,312.11	5,000.00	5,000.37
JM Money Manager Fund	10	50,155,572.63	5,000.37	5,018.22
Kotak Flexi Debt Scheme	10	99,454,306.90	30,000.00	30,087.67
LIC Liquid Plus Fund	10	364,334,188.99	40,000.00	40,004.26
LIC Income Plus Fund	10	521,635,871.34	50,005.39	50,163.59
LIC Liquid Plus Fund	10	91,084,193.55	10,000.00	10,001.14
Principal Cash Management Fund	10	10,000,115.41	1,000.00	1,000.08
Principal Floating Rate Fund	10	10,009,598.74	1,000.08	1,002.19
Reliance Money Manager Fund	1000	15,003,068.21	150,000.00	150,201.18
Reliance Liquid Fund	10	53,663,984.53	8,200.00	8,203.72
SBI Magnum Insta Cash Fund	10	41,793,589.56	7,000.00	7,000.55
SBI SHF Ultra Short Term Fund	10	70,181,393.29	7,000.55	7,021.98
SBI SHF Ultra Short Term Fund	10	23,564,331.62	2,357.87	2,357.71
SBI Magnum Insta Cash Fund	10	14,076,602.43	2,357.71	2,357.87
AXIS Treasury Advantage Fund	1000	200,422.20	2,000.00	2,004.22
Birla Sun Life Cash Fund	10	24,953,720.60	2,500.00	2,500.24
DWS Ultra Short Term Fund	10	100,187,909.43	10,000.00	10,036.72
HDFC Cash Management Fund	10	498,615,822.30	50,000.00	50,018.65

Rs. in Lacs

	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
<b>SCHEDULE - 10</b>		
<b>Inventories</b>		
Coal, Oil, Stores & Spares (Includes in transit Rs. 165.96 Lacs) (As at 31 <sup>st</sup> March, 2009 Rs. Nil)	951.93	-
	951.93	-
<b>SCHEDULE - 11</b>		
<b>Sundry Debtors (Unsecured)</b>		
<b>Considered Good</b>		
Debtors outstanding for more than six months	-	-
Other Debt	25,629.89	-
	<b>25,629.89</b>	-

Rs. in Lacs

	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
<b>SCHEDULE - 12</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	6.14	3.31
<b>BALANCES WITH SCHEDULED BANKS IN :</b>		
Current Accounts	18,365.44	25,851.38
Unclaimed share application money lying in escrow account	147.05	-
Fixed Deposits	57,060.78	7,378.00
Margin Money Deposit Against Bank Guarantee (Lying with banks)	27,015.69	16,179.56
<b>BALANCES WITH NON-SCHEDULED BANK IN :</b>		
Current Account (Maximum Balance outstanding during the year in current account with Bank of China - is Rs 83.83 Lacs (As at 31 <sup>st</sup> March, 2009 - Rs. 291.24 Lacs),	71.66	4.07
	<b>102,666.76</b>	<b>49,416.32</b>
<b>SCHEDULE - 13</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Interest Receivable	749.71	471.23
Prepaid Expenses	246.76	376.75
Advance to Holding Company, Adani Enterprises Ltd. (Against Coal Supply Agreement) (Maximum amount outstanding during the year Rs. 15,000 Lacs (As at 31 <sup>st</sup> March, 2009 Rs. 15,000 Lacs))	15,000.00	15,000.00
Advances to Subsidiaries (Refer note (B) 21 of Schedule 19)	67,171.55	6,007.14
Security Deposits	1,848.51	1,401.08
Advance Recoverable in cash or in kind or for value to be received	48,540.61	24,131.23
Advance Tax including Tax Deducted at Source ( Net of Provision )	692.39	31.90
	<b>134,249.53</b>	<b>47,419.33</b>
<b>SCHEDULE - 14</b>		
<b>CURRENT LIABILITIES</b>		
Equity Share Application Money Refundable	147.05	-
Interest Accrued but not due	3,316.40	2,547.47
Sundry Creditors (See Note (B) 11 of Schedule 19)	115,743.27	49,849.99
Other Liabilities	6,201.51	2,041.33
	<b>125,408.23</b>	<b>54,438.79</b>
<b>PROVISIONS</b>		
Provision for Employee Benefits	309.07	91.96
	<b>309.07</b>	<b>91.96</b>
	<b>125,717.30</b>	<b>54,530.75</b>
<b>SCHEDULE - 15</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To The extent not written off or adjusted)		
Share Issue Expenses	-	967.11
	-	<b>967.11</b>

## Schedules forming part of the Profit & Loss Account for the year ended 31<sup>st</sup> March 2010

Rs. in Lacs

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
<b>SCHEDULE - 16</b>		
<b>OTHER INCOME</b>		
Interest Income (Tax deducted at source Rs. 226.95 Lacs) ( Previous year Rs. Nil)	2,585.91	-
Gain on Foreign Exchange Fluctuation (Net)	606.93	-
	<b>3,192.84</b>	<b>-</b>
<b>SCHEDULE - 17</b>		
<b>TRANSMISSION, SELLING, ADMINISTRATION AND STAFF COST</b>		
<b>TRANSMISSION COST</b>		
	794.09	-
<b>STORES AND SPARES</b>		
	37.51	-
<b>STAFF COST</b>		
Salary and Allowances	420.47	-
Contribution to Provident and other Funds	11.34	-
Employee Welfare Expenses	23.40	-
	<b>455.21</b>	<b>-</b>
<b>REPAIR AND MAINTENANCE</b>		
Plant & Machinery	12.11	-
Others	1.81	-
	<b>13.92</b>	<b>-</b>
<b>SELLING AND ADMINISTRATIVE EXPENSES</b>		
Rent	1.83	-
Discount on Prompt Payment of Bills	829.67	-
Directors' Sitting Fees	2.59	0.70
Audit Fees	18.00	7.00
Donation	14.52	-
Legal Expenses	52.86	273.97
Miscellaneous Expenses	135.44	-
	<b>1,054.91</b>	<b>281.67</b>
	<b>2,355.64</b>	<b>281.67</b>
<b>SCHEDULE - 18</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest on Letters of Credit	410.66	-
Interest on Term Loans	3,356.37	-
	<b>3,767.03</b>	<b>-</b>

## SCHEDULE – 19

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### (A) Significant Accounting Policies

##### 1) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual and going concern basis and in compliance with the accounting standards issued by the Institute of Chartered Accountants of India and in accordance with the Generally Accepted Accounting Principles (GAAP) and provisions of the Companies Act, 1956.

##### 2) Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### 3) Fixed assets

Fixed assets are stated at cost of acquisition including any attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation and impairment losses, if any. Borrowing costs directly attributable to qualifying assets / capital projects are capitalized and included in the cost of fixed assets.

##### 4) Project Development Expenditure

Expenditure related to and incurred during implementation of capital projects is included under “Capital Work in Progress” or “Project Development Expenditure” as the case may be. The same will be allocated to the respective fixed assets on completion of construction/ erection of the capital project/ fixed assets.

##### 5) Intangible Assets

Computer Software cost is capitalized and recognized as Intangible Assets in terms of Accounting Standard -26 “Intangible Assets” based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.

##### 6) Depreciation

- i) Depreciation on fixed assets is provided on Straight Line Method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- ii) Depreciation on Assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/ disposal.
- iii) Assets costing less than Rs.5,000/- are written off in the year of purchase.
- iv) Cost of Lease hold land is amortized over the period of lease.
- v) Costs of Intangible assets are amortized over a period of 5 years.

##### 7) Leases

Assets acquired on leases where a significant portion of risks and rewards incidental to ownership is retained by the lessor are classified as operating lease.

##### 8) Investments

Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if, such a decline is permanent in the opinion of the management. Current Investments are carried at lower of cost or fair value.

## 9) Revenue Recognition

- i) Revenue (income) is recognized when no significant uncertainty as to the measurability or collectability exist.
- ii) Interest income is accounted for on an accrual basis. Dividend income is accounted for when the right to receive income is established.
- iii) Delayed payment charges and interest on delayed payment for power supply are recognized, on grounds of prudence, as and when recovered.

## 10) Inventories

Inventories are valued at weighted average cost or net realizable value whichever is lower.

## 11) Borrowing costs

Borrowing costs that are attributable to the acquisition / construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

## 12) Impairment of assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the period in which an asset is identified as impaired. The impairment loss, if any, recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

## 13) Foreign exchange transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies at the balance sheet date are restated at the rates prevailing on that date. In case of monetary items which are covered by forward exchange contracts, the difference between the rate prevailing on the balance sheet date and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange differences either on settlement or on translation are recognized in the Profit and Loss Account except in respect of the project cost, same are recognized as "Capital Work in Progress".
- v) Pursuant to the Companies (Accounting Standards) Amendment Rules, 2009, the Company has exercised the option of deferring the charge to the Profit and Loss Account arising on exchange differences in respect of accounting periods commencing on or after December 7, 2006, on long term foreign currency monetary items (i.e. monetary assets or liabilities expressed in foreign currency and having a term of 12 months or more at the date of origin). As a result, such exchange differences related to the acquisition of depreciable capital assets have been adjusted to the cost of such asset and would be depreciated over the balance life of the asset.

## 14) Derivative Transactions

Pursuant to the announcement on accounting for derivatives issued by The Institute of Chartered Accountants of India, the company in accordance with the principle of prudence as enunciated in AS – 1, "Disclosure of Accounting Policies", provides for losses in respect of all outstanding derivative contracts at the Balance Sheet date by marking them to market. Any net unrealized gains arising on such mark to market are not recognized as income.

## 15) Employee benefits

- i) Gratuity:  
The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employee through Group Gratuity Scheme of Life Insurance Corporation of India. The Company

accounts for the liability for the gratuity benefits payable in future based on an independent actuarial valuation carried out using Projected Unit Credit Method considering discounting rate relevant to Government Securities at the Balance Sheet Date.

ii) **Provident Fund:**

Retirement Benefits in the form of Provident Fund and Family Pension Fund, which are defined benefit contribution schemes, are charged to the Project Development Expenditure Account or Profit and Loss Account for the period, in which the contributions to the respective funds accrue till the commencement of commercial production.

iii) **Leave Encashment:**

Provision for Leave Encashment is determined and accrued on the basis of actuarial valuation.

**16) Taxes on Income**

Provision for income tax is made on the basis of estimated taxable income for the year at current rates. Current Tax represents the amount of Income Tax Payable/Recoverable in respect of the taxable income/loss for the reporting period.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. In view of the Company availing tax deduction under section 80IAB of the Income Tax Act, 1961, deferred tax has been recognized in respect of timing difference, which originates during the tax holiday period but will reverse after the tax holiday period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against the current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has carry forward unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidences that they can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed as at each balance sheet date and are recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

**17) Miscellaneous expenditure**

Miscellaneous Expenditure represents the expenses incurred on Initial Public Offer and the same are adjusted against Securities Premium Account as permitted under Section 78 of the Companies Act, 1956.

**18) Provisions, contingent liabilities and contingent assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**(B) Notes on Accounts**

1. Contingent liabilities not provided for in respect of:

Rs. in Lacs

Particulars	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
Guarantees issued by the Company's bankers on behalf of the Company	51,137.52	41,380.00
Letter of Credit facilities provided by banks	171,285.43	61,795.24
Bonds submitted to Development Commissioner on behalf of Government of India	377,142.47	228,671.78

2. Capital Commitments not provided for are estimated at Rs.730,269.07 Lacs (31<sup>st</sup> March, 2009 – Rs.1,249,087.25 Lacs)
3. The Government of India (GOI) has, vide its letter dated 19<sup>th</sup> December 2006, granted approval to the Company's proposal for development, operation and maintenance of the sector specific Special Economic Zone(SEZ) for power over an area of 293-88-10 hectares of the Company's land at Village: Tunda & Siracha, Taluka Mundra, Gujarat. Hence, all the benefits available to SEZ developer under Special Economic Zones Act, 2005 and Special Economic Zones Rules, 2006 and amendments made there under are available to the Company.
4. During the financial year, the Company has completed its Initial Public Offer (IPO) comprising of 301,652,031 equity shares at a price of Rs.100 per share aggregating to Rs.301,652.03 lacs. The share premium of Rs. 90 per share, amounting to Rs.271,486.83 lacs has been credited to Share Premium Account. The share issue expenses amounting to Rs.7,617.48 Lacs, after netting off tax of Rs. 2,071.35 Lacs have been adjusted to Share Premium Account.

The IPO proceeds have been utilized as per objects of the issue as stated in the prospectus as under:

Rs. in Lacs

<b>Amount Received from IPO</b>		<b>301,652.03</b>
<b>Utilisation of funds upto 31<sup>st</sup> March, 2010</b>	<b>Projected</b>	<b>Actual</b>
Funding to part finance the construction and development cost of following identified projects		
Mundra Phase - IV 3*660 MW	115,300.00	115,297.00
Investment in Subsidiary namely "Adani Power Maharashtra Limited" by way of equity.	104,000.00	28,650.00
General Corporate Purposes	75,900.00	75,895.00
Issue Expenses	6,452.03	5,332.00
<b>Total</b>	<b>301,652.03</b>	<b>225,174.00</b>
<b>Unutilised Amount represented by:</b>		
<b>Investments</b>		<b>67,500.03</b>
<b>Bank Balance</b>		<b>8,978.00</b>
<b>Total</b>		<b>301,652.03</b>

5. During the year, the Company's power generating units (Unit 1 and Unit 2 each of 330 MW) of its phase I have commenced commercial operations effective from 1<sup>st</sup> October, 2009 and 17<sup>th</sup> March, 2010 respectively. Accordingly the current year's figures in the Profit and Loss Accounts are not comparable with that of the previous year. Previous year figures in the Balance Sheet have been regrouped and rearranged, wherever necessary, to confirm to the current year's classification.
6. The custom duty on Electrical energy removed from a Special Economic Zone to Domestic Tariff Area (DTA) and non-processing area of SEZ, has been levied in the Union Budget 2010-11 vide notification number-25/2010-Customs dated 27<sup>th</sup> February, 2010. The Company has challenged the constitutional validity and legality of the said notification by filing Special Civil application in the High Court of Gujarat. The matter is being heard. However, the Company has till date deposited duty of Rs. 2,300 Lacs under protest and has included the same in Schedule 13 of Loans and Advances.
7. Total number of electricity units sold during the year – 1172.10MUs (31<sup>st</sup> March, 2009- Nil)

8. The Project Development Expenditure includes Director's Remuneration:-

Rs. in Lacs

Particulars	For the Year 2009-10	For the Year 2008-09
Managerial Remuneration to the Director	41.53	45.65
The Above is Inclusive of :		
Salary and Allowance	32.01	35.75
Estimated Value of Benefits in cash or in kind provided to Director	6.19	6.25
Contribution to Provident and other Funds	2.50	2.74
Contribution to Gratuity Fund	0.83	0.91

9. Auditors Remuneration includes:-

Rs. in Lacs

Particulars	For the Year 2009-10	For the Year 2008-09
Audit Fees	18.00	7.00
Certification Work required to be done by the Statutory Auditors for the purpose of IPO (adjusted against Share Premium Account)	33.09	12.58
For other Services (Included in Project Development Expenditure)	5.63	1.09
<b>Total</b>	<b>56.72</b>	<b>20.67</b>

10. Operating Leases:-

Rs. in Lacs

Future Minimum Lease Payments	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
Not later than one Year	722.69	656.01
Later than one year and not later than five years	447.56	346.89
Later than five years	219.67	238.49

11. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding as at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
12. The Company entered into an agreement (PPA) dated 2<sup>nd</sup> February, 2007 with Gujarat Urja Vikas Nigam Limited (GUVNL) for supply of power on long term basis subject to certain conditions to be complied within stipulated time. Amongst others, one of the conditions was pertaining to tie-up of fuel supply based on coal to be provided by Gujarat Mineral Development Corporation (GMDC). This arrangement did not materialize. Consequent to the same, the Company has terminated the PPA and has offered to pay the liquidated damages. However, GUVNL has contested the termination and approached Gujarat Energy Regulatory Commission (GERC) to resolve the matter. Pending the matter before GERC and being sub-judice, no effect has been given in these financial statements.
13. The Company is engaged in power generation and setting up of power project. These, in the context of Accounting Standard 17 on Segment Reporting, as specified in the Companies (Accounting Standard) Rules, 2006, are considered to constitute one single primary segment. Further there is no reportable secondary segment i.e. geographical Segment.



**14. Earnings Per Share (EPS):**

<b>Basic and Diluted EPS</b>		<b>For the Year 2009-10</b>	<b>For the Year 2008-09</b>
Profit attributable to equity shareholders	Rs. in Lacs	17,080.13	(281.67)
Weighted average number of equity shares outstanding during the year	Nos.	2,070,472,531	1,735,451,286
Nominal Value of equity share	Rs.	10.00	10.00
Basic and Diluted EPS	Rs.	0.82	(0.02)

**15. Components of Deferred Tax Liability/(Assets) are as under**

Rs. in Lacs

	<b>As at 31<sup>st</sup> March, 2010</b>	<b>As at 31<sup>st</sup> March, 2009</b>
<b>(A) Deferred Tax Liability -</b> Difference between book and tax depreciation	3,270.13	-
<b>(B) Deferred Tax Asset-</b> Tax benefit on share issue expenses set off against share premium	2,071.35	-
<b>Net Deferred Tax Liability (A-B)</b>	<b>1,198.78</b>	-

**16. Value of fuel, stores and spare parts consumed**

Rs. in Lacs

	<b>For the Year 2009-10</b>	<b>Percentage</b>	<b>For the Year 2008-09</b>	<b>Percentage</b>
(i) Imported	16,361.82	97.92%	-	-
(ii) Indigenous	347.07	2.08%	-	-
Total	16,708.89	100%	-	-

17. The Company operates a defined benefit plan (the gratuity plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The status of gratuity plan as required under AS-15 (revised):

Rs. in Lacs

	<b>Particulars</b>	<b>For the Year 2009-2010</b>	<b>For the Year 2008-2009</b>
<b>I.</b>	<b>Reconciliation of Opening and Closing Balances of defined benefit obligation</b>		
	Liability at the beginning of the Year	87.38	23.56
	Current Service Cost	57.79	41.45
	Interest Cost	11.25	5.20
	Expected Return on Planed Assets	-	-
	Net Actuarial losses (gain) recognised	(15.12)	17.18
	Liability at the end of the Year	141.30	87.38
<b>II.</b>	<b>Reconciliation of Opening and Closing Balances of the Fair value of Plan assets</b>		
	Plan assets at the beginning of the Year, at Fair value	98.34	20.59
	Expected return on plan assets	14.58	7.64
	Contributions	83.93	74.91
	Actuarial gain/(loss) on plan assets	(3.18)	(4.79)
	Plan assets at the end of the Year, at Fair Value	193.68	98.34

Rs. in Lacs

	Particulars	For the Year 2009-2010	For the Year 2008-2009
III.	<b>Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets</b>		
	Obligations at the end of the Year	141.30	87.38
	Plan assets at the end of the Year, at Fair value	193.68	98.34
	Assets / (Liability) recognized in balance sheet as on 31 <sup>st</sup> March,2010	52.37	10.96
IV.	<b>Gratuity Cost for the Year</b>		
	Current service cost	57.79	41.45
	Interest cost	11.25	5.20
	Expected return on plan assets	(14.58)	(7.64)
	Actuarial Gain or Loss	(11.94)	21.97
	Net Gratuity cost	42.52	60.98
V.	<b>Actuarial Assumptions</b>		
	Discount Rate (per annum)	8.00%	7.75%
	Expected rate of return on plan assets	8.00%	8.00%
	Annual Increase in Salary Cost	6.00%	6.00%

The Company has defined benefit plans for Gratuity to eligible employees, contribution for which are made to Life Insurance Corporation of India who invests the funds as per Insurance Regulatory Development Authority guidelines

Past four years data for defined benefit obligation and fair value of plan

Rs. in Lacs

	2006-07	2007-08	2008-09	2009-10
Present value of defined benefit obligations at the end of the year [independent actuary]	NA	23.56	87.38	141.30
Fair value of plan assets at the end of the year	NA	20.59	98.34	193.68
Net assets / (liability) at the end of year	NA	(2.97)	10.96	52.37

The actuarial liability for leave encashment and compensated absences as at the year ended 31<sup>st</sup> March 2010 is Rs. 193.41 Lacs. (As at 31<sup>st</sup> March, 2009 – Rs. 109.03 Lacs)

18. Related party disclosures as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India:-

(a) List of Related Parties and Relationship

(I) Related Parties where control exists:

Subsidiaries

Adani Power Maharashtra Ltd.  
 Adani Power Dahej Ltd.  
 Adani Power Rajasthan Ltd.  
 Adani Power (Overseas) Ltd.  
 Mundra Power SEZ Ltd.  
 Kutchh Power Generation Ltd.  
 (w.e.f. 16.11.2009)  
 Adani Pench Power Ltd.  
 (Formerly known as Adani Power MP Ltd.) (w.e.f. 23.09.2009)  
 Adani Shipping PTE Ltd.  
 (w.e.f. 03.09.2009)  
 Adani Power PTE Ltd.  
 (w.e.f. 23.10.2009)

(II) Other related parties:

(i) Holding Company:

Adani Enterprises Ltd.

(ii) Fellow Subsidiaries :

Adani Global FZE  
 Adani Energy Ltd.  
 Adani Mining Pvt. Ltd.  
 PT Adani Global  
 Adani Mundra SEZ Infrastructure Pvt.Ltd.  
 Aloka Real Estate Pvt. Ltd.  
 Adani Welspun Exploration Ltd.  
 Adani Gas Ltd.  
 Adani Global PTE Ltd., Singapore.  
 Adani Infrastructure and Developers Pvt. Ltd.

(iii) Other parties which are significantly influenced by the company (either Individually or with other):

Adani Properties Pvt. Ltd.  
 Mundra Port and Special Economic Zone Ltd.  
 Adani Wilmar Ltd.  
 Karnavati Aviation Pvt. Ltd.  
 Adani Infrastructure Services Pvt. Ltd.  
 Chemoil Adani Pvt. Ltd.

(III) Key Management Personnel:

Mr. Gautam S. Adani (Chairman)  
 Mr. Rajesh S. Adani (Managing Director)  
 Mr. R. K .Gupta (Whole Time Director)  
 upto 27.02.2010  
 Mr. Ameet H. Desai (Executive Director)  
 w.e.f. 01.11.2009

**(b) Transactions with Related Parties**

Rs. in Lacs

Description	Name of Related Party	Nature of Relationship	Value of Transactions		Balance as at	
			Year ended 31st March, 2010	Year ended 31st March, 2009	31st March, 2010	31st March, 2009
Coal Purchased	Adani Global FZE	Fellow Subsidiary	979.08	-	979.08 Cr.	-
	Adani Enterprises Ltd.	Holding Company	-	10.33	-	-
	Adani Global PTE Ltd.	Fellow Subsidiary	14,777.95	-	13,706.18 Cr.	-
Advance for Constructing Employee Township	Adani Mundra SEZ Infrastructure Pvt. Ltd.	Fellow Subsidiary	6,911.75	5300.00	211.55 Dr.	7,123.30 Dr.
Advance as per the terms of Coal Supply Agreement entered into	Adani Enterprises Ltd.	Holding Company	-	-	15,000.00 Dr.	15,000.00 Dr.
Purchase of Assets	Adani Enterprises Ltd.	Holding Company	7.26	-	-	-
Purchase of Assets	Adani Power Maharashtra Ltd.	Subsidiary Company	-	3,688.64	-	-
Purchase of Bitumen	Adani Enterprises Ltd.	Holding Company	-	0.03	-	-
Share Pledge Charges	Adani Enterprises Ltd.	Holding Company	4.41	-	-	-
Open Access Charges	Adani Enterprises Ltd.	Holding Company	22.64	-	-	-
Sale of Material	Adani Enterprises Ltd.	Holding Company	9,220.87	-	2,510.21 Cr.	-
Sale of Power	Adani Enterprises Ltd.	Holding Company	35,502.89	-	-	-
Director Appointment Fee	Adani Enterprises Ltd.	Holding Company	-	0.02	-	-
Interest on Loan	Adani Enterprises Ltd.	Holding Company	66.00	2.17	38.32 Cr.	-

Rs. in Lacs

Description	Name of Related Party	Nature of Relationship	Value of Transactions		Balance as at	
			Year ended 31st March, 2010	Year ended 31st March, 2009	31st March, 2010	31st March, 2009
Reimbursement of Expenses	Adani Enterprises Ltd.	Holding Company	356.53	627.10	79.23 Cr.	-
	Adani Energy Ltd	Fellow Subsidiary	-	2.58	-	-
	Adani Infrastructure Services Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	7.80	1.92	-	-
	Karnavati Aviation Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	630.30	235.52	-	-
	Adani Mining Pvt. Ltd.	Fellow Subsidiary	2.78	17.51	-	-
	Mundra Power SEZ Ltd.	Subsidiary Company	0.03	0.30	-	-
	Adani Welspun Exploration Ltd.	Fellow Subsidiary	-	8.00	-	-
	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	66.99	-	-	-
	Adani Wilmar Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	5.26	5.30	1.05 Cr.	-
	Adani Energy Ltd	Fellow Subsidiary	0.03	0.41	-	-
Reimbursement of Expenses	Adani Gas Ltd.	Fellow Subsidiary	0.96	-	0.96 Cr.	-
	Chemoil Adani Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	1.80	-	1.80 Cr.	-
Purchase of HSD	Adani Pench Power Ltd.	Subsidiary Company	0.21	-	-	-
	Adani Enterprises Ltd.	Holding Company	153.68	295.88	-	67.46 Cr.
Purchase of Granite	Chemoil Adani Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	4,724.85	-	492.32 Cr.	-
	Adani Enterprises Ltd.	Holding Company	204.76	30.50	29.41 Cr.	17.35 Cr.

Rs. in Lacs

Description	Name of Related Party	Nature of Relationship	Value of Transactions		Balance as at	
			Year ended 31st March, 2010	Year ended 31st March, 2009	31st March, 2010	31st March, 2009
Purchase of Material	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	24.34	-	-	-
Share Application Money – Pending Allotment	Adani Power Dahej Ltd. Adani Power (Overseas) Ltd.	Subsidiary Company Subsidiary Company	- 5.04	3,801.00 5.24	4,064.00 Dr. 5.24 Dr.	4,064.00 Dr. 5.24 Dr.
Share Application Money	Adani Enterprises Ltd.	Holding Company	-	3,600.00	-	5.99 Cr.
Employee Loan Transfer	Adani Enterprises Ltd	Holding Company	3.83	-	-	-
Employee Loan Transfer	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	1.10	-	-	-
Loan Taken	Adani Enterprises Ltd.	Holding Company	18,100.00	1,100.00	1,500.00 Cr.	-
Loan Given	Adani Power Rajasthan Ltd. Adani Shipping PTE Ltd. Adani Power PTE Ltd. Kutchh Power Generation Ltd.	Subsidiary Company Subsidiary Company Subsidiary Company Subsidiary Company	4,999.50 28,930.91 14,036.85 55.00	6,001.00 - - -	11,006.63 Dr. 28,930.91 Dr. 13,542.00 Dr. 55.00 Dr.	6,007.14 Dr. - - -
Project Service Taken	Adani PENCH Power Ltd. Adani Power Dahej Ltd. Adani Infrastructure and Developers Pvt. Ltd.	Subsidiary Company Subsidiary Company Fellow Subsidiary	10.00 13,627.00 56.00	- - -	10.00 Dr. 13,627.00 Dr. 50.40 Cr.	- - -
Deposit for Rent	Adani Properties Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	-	100.00	100.00 Dr.	100.00 Dr.

Rs. in Lacs

Description	Name of Related Party	Nature of Relationship	Value of Transactions		Balance as at	
			Year ended 31st March, 2010	Year ended 31st March, 2009	31st March, 2010	31st March, 2009
Rent	Adani Properties Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	5.97	6.07	-	-
	Adani Wilmar Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	4.60	9.79	1.09 Cr.	-
	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	-	12.94	-	-
Dredging Charges	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	4,323.81	-	-	-
Horticulture			3.73	-	-	-
Lease Hold Land			7,700.00	-	-	-
Sale of Asset	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	14.35	-	-	-
Investment	Adani Power Maharashtra Ltd.	Subsidiary Company	47,420.00	20,396.27	70,550.00 Dr.	23,130.00 Dr.
	Adani Power Rajasthan Ltd.	Subsidiary Company	-	4.00	5.00 Dr.	5.00 Dr.
	Mundra Power SEZ Ltd.	Subsidiary Company	-	5.00	5.00 Dr.	5.00 Dr.
	Adani Power Dahej Ltd.	Subsidiary Company	-	5.00	5.00 Dr.	5.00 Dr.
	Kutchh Power Generation Ltd.	Subsidiary Company	5.00	-	5.00 Dr.	-
	Adani PENCH Power Ltd.	Subsidiary Company	5.00	-	5.00 Dr.	-
	Adani Shipping PTE Ltd.	Subsidiary Company	7.99	-	7.99 Dr.	-
	Adani Power PTE Ltd.	Subsidiary Company	0.47	-	0.47 Dr.	-
Lease Rent, Infrastructure Usage Charges & Land Charges	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	3.71	8,876.50	-	6,633.85 Cr.
Storage Charges, Terminal Handling Charges, Wharfage, Crane Hiring, Water Front Royalty, Etc.	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	2,245.10	535.71	-	140.37 Cr.
Salary & Allowances	Mr. R. K. Gupta	Key Management Personnel (Till 27.02.2010)	41.53	45.65	-	-

19. Foreign Currency Transactions:-

Rs. in Lacs

Particulars	For the Year 2009-10	For the Year 2008-09
(a) C.I.F. Value of Imports		
Capital Goods	616,436.87	215,524.51
(b) Expenditure in Foreign Currency		
Payment for Erection Works	7,888.65	7,176.62
Professional and Consultation Charges	1,930.94	1,846.09
Usance Interest and Other Charges	9,980.00	3,142.09
Travelling Expenses	1,230.52	143.53
Project Office Expenses	885.60	523.77
Other Payments	91.69	96.33

20. The Company has taken various derivatives to hedge its future loan. The outstanding position of derivative instruments as at 31<sup>st</sup> March, 2010 is as under:

Rs. in Lacs

Nature	Particulars of Derivatives as at 31 <sup>st</sup> March, 2010	Purpose
Principal Only Swap	14,586.30	Hedging of Loans

The details of foreign currency exposures not hedged by derivative instruments as at 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2009 are as under:

Rs. in Lacs

Particulars	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
(a) Import Creditors	75,385.40	25,819.84
(b) Loan under letter of credit	660,077.30	219,018.52
(c) Usance Interest accrued but not due	3,078.87	2,089.22



21. The following are the details of loans and advances of the Company outstanding at the end of the year in terms of Securities and Exchange Board of India's circular dated 10<sup>th</sup> January, 2003

Rs. in Lacs

Loans and Advance to Subsidiaries	Outstanding amount as at		Maximum amount outstanding during the year	
	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
Adani Power Rajasthan Limited	11,006.63	6,007.14	11,007.13	6,007.14
Adani Power Dahej Limited	13,627.00	Nil	17,927.00	Nil
Adani Shipping PTE Limited (Non monetary considering non interest bearing and subordinate to debt)	28,930.91	Nil	28,930.91	Nil
Adani Power PTE Limited	13,542.00	Nil	14,036.85	Nil
Kutchh Power Generation Limited	55.00	Nil	55.00	Nil
Adani Pench Power Limited	10.00	Nil	10.00	Nil

Signature to Schedule 1 to 19

As per our attached report of even date

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**GAURAV J. SHAH**  
(PARTNER)  
Membership No. 35701

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**For ADANI POWER LIMITED**

**GAUTAM S. ADANI** Chairman  
**RAJESH S. ADANI** Managing Director  
**AMEET H. DESAI** Executive Director  
**RAHUL C. SHAH** Company Secretary

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956. Balance Sheet Abstract and Company's General Business Profile:**

I. Registration Details: -	
Registration No.	: U40100GJ1996PLC030533
State Code	: 04
Balance Sheet Date	: 31-03-2010
II. Capital Raised during the year: - (Amount in Rs Thousands)	
Public Issue - 30,16,520.31	Right Issue - NIL
Bonus Issue - NIL	Private Placement - 3,64,069.33
III. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands )	
Total Liabilities	: 15,56,07,245.09
Total Assets	: 15,56,07,245.09
<b>Sources of Funds:</b>	
Paid –up Capital	: 2,18,00,352.00
Reserves & Surplus	: 3,61,95,967.04
Secured Loans	: 9,20,06,048.48
Unsecured Loans	: 54,85,000.00
Deferred Tax Liability (Net)	: 1,19,877.57
<b>Application of Funds:</b>	
Net Fixed Assets	: 2,65,28,844.26
Capital Work in Progress	: 9,78,74,487.94
Project Development Expenditure	: 87,89,154.77
Construction Materials at Site	: 11,70,870.89
Investments	: 74,65,806.35
Net Current Assets	: 1,37,78,080.88
Miscellaneous Expenditure	: –
Statement of Expenses	: –
IV. Performance of Company (Amount in Rs. Thousands)	
Turnover (Including other Income)	: 46,67,893.41
Total Expenditure	: 26,32,867.52
Profit/(Loss) before tax	: 20,35,025.89
Profit/(Loss) after tax	: 17,08,013.86
Earning per share (Rs.)	: 0.82
Dividend Rate %	: –
V. Generic Names of Three Principal products / services of Company (As per monetary terms)	
Item Code No. (ITC Code)	: Not Applicable
Product Description	Power Generation
Item Code No. (ITC Code)	: Not Applicable
Product Description	
Item Code No. (ITC Code)	: Not Applicable
Product Description	

For **ADANI POWER LIMITED**

**GAUTAM S. ADANI** Chairman

**RAJESH S. ADANI** Managing Director

**AMEET H. DESAI** Executive Director

**RAHUL C. SHAH** Company Secretary

Date : 30<sup>th</sup> April, 2010

Place : Ahmedabad

STATEMENT PURSUANT TO SECTION 212(1)(e)  
OF THE COMPANIES ACT 1956

Particulars	Rs. In Lacs										
	Adani Power Maharashtra Ltd.	Adani Power Dahej Ltd.	Adani Power Rajasthan Ltd.	Mundra Power SEZ Ltd.	Adani Pench Power Ltd.	Kutchh Power Generation Ltd.	Adani Power (Overseas) Ltd.	Adani Shipping PTE Ltd.	Adani Power PTE Ltd.	Rahi Shipping PTE Ltd.	Vanshi Shipping PTE Ltd.
1. Financial Year of the subsidiary company ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
2. Extent of interest in subsidiary companies	87.26%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
3. Net aggregate amount of the profits of the subsidiary company as far as it concerns the members of the company.											
(i) Dealt with in the company's accounts:-											
(a) for the financial year of subsidiary company	(48.56)	(0.30)	(5.32)	(0.22)	(0.43)	(0.45)	(0.91)	(11.99)	(0.37)	(0.64)	(0.64)
(b) for the previous financial year of the subsidiary company	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
(ii) Not dealt with in the company's accounts:-											
(a) for the financial year of subsidiary company	(10.72)	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
(b) for the previous financial year of the subsidiary company	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
4. Statement of changes under Section 212(5) of the Companies Act, 1956:											
(i) Fixed Assets, Capitalised Assets & WIP	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
(ii) Investments	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
(iii) Monies Lent	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
(iv) Monies borrowed / Term Loan for its ongoing project from the banks / financial institutions	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

## STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT 1956

Name of Subsidiary Company	Rs. in Lacs										
	Adani Power Maharashtra Ltd .	Adani Power Dahej Ltd.	Adani Power Rajasthan Ltd.	Mundra Power SEZ Ltd.	Adani Power Ltd.	Kutchh Power Generation Ltd.	Adani Power (Overseas) Ltd.	Adani Shipping PTE Ltd.	Adani Power PTE Ltd.	Rahi Shipping PTE Ltd.	Vanshi Shipping PTE Ltd.
Paid up Capital	80,850.00	5.00	5.00	5.00	5.00	5.00	5.24	0.29	0.47	0.32	0.32
Reserves & Surplus (adjusted for debit amount in P&L account, wherever applicable)	(296.78)	(31.85)	(5.80)	(0.74)	(0.43)	(0.45)	(4.09)	(4.53)	(0.39)	(0.64)	(0.64)
Total Assets ( Fixed Assets+ Current Assets)	180,717.79	17,676.29	11,048.66	4.54	15.27	71.45	6.19	29,762.18	13,542.45	14,670.42	14,670.42
Total Liabilities (Debts + current liabilities + Provisions + Share Application Money)	100,164.57	17,703.14	11,049.84	0.28	10.70	66.91	5.03	29,767.06	13,542.37	14,670.74	14,670.74
Investments( except in case of investment in subsidiaries)	-	-	0.38	-	-	-	-	-	-	-	-
Turnover	-	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) before tax (Expenditure before tax)	(59.28)	(0.30)	(5.32)	(0.22)	(0.43)	(0.45)	(0.91)	(11.99)	(0.37)	(0.64)	(0.64)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) after tax (Expenditure after tax)	(59.28)	(0.30)	(5.32)	(0.22)	(0.43)	(0.45)	(0.91)	(11.99)	(0.37)	(0.64)	(0.64)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-

**AUDITORS' REPORT**

To  
The Board of Directors of  
Adani Power Limited

1. We have audited the attached Consolidated Balance Sheet of **ADANI POWER LIMITED** ("the Company"), and its subsidiaries (the Company, and its subsidiaries constitute "the Group") as at 31<sup>st</sup> March, 2010 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 2,52,752.34 Lacs as at 31<sup>st</sup> March, 2010, total revenues of Rs. Nil and net cash inflows amounting to Rs. 7,398.28 Lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117365W)

**GAURAV J. SHAH**  
Partner  
(Membership No. 35701)

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010

Rs. in Lacs

	Schedule	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	1	218,003.52	184,197.62
Share Application Money		-	5.99
Reserves & Surplus	2	359,797.83	45,166.40
		577,801.35	229,370.01
<b>MINORITY INTEREST</b>		10,233.51	6,994.22
<b>LOAN FUNDS</b>			
Secured Loans	3	1,002,200.95	408,968.65
Unsecured Loans	4	54,850.00	90,000.00
<b>DEFERRED TAX LIABILITY</b>		1,198.78	-
<b>TOTAL</b>		<b>1,646,284.59</b>	<b>735,332.88</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Gross Block		285,491.17	34,717.26
Less: Depreciation		6,779.13	1,035.50
Net Block		278,712.04	33,681.76
Capital Work in Progress	6	1,143,794.37	577,339.59
Project Development Expenditure	7	114,943.46	79,997.16
Construction Materials at Site	8	18,169.56	1,554.57
		1,555,619.43	692,573.08
<b>INVESTMENTS</b>	9	0.70	0.12
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	10	951.93	-
Sundry Debtors	11	25,629.89	-
Cash and Bank Balances	12	116,539.07	55,854.69
Loans and Advances	13	94,062.98	41,634.80
		237,183.87	97,489.49
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	14	146,519.41	56,195.61
<b>NET CURRENT ASSETS</b>		90,664.46	41,293.88
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)	15	-	967.12
<b>BALANCE OF PROFIT AND LOSS ACCOUNT</b>		-	498.68
<b>TOTAL</b>		<b>1,646,284.59</b>	<b>735,332.88</b>
Significant Accounting Policies and Notes on Accounts	19		
The accompanying schedules 1 to 19 form an integral part of these accounts			

As per our attached report of even date

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

**GAURAV J. SHAH**

(PARTNER)

Membership No. 35701

Date : 30<sup>th</sup> April, 2010

Place : Ahmedabad

**For ADANI POWER LIMITED****GAUTAM S. ADANI** Chairman**RAJESH S. ADANI** Managing Director**AMEET H. DESAI** Executive Director**RAHUL C. SHAH** Company SecretaryDate : 30<sup>th</sup> April, 2010

Place : Ahmedabad

## Consolidated Profit and Loss Account for the Year ended 31<sup>st</sup> March, 2010

Rs. in Lacs

	Schedule	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
<b>INCOME</b>			
Revenue from Power Supply		43,486.09	-
Other Income	16	3,192.84	-
<b>Total Income</b>		<b>46,678.93</b>	-
<b>EXPENDITURE</b>			
Fuel Cost		16,671.38	-
Transmission, Selling, Administration & Staff Cost	17	2,433.78	554.16
Depreciation and Amortisation		3,534.63	-
Interest & Finance Charges	18	3,767.03	-
<b>Total Expenditure</b>		<b>26,406.82</b>	<b>554.16</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>20,272.11</b>	<b>(554.16)</b>
Provision for Taxation			
Current Tax	2.05		-
Deferred Tax	3,270.12	3,272.17	-
<b>PROFIT / (LOSS) AFTER TAX BEFORE MINORITY INTEREST</b>		<b>16,999.94</b>	<b>(554.16)</b>
Minority Interest		10.72	55.48
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>17,010.66</b>	<b>(498.68)</b>
Balance carried forward from previous year		(498.68)	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>16,511.98</b>	<b>(498.68)</b>
Earning per Share (Face Value Rs. 10 per share)			
Basic & Diluted EPS (Rs.)		0.82	(0.03)
(Refer Note (B) 14 of Schedule 19)			
Significant Accounting Policies and Notes on Accounts	19		
The accompanying schedules 1 to 19 form an integral part of these accounts			

As per our attached report of even date

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**GAURAV J. SHAH**  
(PARTNER)  
Membership No. 35701

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**For ADANI POWER LIMITED**

**GAUTAM S. ADANI** Chairman  
**RAJESH S. ADANI** Managing Director  
**AMEET H. DESAI** Executive Director  
**RAHUL C. SHAH** Company Secretary

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2010

Rs. in Lacs

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	20,272.11	(554.16)
Adjustment for:		
Depreciation	3,534.63	-
Preliminary Expenditure written off	-	332.46
Unrealised Foreign Exchange (Gain) / Loss	(2,482.29)	-
Interest & Finance Charges debited to Profit and Loss Account	3,767.03	-
Interest Income received	(2,585.91)	-
Cash from Operating activity before Working Capital change	<b>22,505.57</b>	<b>(221.70)</b>
Adjustment for change in Working Capital		
Increase in Trade and other Receivables	(25,629.89)	-
Increase in Trade Liabilities	18,272.12	-
Increase in Inventories	(951.93)	-
Cash generated from operations	<b>14,195.87</b>	<b>(221.70)</b>
Less: Taxes paid	<b>(12.05)</b>	-
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>14,183.82</b>	<b>(221.70)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(226,065.79)	(32,882.18)
Capital Work in Progress	(570,721.30)	(424,629.86)
Sale/(Purchase) of investments	(0.58)	5,323.85
Interest Income received	2,585.91	-
Taxes Paid	(734.23)	(143.01)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(794,935.99)</b>	<b>(452,331.20)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Equity Shares	342,590.86	92,313.73
Long Term borrowings	593,232.30	307,851.23
Short Term Repayments	(110,000.00)	-
Short Term borrowings	74,850.00	90,000.00
Issue Expenses paid	(6,650.36)	-
Interest & Finance charge paid	(52,586.25)	-
Miscellaneous Expenditure	-	(967.12)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>841,436.55</b>	<b>489,197.84</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>60,684.38</b>	<b>36,644.94</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	55,854.69	19,209.75
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	116,539.07	55,854.69
	<b>60,684.38</b>	<b>36,644.94</b>



Rs. in Lacs

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
<b>Notes to Cashflow Statement :</b>		
1 Cash and cash equivalents include:		
Cash on hand	8.99	4.37
<b>Balances with Banks:</b>		
Current Accounts	21,082.45	30,046.21
Unclaimed Share application money lying in escrow account	147.05	-
Fixed Deposit	61,060.78	9,624.55
Margin Money Deposit Against Bank Guarantee (Lying with banks)	34,239.80	16,179.56
	<b>116,539.07</b>	<b>55,854.69</b>
2 Previous year's figures have been restated wherever necessary, to conform to this period's classification.		
3 The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.		

As per our attached report of even date

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**GAURAV J. SHAH**  
(PARTNER)  
Membership No. 35701

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

**For ADANI POWER LIMITED**

**GAUTAM S. ADANI** Chairman  
**RAJESH S. ADANI** Managing Director  
**AMEET H. DESAI** Executive Director  
**RAHUL C. SHAH** Company Secretary

Date : 30<sup>th</sup> April, 2010  
Place : Ahmedabad

## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2010

Rs. in Lacs

	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March, 2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORIZED</b>		
2,500,000,000 Equity Shares of Rs. 10/- Each	250,000.00	250,000.00
500,000,000 Cumulative Compulsorily Convertible Participatory Preference Shares of Rs. 10/- Each	50,000.00	50,000.00
	<b>300,000.00</b>	<b>300,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
2,180,035,200 (As at 31 <sup>st</sup> March, 2009- 1,841,976,236) Fully Paid up Equity Shares of Rs. 10/- Each	218,003.52	184,197.62
	<b>218,003.52</b>	<b>184,197.62</b>
Of the above equity shares :		
1. 1,531,440,000 (As at 31 <sup>st</sup> March, 2009 - 1,531,440,000) Shares are held by Adani Enterprises Ltd., the Holding Company and its nominees.		
2. 32,059,002 Shares were allotted during the year 2008-09 at a premium of Rs.36.78 each on conversion of 0.01% Cumulative Compulsorily Convertible Participatory Preference Shares.		
3. 787,313,868 Shares were allotted during the year 2008-09 as fully paid up bonus shares by capitalization of Share Premium Account.		
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Share Premium</b>		
As per last Balance Sheet	45,166.40	69,791.67
Add : On Equity Shares issued upon conversion of Cumulative Compulsorily Convertible Participatory Preference Shares	-	42,312.02
Add : Received during the year	305,540.94	11,794.10
Less : Transfer to Share Capital Account consequent to Issue of Bonus Shares	-	78,731.39
Less : Share issue expenses written off (net off tax) (See Note (B) 5 of Schedule 19)	5,546.13	-
	345,161.21	45,166.40
<b>Foreign Currency Translation Reserve</b>	(1,875.36)	-
<b>Balance in Profit and Loss Account</b>	16,511.98	-
	-	-
	<b>359,797.83</b>	<b>45,166.40</b>

Rs. in Lacs

	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March, 2009
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Term Loans		
From Banks	228,448.24	148,296.31
From Financial Institution	51,218.34	41,653.82
Bills Discounted under Letters of Credit (to be converted into Term Loans)	704,762.25	219,018.52
Bills Discounted under Letters of Credit (to be converted into Cash Credit)	17,772.12	-
(Out of above Loans, payable within 12 months is Rs.25,968.18 Lacs (As at 31 <sup>st</sup> March 2009 -Rs. Nil ))		
	<b>1,002,200.95</b>	<b>408,968.65</b>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
From Banks	46,850.00	90,000.00
From a Company	8,000.00	-
(Out of above loans, Payable within twelve months is Rs 54,850.00 lac (As at 31 <sup>st</sup> March,2009-Rs.90,000.00 Lacs))		
	<b>54,850.00</b>	<b>90,000.00</b>

**SCHEDULE - 5**  
**FIXED ASSETS**

Rs. in Lacs

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1 <sup>st</sup> April 2009	Additions During the Year	Deductions During the Year	As at 31 <sup>st</sup> March 2010	As at 1 <sup>st</sup> April, 2009	For the Year	Deductions During the Year	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March, 2009
<b>Tangible Assets</b>									
Land (Lease Hold)	27,336.40	12,204.90	-	39,541.30	276.26	1,140.89	-	1,417.15	38,124.15
Freehold Land	-	346.87	-	346.87	-	-	-	-	346.87
Building	376.73	19,360.91	-	19,737.64	289.18	305.62	-	594.80	19,142.84
Plant and Machinery	5,527.01	217,415.78	15.00	222,927.79	177.34	4,047.43	0.78	4,223.99	218,703.80
Furniture and Fixtures	198.57	255.16	-	453.73	102.97	44.79	-	147.76	305.97
Railway Sidings	-	512.59	-	512.59	-	13.50	-	13.50	499.09
Computers	400.05	206.15	-	606.20	85.22	84.38	-	169.60	436.60
Office Equipments	356.73	418.10	0.09	774.74	41.40	34.69	0.01	76.08	698.66
Electrical Installation	0.24	-	-	0.24	0.03	0.01	-	0.04	0.20
Vehicles	316.52	68.54	-	385.06	31.48	32.11	-	63.59	321.47
<b>Total Tangible Assets</b>	<b>34,512.25</b>	<b>250,789.00</b>	<b>15.09</b>	<b>285,286.16</b>	<b>1,003.88</b>	<b>5,703.42</b>	<b>0.79</b>	<b>6,706.51</b>	<b>278,579.65</b>
<b>Intangible Assets</b>									
Computer Software	205.01	-	-	205.01	31.62	41.00	-	72.62	132.39
<b>Total Intangible Assets</b>	<b>205.01</b>	<b>-</b>	<b>-</b>	<b>205.01</b>	<b>31.62</b>	<b>41.00</b>	<b>-</b>	<b>72.62</b>	<b>132.39</b>
<b>Total Fixed Assets</b>	<b>34,717.26</b>	<b>250,789.00</b>	<b>15.09</b>	<b>285,491.17</b>	<b>1,035.50</b>	<b>5,744.42</b>	<b>0.79</b>	<b>6,779.13</b>	<b>278,712.04</b>
Previous Year	1,835.08	32,887.78	5.60	34,717.26	125.45	912.52	2.48	1,035.50	33,681.76

Note:

Addition to Plant and Machinery during the year include Rs. 11956.73 Lacs (Previous Year Rs.Nil) on account of foreign exchange fluctuation loss. The above addition also include Rs. 2622.62 Lacs (Previous Year Rs. Nil) towards foreign exchange fluctuation gain capitalized during the year on account of Company's (Accounting Standards) Amendment Rules, 2009.

Rs. in Lacs

	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March, 2009
<b>SCHEDULE - 6</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
Land and Site Development	948.13	1,298.54
Building and Civil Works	27,618.38	30,920.28
Plant and Machinery	890,283.26	302,768.88
[Including in Transit Rs. 82,294.92 Lacs (As at 31 <sup>st</sup> March, 2009 - Rs.19,858.63 Lacs)]		
Electrical Installation	18,174.10	22,523.75
Railway Sidings	164.99	509.26
Desalination Plant	5,404.71	3,037.24
Transmission Line	44,739.62	39,227.16
(Including in Transit Rs.4,540.91 Lacs (As at 31 <sup>st</sup> March, 2009 - Rs. Nil))		
Coal Mine	870.06	867.28
SAP - Software and Implementation	-	217.75
<b>Advances for Capital Expenditure</b>		
Advance to Contractors / Suppliers	155,591.12	175,969.45
	<b>1,143,794.37</b>	<b>577,339.59</b>

Rs. in Lacs

	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March, 2009
<b>SCHEDULE - 7</b>		
<b>PROJECT DEVELOPMENT EXPENDITURE</b>		
Salary and Allowances	8,000.59	6,177.36
Contribution to Provident and other Funds	385.20	298.21
Employee Welfare Expenses	1,878.00	1,451.60
Sub Lease Rent for Land	78.58	37.11
Project Insurance	625.80	1,058.00
Professional Fees	3,882.86	5,903.89
Auditor's Remuneration	9.43	9.43
Statutory Expenses	343.09	298.02
Communication Expenses	185.37	171.57
Administration and Office Expenses	4,138.55	2,276.06
Stationery & Courier Expenses	106.42	93.63
Vehicle Running Expenses	496.91	722.87
Traveling Expenses	2,103.12	1,691.97
Other Miscellaneous Expenses	638.37	620.32
Depreciation	2,767.89	1,039.36
Interest and Finance Charges	94,723.70	60,343.28
Provision for Taxes		
- Current Tax	284.02	566.65
- Fringe Benefit Tax	138.13	160.79
	<b>120,786.03</b>	<b>82,920.12</b>
<b>OTHER INCOME</b>		
Gain on Sale of Securities / Treasury Bills	80.47	281.12
Interest (Tax deducted at source Rs. 373.92 Lacs) (As at 31 <sup>st</sup> March, 2009 Rs. 362.30 Lacs)	4,207.13	2,026.27
Dividend Income	795.07	343.92
Miscellaneous Income	759.90	271.65
	<b>5,842.57</b>	<b>2,922.96</b>
	<b>114,943.46</b>	<b>79,997.16</b>

Rs. in Lacs

	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March, 2009
<b>SCHEDULE - 8</b>		
<b>CONSTRUCTION MATERIALS AT SITE</b>		
Steel, Cement and Other Materials at Site (Includes in transit Rs. 21.70 Lacs) (As at 31 <sup>st</sup> March, 2009 Rs. Nil)	18,169.56	1,554.57
	<b>18,169.56</b>	<b>1,554.57</b>
<b>SCHEDULE - 9</b>		
<b>INVESTMENTS</b>		
<b>Non Trade Investments</b>		
National Savings Certificate (Lying with Govt. Authorities)	0.70	0.12
	<b>0.70</b>	<b>0.12</b>
Aggregate value of unquoted Investments Cost	0.70	0.12
<b>SCHEDULE - 10</b>		
<b>INVENTORIES</b>		
Coal, Oil, Stores & Spares (Includes in transit Rs. 165.96 Lacs) (As at 31 <sup>st</sup> March, 2009 Rs. Nil)	951.93	-
	<b>951.93</b>	<b>-</b>
<b>SCHEDULE - 11</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
<b>Considered Good</b>		
Debtors outstanding for more than six months	-	-
Other Debts	25,629.89	-
	<b>25,629.89</b>	<b>-</b>
<b>SCHEDULE - 12</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	8.99	4.37
<b>BALANCES WITH BANKS:</b>		
Current Accounts	21,082.45	30,046.21
Unclaimed share application money lying in escrow account	147.05	-
Fixed Deposits	61,060.78	9,624.55
Margin Money Deposit Against Bank Guarantee (Lying with banks)	34,239.80	16,179.56
	<b>116,539.07</b>	<b>55,854.69</b>

Rs. in Lacs

	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March, 2009
<b>SCHEDULE - 13</b>		
<b>LOANS AND ADVANCES</b>		
Unsecured, Considered Good		
Interest Receivable	1,335.34	484.16
Prepaid Expenses	558.65	379.35
Advance to Holding Company, Adani Enterprises Ltd. (Against Coal Supply Agreement) (Maximum amount outstanding during the year Rs. 15,000 Lacs (As at 31 <sup>st</sup> March, 2009 - Rs. 15,000 Lacs))	15,000.00	15,000.00
Security Deposits	1,850.19	1,401.08
Advance Recoverable in cash or in kind or for value to be received	74,538.18	24,323.82
Advance Tax including Tax Deducted at Source (Net of Provision)	780.37	46.14
Balance With Sales Tax Authorities	0.25	0.25
	<b>94,062.98</b>	<b>41,634.80</b>
<b>SCHEDULE - 14</b>		
<b>CURRENT LIABILITIES</b>		
Equity Share Application Money Refundable	147.05	-
Interest Accrued but not due	3,591.94	2,547.47
Sundry Creditors (See Note (B) 11 of Schedule 19)	135,945.61	51,419.79
Others Liabilities	6,486.64	2,115.47
	<b>146,171.24</b>	<b>56,082.73</b>
<b>PROVISIONS</b>		
Provision for Employee Benefits	348.17	112.88
	<b>348.17</b>	<b>112.88</b>
	<b>146,519.41</b>	<b>56,195.61</b>
<b>SCHEDULE - 15</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To The extent not written off or adjusted)		
Share Issue Expenses	-	967.12
	<b>-</b>	<b>967.12</b>



## Schedules forming part of the Consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010

Rs. in Lacs

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
<b>SCHEDULE - 16</b>		
<b>OTHER INCOME</b>		
Interest Income (TDS Deducted at source Rs. 226.95 lacs) ( Previous year Rs. Nil)	2,585.91	-
Gain on Foreign Exchange Fluctuation	606.93	-
	<b>3,192.84</b>	-
<b>SCHEDULE - 17</b>		
<b>TRANSMISSION, SELLING, ADMINISTRATION AND STAFF COST</b>		
<b>TRANSMISSION COST</b>	<b>794.09</b>	-
<b>STORES AND SPARES CONSUMED</b>	<b>37.51</b>	-
<b>STAFF COST</b>		
Salary and Allowances	420.47	-
Contribution to Provident and other Funds	11.34	-
Employee Welfare Expenses	23.40	-
	<b>455.21</b>	-
<b>REPAIRS AND MAINTENANCE</b>		
Plant & Machinery	12.11	-
Others	1.81	-
	<b>13.92</b>	-
<b>SELLING AND ADMINISTRATIVE EXPENSES</b>		
Rent	1.83	-
Discount on Prompt Payment of Bills	829.67	-
Directors' Sitting Fees	2.59	0.70
Audit Fees	23.93	9.78
Donation	14.52	-
Legal Expenses	112.16	543.68
Miscellaneous Expenses	148.35	-
	<b>1,133.05</b>	<b>554.16</b>
	<b>2,433.78</b>	<b>554.16</b>
<b>SCHEDULE - 18</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest on Letter of Credit	410.66	-
Interest on Term Loan	3,356.37	-
	<b>3,767.03</b>	-

## SCHEDULE – 19

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

**(A) Significant Accounting Policies****1) Basis of preparation of consolidated financial statements**

The financial statements are prepared under the historical cost convention on accrual and going concern basis and in compliance with the accounting standards issued by the Institute of Chartered Accountants of India and in accordance with the Generally Accepted Accounting Principles (GAAP) and provisions of the Companies Act, 1956.

**2) Use of estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**3) Principles of consolidation**

The consolidated financial statements relate to Adani Power Limited (“the Company”) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard-21 - “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- The operations of foreign subsidiaries are not considered as an integral part of the operations of the parent. Hence all revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the “Foreign Currency Translation Reserve”.
- Minority Interest’s share of net profit or loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Minority Interest’s share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company’s shareholders.
- As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate Financial Statements.
- Investments made by the parent company in subsidiary companies subsequent to the holding-subsidiary relationship coming into existence are eliminated while preparing the consolidated financial statement.
- Intragroup balances and intragroup transactions are eliminated to the extent of share of the parent company in full.
- Unrealised profits on account of intra group transactions have been accounted for depending upon whether the transaction is an upstream or a downstream transaction.

### 4) Fixed assets

Fixed assets are stated at cost of acquisition including any attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation and impairment losses, if any. Borrowing costs directly attributable to qualifying assets / capital projects are capitalized and included in the cost of fixed assets.

### 5) Project Development Expenditure

Expenditure related to and incurred during implementation of capital projects is included under "Capital Work in Progress" or "Project Development Expenditure" as the case may be. The same will be allocated to the respective fixed assets on completion of construction/ erection of the capital project/ fixed assets.

### 6) Intangible Assets

Computer Software cost is capitalized and recognized as Intangible Assets in terms of Accounting Standard -26 "Intangible Assets" based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.

### 7) Depreciation

- i) Depreciation on fixed assets is provided on Straight Line Method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- ii) Depreciation on Assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/ disposal.
- iii) Assets costing less than Rs.5,000/- are written off in the year of purchase.
- iv) Cost of Lease hold land is amortized over the period of lease.
- v) Costs of Intangible assets are amortized over a period of 5 years.

### 8) Leases

Assets acquired on leases where a significant portion of risks and rewards incidental to ownership is retained by the lessor are classified as operating lease.

### 9) Investments

Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if, such a decline is other than temporary in the opinion of the management. Current Investments are carried at lower of cost or fair value.

### 10) Revenue Recognition

- i) Revenue (income) is recognized when no significant uncertainty as to the measurability or collectability exist.
- ii) Interest income is accounted for on an accrual basis. Dividend income is accounted for when the right to receive income is established.
- iii) Delayed payment charges and interest on delayed payment for power supply are recognized, on grounds of prudence, as and when recovered.

### 11) Inventories

Inventories are valued at weighted average cost or net realizable value whichever is lower.

### 12) Borrowing costs

Borrowing costs that are attributable to the acquisition / construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

**13) Impairment of assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the period in which an asset is identified as impaired. The impairment loss, if any, recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**14) Foreign exchange transactions**

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies at the balance sheet date are restated at the rates prevailing on that date. In case of monetary items which are covered by forward exchange contracts, the difference between the rate prevailing on the balance sheet date and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange differences either on settlement or on translation are recognized in the Profit and Loss Account except in respect of the project cost, same are recognized as "Capital Work in Progress".
- v) Pursuant to the Companies (Accounting Standards) Amendment Rules, 2009, the company has exercised the option of deferring the charge to the Profit and Loss Account arising on exchange differences in respect of accounting periods commencing on or after December 7, 2006, on long term foreign currency monetary items (i.e. monetary assets or liabilities expressed in foreign currency and having a term of 12 months or more at the date of origin). As a result of such exchange differences so far as they relate to the acquisition of depreciable capital assets have been adjusted to the cost of such asset and would be adjusted over the balance life of the asset.

**15) Derivative Transactions**

Pursuant to the announcement on accounting for derivatives issued by The Institute of Chartered Accountants of India, the Company and its subsidiaries in accordance with the principle of prudence as enunciated in AS – 1, "Disclosure of Accounting Policies", provides for losses in respect of all outstanding derivative contracts at the Balance Sheet date by marking them to market. Any net unrealized gains arising on such mark to market are not recognized as income.

**16) Employee benefits**

- i) Gratuity:  
The Company and its subsidiaries have an obligation towards gratuity, a defined benefit retirement plan covering eligible employee through Group Gratuity Scheme of Life Insurance Corporation of India. The Company and its subsidiaries account for the liability for the gratuity benefits payable in future based on an independent actuarial valuation carried out using Projected Unit Credit Method considering discounting rate relevant to Government Securities at the Balance Sheet Date.
- ii) Provident Fund:  
Retirement Benefits in the form of Provident Fund and Family Pension Fund, which are defined benefit contribution schemes, are charged to the Project Development Expenditure Account or Profit and Loss Account for the period, in which the contributions to the respective funds accrue till the commencement of commercial production.
- iii) Leave Encashment:  
Provision for Leave Encashment is determined and accrued on the basis of actuarial valuation.

**17) Taxes on Income**

Provision for income tax is made on the basis of estimated taxable income for the year at current rates. Current Tax represents the amount of Income Tax Payable/Recoverable in respect of the taxable income/loss for the reporting period.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. In view of company availing tax deduction under section 80IAB of the Income Tax Act, 1961, deferred tax has been recognized in respect of timing difference, which originates during the tax holiday period but reverse after the tax holiday period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against the current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has carry forward unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidences that they can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets be realized.

## 18) Miscellaneous expenditure

Miscellaneous Expenditure represents the expenses incurred on Initial Public Offer and the same are adjusted against Securities Premium Account as permitted under Section 78 of the Companies Act, 1956.

## 19) Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## (B) Notes on Accounts

### 1. Details of Subsidiaries:

The consolidated financial statements comprise the financial statements of the parent company, Adani Power Limited (APL) and the following subsidiaries (together referred to as "Group")

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiary as at	
		31.03.2010	31.03.2009
Adani Power Maharashtra Limited	India	87.26%	76.64%
Adani Power Dahej Limited	India	100%	100%
Adani Power Rajasthan Limited	India	100%	100%
Adani Power (Overseas) Limited	United Arab Emirates	100%	100%
Mundra Power SEZ Limited	India	100%	100%
Adani Pench Power Limited (w.e.f. 23 <sup>rd</sup> September 2009 )	India	100%	-
Kutchh Power Generation Limited (w.e.f. 16 <sup>th</sup> November 2009)	India	100%	-
Adani Shipping Pte Limited (w.e.f. 03 <sup>rd</sup> September 2009)	Singapore	100%	-
Rahi Shipping Pte Limited (w.e.f. 15 <sup>th</sup> December 2009)	Singapore	100%	-
Vanshi Shipping Pte Limited (w.e.f. 15 <sup>th</sup> December 2009)	Singapore	100%	-
Adani Power Pte Limited (w.e.f. 23 <sup>rd</sup> October 2009)	Singapore	100%	-

## 2. Contingent liabilities not provided for in respect of:

Rs. in Lacs

Particulars	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
Guarantees issued by the Group's bankers on behalf of the Group	177,127.40	41,380.00
Letter of Credit facilities provided by banks	276,692.77	61,795.24
Bonds submitted to Development Commissioner on behalf of Government of India	377,142.47	228,671.78
Bond submitted to Commissioner of Customs, Nhava Sheva on behalf of Government of India	312,050.00	–
Bonds executed with Deputy Commissioner of Customs and Central Excise, Bhandara for private custom Bonded Warehouse	5,437.00	–

3. Capital Commitment not provided for are estimated at Rs. 1,889,296.35 Lacs (31<sup>st</sup> March, 2009 – Rs. 2,115,122.28 lacs)
4. The Government of India (GOI) has, vide its letter dated 19<sup>th</sup> December 2006, granted approval to the Company's proposal for development, operation and maintenance of the sector specific Special Economic Zone (SEZ) for power over an area of 293-88-10 hectares of the Company's land at Village: Tunda & Siracha, Taluka Mundra, Gujarat. Hence all the benefits available to SEZ developer under Special Economic Zones Act, 2005 and Special Economic Zones Rules, 2006 and amendment made there under are available to the Company.
5. During the financial year, the company has completed its Initial Public Offer (IPO) comprising of 301,652,031 equity shares at a price of Rs.100 per share aggregating to Rs.301,652.03 lacs. The share premium of Rs. 90 per share, amounting to Rs.271,486.83 lacs was credited to Share Premium Account. The share issue expenses amounting to Rs. 7,617.48 lacs, after netting of tax of Rs.2,071.35 lacs have been adjusted to Share Premium Account.

The IPO proceeds have been utilized as per objects of the issue as stated in the prospectus as under:

Rs. in Lacs

Amount Received from IPO		301,652.03
Utilisation of funds upto 31 <sup>st</sup> March, 2010	Projected	Actual
Funding to part finance the construction and development cost of following identified projects Mundra Phase - IV 3*660 MW	115,300.00	115,297.00
Investment in Subsidiary namely "Adani Power Maharashtra Limited" by way of equity.	104,000.00	28,650.00
General Corporate Purposes	75,900.00	75,895.00
Issue Expenses	6,452.03	5,332.00
<b>Total</b>	<b>301,652.03</b>	<b>225,174.00</b>
<b>Unutilized Amount represented by:</b>		
<b>Investments</b>		<b>67,500.03</b>
<b>Bank Balance</b>		<b>8,978.00</b>
<b>Total</b>		<b>301,652.03</b>

6. During the year, the Company's power generating units (Unit 1 and Unit 2 each of 330 MW) of its Phase I have commenced commercial operations effective from 1<sup>st</sup> October, 2009 and 17<sup>th</sup> March, 2010 respectively.

Accordingly the current year's figures in the Profit and Loss Accounts are not comparable with that of previous year. Previous year figures in the Balance Sheet have been regrouped and rearranged, wherever necessary, to confirm to the current year's classification.

7. The custom duty on Electrical energy removed from a Special Economic Zone to Domestic Tariff Area (DTA) and non-processing area of SEZ has been levied in the Union Budget 2010-11 vide notification number-25/2010-Customs dated 27<sup>th</sup> February, 2010. The Company has challenged the constitutional validity and legality of the said notification by filing Special Civil application in the High Court of Gujarat. The matter is being heard. However, the Company has till date deposited duty of Rs.2300 lacs under protest and has included the same in Schedule 13 of Loans and Advances.
8. Total number of electricity units sold during the year –1172.10 MUs (31<sup>st</sup> March, 2009– Nil)
9. The Project Development Expenditure includes Director's Remuneration:-

Rs. in Lacs

	For the Year 2009-2010	For the Year 2008-2009
Managerial Remuneration to the Director	41.53	45.65
The above is inclusive of :		
Salary and Allowance	32.01	35.75
Estimated Value of Benefits in cash or in kind provided to Director	6.19	6.25
Contribution to Provident and other Funds	2.50	2.74
Contribution to Gratuity Fund	0.83	0.91

10. Operating Leases:-

Rs. in Lacs

Future Minimum Lease Payments	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
Not later than one Year	789.44	684.64
Later than one year and not later than five years	578.16	404.44
Later than five years	301.89	277.22

11. There are no Micro, Small and Medium Enterprises, to whom the group owes dues, which are outstanding as at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the group. This has been relied upon by the auditors.
12. The Company entered into an agreement (PPA) dated 2<sup>nd</sup> February, 2007 with Gujarat Urja Vikas Nigam Limited (GUVNL) for supply of power on long term basis subject to certain conditions to be complied within stipulated time. Amongst others, one of the conditions was pertaining to tie-up of fuel supply based on coal to be provided by Gujarat Mineral Development Corporation (GMDC). This arrangement did not materialize. Consequent to the same, the Company has terminated the PPA and has offered to pay the liquidated damages. However, GUVNL has contested the termination and approached Gujarat Energy Regulatory Commission (GERC) to resolve the matter. Pending the matter before GERC and being sub-judice, no effect has been given in these financial statements.
13. During the year, the Group is engaged in power generation and setting up of power projects. These, in the context of Accounting Standard 17 on Segment Reporting, as specified in the Companies (Accounting Standard) Rules, 2006, are considered to constitute one single primary segment. Further there is no reportable secondary segment i.e. geographical Segment.

## 14. Earnings Per Share (EPS):

<b>Basic and Diluted EPS</b>		<b>2009-10</b>	<b>2008-09</b>
Profit attributable to equity shareholders	Rs. in Lacs	17,010.66	(498.68)
Weighted average number of equity shares outstanding during the year	Nos.	2,070,472,531	1,735,451,286
Nominal Value of equity share	Rs.	10	10
Basic and Diluted EPS	Rs.	0.82	(0.03)

## 15. Component of Deferred Tax Liability/ (Assets) are as under:

Rs. in Lacs

	<b>As at 31<sup>st</sup> March, 2010</b>	<b>As at 31<sup>st</sup> March, 2009</b>
<b>Deferred Tax Liability</b> – Arising on account of Timing Difference in Depreciation <b>(A)</b>	3270.13	-
<b>Deferred Tax Asset</b> – Arising on account of timing difference in disallowance under The Income Tax Act,1961 <b>(B)</b>	2071.35	-
<b>Net Deferred Tax Liability (A-B)</b>	<b>1198.78</b>	-

## 16. Value of fuel, stores and spare parts consumed:

Rs. in Lacs

	<b>For the Year 2009-10</b>	<b>Percentage</b>	<b>For the Year 2008-09</b>	<b>Percentage</b>
(i) Imported	16,361.82	97.92%	-	-
(ii) Indigenous	347.07	2.08%	-	-
<b>Total</b>	<b>16,708.89</b>	<b>100%</b>	-	-

## 17. The Group operates a defined benefit plan (the gratuity plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The status of gratuity plan as required under AS-15 (revised):

Rs. in Lacs

	<b>Particulars</b>	<b>For the Year 2009-2010</b>	<b>For the Year 2008-2009</b>
<b>I.</b>	<b>Reconciliation of Opening and Closing Balances of defined benefit obligation</b>		
	Liability at the beginning of the Year	96.88	23.55
	Current Service Cost	66.23	44.36
	Interest Cost	12.59	5.40
	Expected Return on Planed Assets	-	-
	Benefits Paid	-	(0.73)
	Net Actuarial losses (gain) recognised	(17.51)	24.30
	Liability at the end of the Year	158.19	96.88



<b>II.</b>	<b>Reconciliation of Opening and Closing Balances of the Fair value of Plan assets</b>		
	Plan assets at the beginning of the Year, at Fair value	98.34	20.59
	Expected return on plan assets	14.58	7.64
	Contributions	83.93	75.63
	Actuarial gain/(loss) on plan assets	(3.18)	(4.79)
	Benefits Paid	-	(0.73)
	Plan assets at the end of the Year, at Fair Value	193.67	98.34
<b>III.</b>	<b>Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets</b>		
	Obligations at the end of the Year	158.19	96.88
	Plan assets at the end of the Year, at Fair value	193.67	98.34
	Assets / (Liability) recognized in balance sheet as on 31 <sup>st</sup> March,2010	35.48	1.46
<b>IV.</b>	<b>Gratuity Cost for the Year</b>		
	Current service cost	66.23	44.36
	Interest cost	12.59	5.40
	Expected return on plan assets	(14.58)	(7.64)
	Actuarial (Gain) or Loss	(14.33)	29.09
	Net Gratuity cost	49.91	71.21
<b>V.</b>	<b>Actuarial Assumptions</b>		
	Discount Rate (per annum)	8.00%	7.75%
	Expected rate of return on plan assets	8.00%	8.00%
	Annual Increase in Salary Cost	6.00%	6.00%

The Company has defined benefit plans for Gratuity to eligible employees, contribution for which are made to Life Insurance Corporation of India who invests the funds as per Insurance Regulatory Development Authority guidelines

Past four years data for defined benefit obligation and fair value of plan

Rs. in Lacs

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
Present value of defined benefit obligations at the end of the year [independent actuary]	NA	23.56	96.88	158.19
Fair value of plan assets at the end of the year	NA	20.59	98.34	193.67
Net assets / (liability) at the end of year	NA	(2.97)	1.46	35.48

The actuarial liability for leave encashment and compensated absences as at the year ended 31<sup>st</sup> March 2010 is Rs. 215.43 lacs (As at 31<sup>st</sup> March, 2009 – Rs. 120.46 lacs)

18. Related party disclosures as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India:-

(a) List of Related Parties and Relationship

(I) Other Related parties:

- |   |   |   |
|---|---|---|
| (i) Holding Company   | : | Adani Enterprises Ltd.  |
| (ii) Fellow Subsidiaries  | : | Adani Global FZE<br>Adani Energy Ltd.<br>Adani Mining Pvt. Ltd.<br>PT Adani Global<br>Adani Mundra SEZ Infrastructure Pvt.Ltd.<br>Aloka Real Estate Pvt. Ltd.<br>Adani Welspun Exploration Ltd.<br>Adani Gas Ltd.<br>Adani Infrastructure & Developers<br>Pvt. Ltd.<br>Adani Global PTE Ltd., Singapore |
| (iii) Associate Entity  | : | Shantikrupa Estate Pvt. Ltd.  |
| (iv) Other parties which<br>are significantly influenced<br>by the company (either<br>Individually or with other) | : | Adani Infrastructure Services Pvt. Ltd.<br>Adani Properties Pvt. Ltd.<br>Mundra Port and Special Economic Zone Ltd.<br>Adani Wilmar Ltd.<br>Karnavati Aviation Pvt. Ltd.<br>Chemoil Adani Pvt. Ltd.   |
| (II) Key Management Personnel   | : | Mr. Gautam S. Adani (Chairman)<br>Mr. Rajesh S. Adani (Managing Director)<br>Mr. R. K .Gupta (Whole Time Director)<br>Upto 27.02.2010<br>Mr. Ameet H. Desai (Executive Director)<br>w.e.f. 01.11.2009   |

Rs. in Lacs

Description	Name of Related Party	Nature of Relationship	Value of Transactions		Balance as at	
			Year ended 31st March, 2010	Year ended 31st March, 2009	31st March, 2010	31st March, 2009
Advance for Constructing Employee Township	Adani Mundra SEZ Infrastructure Pvt. Ltd.	Fellow Subsidiary	6911.75	5300.00	211.55 Dr.	7123.30 Dr.
Purchase of Bitumen	Adani Enterprises Ltd.	Holding Company	-	0.03	-	-
Interest on Loan			66.00	2.17	38.32 Cr.	-
Coal Purchased			-	10.33	-	-
Purchase of Assets			7.26	-	-	-
Share Pledge Charges			4.41	-	-	-
Purchase of Granite			204.76	30.50	29.41 Cr.	17.35 Cr.
Open Access Charges			22.64	-	-	-
Sale of Material			9231.09	-	2520.43 Cr.	-
Sale of Power			35502.89	-	-	-
Director Appointment Fee			-	0.02	-	-
Advance as per the terms of Coal Supply Agreement entered into			-	-	15000.00 Dr.	15000.00 Dr.
Loan Taken			18100.00	1100.00	1500.00 Cr.	-
Share Application Money			-	3600.00	-	5.99 Cr.
Survey Charges	Adani Mining Pvt. Ltd.	Fellow Subsidiary	-	44.98	-	-
Professional Fees			-	0.50	-	-
Advance	Adani Infrastructure and Developers Pvt. Ltd.	Fellow Subsidiary	-	2000.00	2000.00 Cr.	2000.00 Cr.
Project Service Taken	Shantikrupa Estate Pvt. Ltd	Associate Entity	56.00	-	50.40 Cr.	-
			145.50	-	41.04 Cr.	-
Travel Expense	Karnavati Aviation Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	8.11	25.81	-	-

Rs. in Lacs

Description	Name of Related Party	Nature of Relationship	Value of Transactions		Balance as at	
			Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
Coal Purchased	Adani Global FZE	Fellow Subsidiary	979.08	-	979.08 Cr.	-
	Adani Global PTE Ltd	Fellow Subsidiary	14777.95	-	13706.18 Cr.	-
Purchase of HSD	Adani Enterprises Ltd.	Holding Company	153.68	295.88	-	67.46 Cr.
	Chemoil Adani Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	4724.85	-	492.32 Cr.	-
Rent	Adani Properties Pvt. Ltd.		5.97	6.07	-	-
	Adani Wilmar Ltd.		4.60	9.79	1.09 Cr.	-
	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	-	12.94	-	-
Dredging Charges			4323.81	-	-	-
Lease Hold Land			7700.00	-	-	-
Sale of Asset			14.35	-	-	-
Horticulture			3.73	-	-	-
Purchase of Material			24.34	-	-	-
Lease Rent, Infrastructure Usage Charges & Land Charges			3.71	8876.50	-	6633.85 Cr.
Storage Charges, Terminal Handling Charges, Wharf age, Crane Hiring, Water Front Royalty, Etc.			2245.10	535.71	-	140.37 Cr.

Rs. in Lacs

Description	Name of Related Party	Nature of Relationship	Value of Transactions		Balance as at	
			Year ended 31st March, 2010	Year ended 31st March, 2009	31st March, 2010	31st March, 2009
Deposit for Rent	Adani Properties Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	-	100.00	100.00 Dr.	100.00 Dr
Fuel Expenses	Adani Energy Ltd.	Fellow Subsidiary	0.03	0.41	-	-
Reimbursement of Expenses	Adani Enterprises Ltd.	Holding Company	356.53	627.10	79.23 Cr.	-
	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	66.99	-	-	-
	Adani Energy Ltd	Fellow Subsidiary	-	2.58	-	-
	Adani Wilmar Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	5.26	5.30	1.05 Cr.	-
	Adani Gas Ltd.	Fellow Subsidiary	0.96	-	0.96 Cr.	-
	Chemoil Adani Pvt. Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	1.80	-	1.80 Cr.	-
	Adani Infrastructure Services Pvt. Ltd.		7.80	1.93	-	-
	Karnavati Aviation Pvt. Ltd.		630.30	235.52	-	-
	Adani Mining Pvt. Ltd.	Fellow Subsidiary	2.78	62.99	-	-
	Adani Welspun Exploration Ltd.	Fellow Subsidiary	-	8.00	-	-

Rs. in Lacs

Description	Name of Related Party	Nature of Relationship	Value of Transactions		Balance as at	
			Year ended 31st March, 2010	Year ended 31st March, 2009	31st March, 2010	31st March, 2009
Salary & Allowances	Mr. R. K. Gupta	Key Management Personnel	41.53	45.65	-	-
Employee Loan Transfer	Adani Enterprises Ltd	Holding Company	3.83	-	-	-
	Mundra Port and Special Economic Zone Ltd.	Other parties which are significantly influenced by the company (either individually or with others)	1.10	-	-	-
Office Expense	Adani Gas Ltd.	Fellow Subsidiary	0.01	-	-	-
Advance Given	Adani Global Pte Ltd.	Fellow Subsidiary	13,537.49	-	13,537.49	-
					Dr.	

## 19. Foreign Currency Transactions:-

Rs. in Lacs

Particulars	For the Year 2009-2010	For the Year 2008-2009
(a) C.I.F. Value of Imports		
Capital Goods	709,660.37	219,432.45
(b) Expenditure in Foreign Currency		
Payment for Erection Works	7,888.65	7,176.62
Professional and Consultation Charges	1,930.94	1,846.09
Usance Interest and Other Charges	9,980.00	3,142.09
Travelling Expenses	1,232.71	155.32
Project Office Expenses	885.60	523.77
Other Payments	91.69	96.33

 20. The Company has taken various derivatives to hedge its future loan. The outstanding position of derivative instruments as at 31<sup>st</sup> March, 2010 is as under:

Rs. in Lacs

Nature	Particulars of Derivatives as at 31 <sup>st</sup> March, 2010	Purpose
Principal Only Swap	14,586.30	Hedging of Loans

 The details of foreign currency exposures not hedged by derivative instruments as at 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2009 are as under:

Rs. in Lacs

Particulars	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
(a) Import Creditors	85,020.15	25,819.84
(b) Loan under letter of credit	721,663.41	219,018.52
(c) Usance Interest accrued but not due	3308.01	2,089.22

Signature to Schedule 1 to 19

As per our attached report of even date

**For DELOITTE HASKINS & SELLS**  
 Chartered Accountants

**GAURAV J. SHAH**  
 (PARTNER)  
 Membership No. 35701

 Date : 30<sup>th</sup> April, 2010  
 Place : Ahmedabad

**For ADANI POWER LIMITED**
**GAUTAM S. ADANI** Chairman  
**RAJESH S. ADANI** Managing Director  
**AMEET H. DESAI** Executive Director  
**RAHUL C. SHAH** Company Secretary

 Date : 30<sup>th</sup> April, 2010  
 Place : Ahmedabad



**ADANI POWER LIMITED**

**Registered Office :** "Shikhar", Near Adani House, Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009.

**Proxy Form**

Folio No. ....  
\* DP ID .....  
\* Client ID .....

I/We ..... of ..... being a member / members of the above named Company hereby appoint ..... of ..... or failing him ..... of ..... as my/our proxy to vote for me/us on my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held at J. B. Auditorium, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015. on Saturday, the 21<sup>st</sup> August, 2010, at 10.30 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2010.

Signature ..... 

Affix Rs. 1/- Revenue Stamp
--------------------------------------

 .....

\* Applicable in case of shares held in Demat.

Note : Proxy Form must reach the Company's Registered Office not less than 48 hours before the commencement of the Meeting.

----- (TEAR HERE) -----



**ADANI POWER LIMITED**

**Registered Office :** "Shikhar", Near Adani House, Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009.

**ATTENDANCE SLIP**

(To be handed over, duly filled in, at the Entrance of the Meeting Place)

Name of the attending Member/s (in Block Letters)	Folio No.	*DP ID	*Client ID
Name of the Proxy (in Block Letters) (To be filled in by the Proxy who attends instead of the Member)			

No. of Shares held .....

I hereby record my presence at the FOURTEENTH ANNUAL GENERAL MEETING of the Company held at J. B. Auditorium, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015. on Saturday, the 21<sup>st</sup> August, 2010, at 10.30 a.m.

\* Applicable in case of shares held in Demat.

.....  
Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

Note : Shareholders / Proxy holders are requested to bring the Attendance Slips with them, duly filled in when they come to the meeting and hand them over at the gate, affixing signature on it.





ADANI

**Adani Power Limited**

"Shikhar", Near Adani House,  
Mithakhali Six Roads, Navrangpura,  
Ahmedabad 380 009, Gujarat, India