



11th Annual Report 2006- 2007

BOARD OF DIRECTORS

Shri Gautam S. Adani, Chairman
Shri R. K. Gupta, Managing Director
Shri Ameet H. Desai
Shri Sanjay Gupta
Shri R. K. Madan
Shri B. B. Tandon, IAS (Retd.)
Shri Pradeep Mittal

COMPANY SECRETARY

Shri Manoj Kumar Chanduka

AUDITORS

M/s. C. C. Choksi & Co.,
Chartered Accountants,
Ahmedabad

BANKS AND FINANCIAL INSTITUTIONS

Allahabad Bank	ICICI Bank Ltd.	Small Industries Development Bank of India
Andhra Bank	India Infrastructure Finance Co. Ltd.	State Bank of Hyderabad
Bank of Baroda	Oriental Bank of Commerce	Syndicate Bank
Bank of India	Punjab National Bank	UCO Bank
Bank of Maharashtra	Rural Electrification Corp. Ltd.	
Canara Bank	SIDBI	

REGISTERED OFFICE

'Shikhar'
Near Adani House
Mithakhali Six Roads
Navrangpura
Ahmedabad - 380 009.

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DIRECTORS' REPORT

Your Directors are pleased to present the Eleventh Annual Report together with Audited Statement of Accounts of your Company for the Financial Year ended March 31, 2007.

CONVERSION INTO PUBLIC LIMITED COMPANY:

Your Directors are pleased to inform that your Company has been converted into a Public Limited Company and accordingly its name has been changed to Adani Power Limited. The necessary approval for the same was obtained from the Registrar of Companies, Gujarat and Fresh Certificate of Incorporation consequent to the change of name was issued by the Registrar of Companies, Gujarat on 12th April, 2007.

FINANCIAL HIGHLIGHTS:

During the year under review, Phase I of the Power Project consisting of 2 Units of 330 MWs each was under implementation and hence no Profit and Loss Account has been prepared.

However, during the year the Authorised Share Capital of the Company has been increased to Rs. 250000.00 Lacs to take care of the equity capital requirements of the Company's future Expansion projects. Equity capital aggregating to Rs 26989.00 Lacs has been infused during the year bringing the total Equity capital to Rs. 28069.00 Lacs as on March 31, 2007. The Company has achieved Financial Closure for the Phase I of the Project and has availed Rs.5678.00 Lacs as a Term Loan from the Consortium of the Bankers.

The company has incurred expenditure of Rs 3606.24 Lacs during the year bringing the Pre Operative Expenditure to Rs. 4754.68 Lacs as on March 31, 2007 compared to Rs. 1148.44 Lacs as at the end of the previous year.

DIVIDEND:

Your Company has not declared any Dividend during the year, as the Project is under implementation and has not commenced any commercial activity.

POWER SCENARIO

INDIAN POWER SECTOR:

Indian Power Sector has grown manifold since 1947 and India today is third largest producer of Asia. India is positioned as eleventh largest manufacturer of energy at present representing 2.4% of the overall energy output per annum. It is also world's sixth largest energy user, comprising about 3.3% of the overall global energy expenditure per year. The power generating capacity of

India has increased from 1362 MW in 1947 to 128432 MW as on 16th February, 2007. In spite of 9330% increase in the installed capacity, most of the regions in the country are facing power shortages. The all India approx. average shortages for the period April 2006 to January 2007 were 9.3% in terms of energy and 13.9% in terms of peak load. The main reasons for shortages are high growth in demand of power outstripping the growth in capacity addition, low Plant Load Factor of thermal generating units and poor record of capacity addition against the target set in IXth and Xth Plan by the power Ministry.

POWER SCENARIO-GUJARAT:

The power requirements of the state are met by the power generated by state utility, IPPs, state's share in the power generated by the central sector power stations and purchases from other states. Total existing capacity in the state as on August 31st, 2006 was 10024.3 out of which, 58% is owned by State Utilities, 23% by Private sectors and 20% was generated through share in the Central Power Stations. The power generating capacity of Gujarat has been doubled in the last decade. In spite of such a significant increase, the state is facing power shortages. The approx. shortages for the period April 2006 to February 2007 were 14.28% in terms of energy and 29.13% in terms of peak load. The reason may be lack of optimum utilization of existing generation capacity, large scale theft, skewed tariff structure etc.

POWER SCENARIO-MAHARASHTRA:

The power sector in Maharashtra, excluding Mumbai, is served by Maharashtra State Power Generation Co. Ltd. (MSPGCL). The Mumbai area is served by three power utilities – Tata Power Company Ltd., BSES Ltd. and BEST. MSPGCL has an installed capacity of 9771 MW, while Tata Power Company Ltd. and BSES have an installed capacity of 1774 MW and 500 MW respectively. Maharashtra has a share of 2375 MW from Central generating sources. In addition, captive generating capacity in the State is currently 641 MW. In terms of fuel mix (excluding captive), thermal, hydro and nuclear capacities in the State account for 78%, 19% and 3% respectively.

The generation capacity of MSPGCL has grown from 760 MW in 1960-61 to 13838 MW in 2005-06. However, the State faces a shortage in meeting peaking requirements. The approx. shortages for the period April 2006 to February 2007 were 19.05% in terms of energy and 25.89% in terms of peak load.

POWER PURCHASE AGREEMENTS:

Gujarat Urja Vikas Nigam Limited (GUVNL) to meet the shortage of power initiated the process of tying up long term purchase of power through competitive bidding process on the guidelines issued by the Ministry of Power. The company participated in the bidding process initiated by Gujarat Urja Vikas Nigam Limited (GUVNL). During the year under review, your Company has executed two Power Purchase Agreements (PPA) with Gujarat Urja Vikas Nigam Limited (GUVNL) for Supply of power of 1000 MW each on Long Term basis. This is an important milestone achieved by the Company which ensures firm off take of power generated from Projects under implementation.

PROJECT HIGHLIGHTS:

PHASE I

During the year under review the Implementation of Phase I of 2 x 330 MW Power Project has progressed according to schedule. The company is in possession of the land admeasuring 293-88-10 hectares to meet the entire requirement of power plants upto the capacity of 2640 MW at Mundra. The initial site development activities and construction of the Infrastructure Facilities like Roads, Compound Wall, etc are complete. The civil works relating to construction of Chimney and Boiler Turbine Foundation have already commenced.

The Contract for the Supply and Erection of Main Equipment consisting for the Boiler, Turbine, Generator and related Auxiliaries (BTG) has been entered into with an Overseas Supplier. The Company has made the Advance payment to this Supplier and has also established the Letter of Credit in their favour as per the Terms of Contract. The Company has also received the initial shipment of the BTG Package from the Supplier. The company has placed the orders for supply of long delivery Balance of plant (BOP) packages to ensure that the BOP is ready according to the scheduled commissioning of the Power Plant.

EXPANSION PLANS:

PHASE II

Your Directors are pleased to inform that your Company is putting up another 2 x 330 MW Power Plant as Phase II at the same site. The company has already executed the contract for supply and erection of main plant equipment consisting of Boiler, Turbine and Generator with an overseas supplier. The delivery of these equipments is expected to start during the ensuing year.

The Power Generated from Phase I and Phase II will meet the requirement to sale 1000 MW of Power

committed to GUVNL under 1st Power Purchase Agreement (PPA) signed under Bid-I.

PHASE III

The Company is also embarking upon another expansion of 1320 MW Power Plant. The Power generated from this Power Plant will meet the requirement of committed power supply of 1000 MW to GUVNL under 2nd Power Purchase Agreement (PPA) signed with them under Bid-II.

PHASE IV

The company is planning to set up grass root Power Plant of 2000 MW at Tiroda, Dist Gondia, Maharashtra to augment the Power Supply in the State of Maharashtra. This Project will be implemented by M/s. Adani Power Maharashtra Pvt. Ltd a subsidiary Company of M/s. Adani Power Limited formed for implementing this Project. Maharashtra Industrial Development Corporation has allotted necessary land required for implementing this Project. The Company has already commenced the site development activities like topography survey, soil investigation, etc. The Project construction activities will commence from the ensuing year.

INSURANCE:

Your Company has obtained necessary Project Insurance from reputed Insurance Companies, which provides a comprehensive insurance cover during the Project Construction Phase including Delayed Start up cover and Advance Loss of Profit.

SEZ NOTIFICATION:

Your directors are pleased to inform that the Company has received approval from Department of Commerce (SEZ Section), Ministry of Commerce and Industry, Government of India vide its letter dated 19th December, 2006 for setting up a sector specific Special Economic Zone for power sector for supply of power to SEZs, EOUs in Gujarat and other SEZs, EOUs and others over an area of 293-88-10 hectares at Village Tunda and Siracha, Taluka Mundra, District Kutch, Gujarat.

SUBSIDIARY COMPANY:

Adani Power Maharashtra Private Limited (APMPL) had become subsidiary of your company, by virtue of investment into Equity Share Capital of that Company.

CHANGE OF OBJECT CLAUSE:

Your Directors are pleased to inform that the Company proposes to enter into the business of mining, quarries and other related activities thereto which can be carried out most economically and profitably with the existing



objects of the Company. Accordingly, your Company has changed its object clause by inserting the above business into the object clause of Memorandum of Association of the company.

DEMATERIALIZATION OF EQUITY SHARES:

During the year under review, the Company has entered into an agreement with National Securities Depository Limited (NSDL) to facilitate the shareholders of the Company to avail dematerialization facility. Your Company was allotted the ISIN No. INE814H01011.

FIXED DEPOSITS:

During the Financial Year the Company has not accepted any deposits from the Public.

DIRECTORS:

During the year under review, Shri B. B. Tandon (retired IAS) was appointed as Additional director of the Company. Shri B. B. Tandon has held key positions both in the Central Government, State Government and Public Sector Undertakings. Your Directors are confident that his appointment would strengthen the Board further. Pursuant to Section 260 of Companies Act, 1956; Shri B. B. Tandon holds office upto the date of ensuing Annual General Meeting and being eligible offer himself for reappointment.

As per Section 256 of the Companies Act, 1956, Shri Ameet H. Desai and Shri Pradeep M. Mittal will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

AUDIT COMMITTEE:

Your Company has an existing Audit Committee consisting of Four Directors including Non Executive Directors. On conversion into Public Limited Company the scope and reference of Audit Committee will meet the requirement of the provision of the section 292A of the Companies Act 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors hereby confirm the following:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
2. The directors have selected such accounting policies and applied them consistently and made judgments

and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

3. The directors have taken proper and sufficient care 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 directors have prepared the annual accounts on a going concern basis.

AUDITORS:

The Company's Auditors M/s. C. C. Chokshi & Co., Chartered Accountants, will retire on the conclusion of forthcoming Annual General Meeting and being eligible; have expressed their willingness for reappointment.

AUDITORS' REPORT:

Notes forming part of the accounts are self-explanatory and therefore, do not call for any comments.

HUMAN RESOURCES:

The Company recognizes that the strength of the Company lies in its team of highly competent and motivated Personnel. Based on this philosophy the Company has initiated necessary action for recruitment of highly competent people. The Company continued in its endeavor to impart appropriate and relevant training to its employees to equip them to meet the challenges lying ahead. Your Directors place on record their sincere appreciation for the efforts and contribution put in by all the employees of the Company.

PERSONNEL:

The particulars of employees as required by Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 as amended is not given as no employee is in receipt of remuneration as required by section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Since the Company has not started the commercial activities, the statement containing the information as per section 217(1)(e) of the Companies Act read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is not appended.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year there was no earning in foreign exchange. The Foreign Exchange outgo during the year under review amounted to Rs.12527.62 Lacs (previous year Nil) mainly on account of payment to the Overseas BTG supplier.

DATE : 30.04.2007

PLACE: AHMEDABAD

ACKNOWLEDGEMENT:

Your Board of Directors places on record their appreciation for the overwhelming co-operation and assistance received from Government of Gujarat, Financial Institutions, Banks, Statutory Bodies and other Governmental Agencies.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

GAUTAM S. ADANI
CHAIRMAN

