



India's Uniquely Synergetic Power Force



ADANI

Adani Power Limited

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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants.

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 undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

15TH ANNUAL REPORT 2010 - 2011

Company Information

Board of Directors

Mr. Gautam S. Adani, Chairman
Mr. Rajesh S. Adani, Managing Director
Mr. Ravi Sharma, Whole Time Director
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
Andhra Bank
Axis Bank Ltd.
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Corporation Bank
Dena Bank
Deutsche Bank
Development Credit Bank Ltd.
ICICI Bank Ltd.
Indian Infrastructure Finance Co. Ltd.
Indian Overseas Bank
IndusInd Bank Ltd.
Industrial Development Bank of India
Jammu & Kashmir Bank Ltd.
Life Insurance Corporation of India

Oriental Bank of Commerce
Power Finance Corporation Ltd.
Punjab National Bank
Punjab & Sind Bank
Rural Electrification Corporation Ltd.
Small Industries Development Bank of India
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Mysore
State Bank of Patiala
State Bank of Saurashtra
State Bank of Travancore
Syndicate Bank
Tamilnad Mercantile Bank Ltd.
UCO Bank
Union Bank of India
United Bank of India
Yes Bank Ltd.

Registrar and Transfer Agent

M/s Karvy Computershare Private Limited
Plot No 17-24
Vittal Rao Nagar, Madhapur,
Hyderabad-500 081
Andhra Pradesh, India
Phone: +91-040-44655000
Fax: +91-040-23420814

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Fifteenth Annual Report and the audited accounts for the financial year ended 31st March, 2011.

Financial Highlights:

The financial highlights of the Company for the year ended 31st March, 2011 is summarized below:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
Income from operations	2106	435
Other Income	19	6
Total Income	2125	441
Operating & Administrative Expenses	1071	226
Operating Profit before Interest and Tax	1054	215
Interest and Financial Charges	230	12
Profit Before Tax	824	204
Provision for tax (including deferred tax)	300	33
Profit After Tax	524	171
Surplus brought forward from previous year	168	(3)
Balance carried to Balance Sheet	692	168

Operational Highlights:

Your Company together with its subsidiaries currently has nine power projects with a combined installed capacity of 16,500 MW, out of which 1980 MW has been commissioned, 7260 MW is under implementation and 7260 MW is at the planning stage. Your Company alongwith its subsidiaries is implementing various transmission line projects of about 3,000 km length.

Your Company intends to sell the power generated from these projects under a combination of long term Power Purchase Agreements 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 have not recommended any dividend on equity shares for the year under review.

Utilization of Proceeds of IPO:

The statement of projected utilization of the IPO proceeds as per Prospectus dated 5th August, 2009 against actual utilization as on 31st March, 2011 is as follows:

(₹ in Crores)

Proceeds received from IPO	3016.52		
Objects of the Issue	Projected Utilization of IPO proceeds	Actual Utilization till 31.03.11	Addition/ Deletion
To part finance the construction and development of Mundra Phase IV Power Project for 1,980 MW	1153.00	1152.97	(0.03)
Funding equity contribution in Adani Power Maharashtra Ltd. to part finance the construction & development cost of power project for 1,980 MW at Tiroda, Maharashtra	1040.00	1040.00	0.00
General corporate purposes	759.00	769.62	10.62
Issue Expenses	64.52	53.93	(10.59)
TOTAL	3016.52	3016.52	0.00
Total funds unutilized as at 31st March, 2011	Nil		

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

After 31st March, 2011, Aanya Maritime Inc, Panama and Aashna Maritime Inc, Panama were set up as subsidiaries of the Company.

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 general exemption granted by the Ministry of Corporate Affairs, vide General Circular No. 2/2011 dated 8th February, 2011, 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 31st March, 2011.

Accordingly, the annual report of the Company contains the consolidated audited financial statements prepared pursuant to clause 41 of the listing agreement and prepared in accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India (ICAI).

Further the Company hereby undertakes that the annual accounts of the subsidiary companies and related detailed information will be made available to the shareholders of holding company and subsidiary companies on making request at any point of time. The annual accounts of subsidiary companies will also be kept open for inspection by any shareholder during working hours at the Company's registered office and that of the respective subsidiary concerned.

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:

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 a 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.

Corporate Social Responsibility:

Adani Group carries on social welfare activities through a trust namely, "Adani Foundation".

The Foundation is active in four major areas:

- Education
- Community Health
- Livelihood Development
- Rural Infrastructure Development

Considering the need to bridge gap for requirement of health care services AF have increased one more Mobile Medical Van for Mundra taluka. Now AF treats more than 8000 patients via Mobile Medical Vans and 1500 patients via three Rural Clinics every month.

AF strives to bring about change in quality of life of communities by working through Sustainable Livelihood Activities and providing quality education which otherwise has become unaffordable now a days.

AF also undertakes Skill Development Trainings for specialized services and entrepreneurship for rural youth – men and women. Good number of Youth has been trained in Diesel Engine Repair & Maintenance, Automobile Repair & Maintenance, Beauty Parlor Trainings and Sewing & Garment Making. Many poor & needy women were supported to start their entrepreneurial venture leading them to be self sustainable.

Health, Safety & Environment (HSE)

The HSE Management System of your company is top driven, efficient, effective and adheres to the statutory requirements. Top management of company is committed for maintaining highest standard of Health and Safety. Your company also meets all applicable statutory requirements and is committed to environment conservation and prevention of pollution. The need for electricity generation to be clean and safe has never been more obvious. Environmental and health consequences of electricity generation are important issues, alongside the affordability of the power which is produced. Production of electricity from any form of primary energy has some environmental effect and some risk.

Your company has well structured HSE set up for managing HSE functions and issues of the organization. At corporate level the HSE setup is headed by senior executives reporting to CEO and at plant level senior functional head reporting directly to plant head respectively.

Greatest emphasis is given to safety measures for minimizing accidents. Accidents are investigated and analyzed for root cause so that re- occurrence can be prevented. A comprehensive HSE manual has been developed for use by operating and HSE personnel. Specialized Personnel Protective Equipments have been standardized and provided to operating personnel for use in the work areas. Regulatory authorities and government agencies carry out inspection/ audits with an aim for overall improvement in the HSE performance at regular frequency.

Directors:

➤ **Appointment of Additional Director:**

During the year under review, Mr. Ravi Sharma was appointed as an Additional Director w.e.f 8th February, 2011 on the Board of the Company. Pursuant to Section 260 of Companies Act, 1956 and Articles of Association of the Company, Mr. Ravi Sharma 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 Whole Time Director:**

During the year under review, Mr. Ravi Sharma was appointed as a Whole Time Director for period of five years w.e.f 8th February, 2011.

➤ **Resignation of Director:**

During the year under review, Mr. S. K Tuteja resigned w.e.f 12th February, 2011, Mr. R. K Madan resigned w.e.f 21st March, 2011 and Mr. Ameet H. Desai resigned w.e.f 31st March, 2011.

➤ **Retirement by rotation:**

As per Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Vijay Ranchan and Mr. Chinubhai R. Shah 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 under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. In the preparation of 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 information on the Company's business, matters of interest to the investors like financial information, investor presentations, press releases, etc. on its website 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 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:

The Notes on accounts as referred to in the Auditors Report are self-explanatory and 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.

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.

"Group" For Inter-Se Transfer of Shares:

Pursuant to intimation from the Promoters, the names of the Promoters and entities comprising of the "Group" are given in Annexure II attached herewith and forms part of this Annual Report for the purpose of the Securities and Exchange Board of India (Substantial Acquisition and Takeover) Regulations 1997.

Clean Development Mechanism (CDM):

As you are aware, your Company has registered its first two units of 660 MW each of phase III of Mundra Power Project & two units of 660MW each of Tiroda 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.

Awards & Recognitions

Your Company had been bestowed with various awards like "The Most Admired Developer in Power Sector" by KPMG & Infrastructure Today's "Infrastructure Excellence Award 2011" by CNBC TV18 and "Best Corporate in Power Sector" by Infra' 2011. Your Company is the only Company in power sector to have received such an award and industry recognition.

Acknowledgement:

Your Directors place on record their appreciation for assistance and co-operation received from various ministries and department of Government of India, Government of Gujarat, other State Governments, financial institution, banks, shareholders, directors, executives, officers of the Company. The management would also like to express great appreciation for the commitment and contribution of its employees for their committed services without which the good results would not have been possible.

For and on behalf of the Board of Directors

Date: 9th May, 2011
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:

- Installing supercritical units - Conserve coal
- Implementing coal igniters /micro oil guns - Conserve oil
- Optimize aux power consumption
- Implementing VFDs
- Improving combustion efficiency
- Minimize system leakages
- Optimizing cycle chemistry
- Operating sliding pressure mode
- Automation with DCS system

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

The Energy Audit (Thermal & Electrical) has been carried out for further improvement of the plant performance.

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**

- Heat Rate improvement
- With above measures the Auxiliary & Internal Power Consumption has been reduced
- Reduction of Specific Coal consumption

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**

In the year 2010-11, following projects have been taken up to improve the performance and reliability of the plant.

- (i) Introduction of Plasma igniters for unit startup to reduce the oil consumption.
- (ii) Air cannon system implementation to improve the coal feeding reliability.
- (iii) Reduction of Drift in Cooling Towers by introducing additional eliminators.
- (iv) Reliability improvement of equipments in switchyards in the prevalent Costal conditions.
- (v) Sea water based Electro Chlorination Plant has been installed to generate hypo chloride solution for cooling water applications.