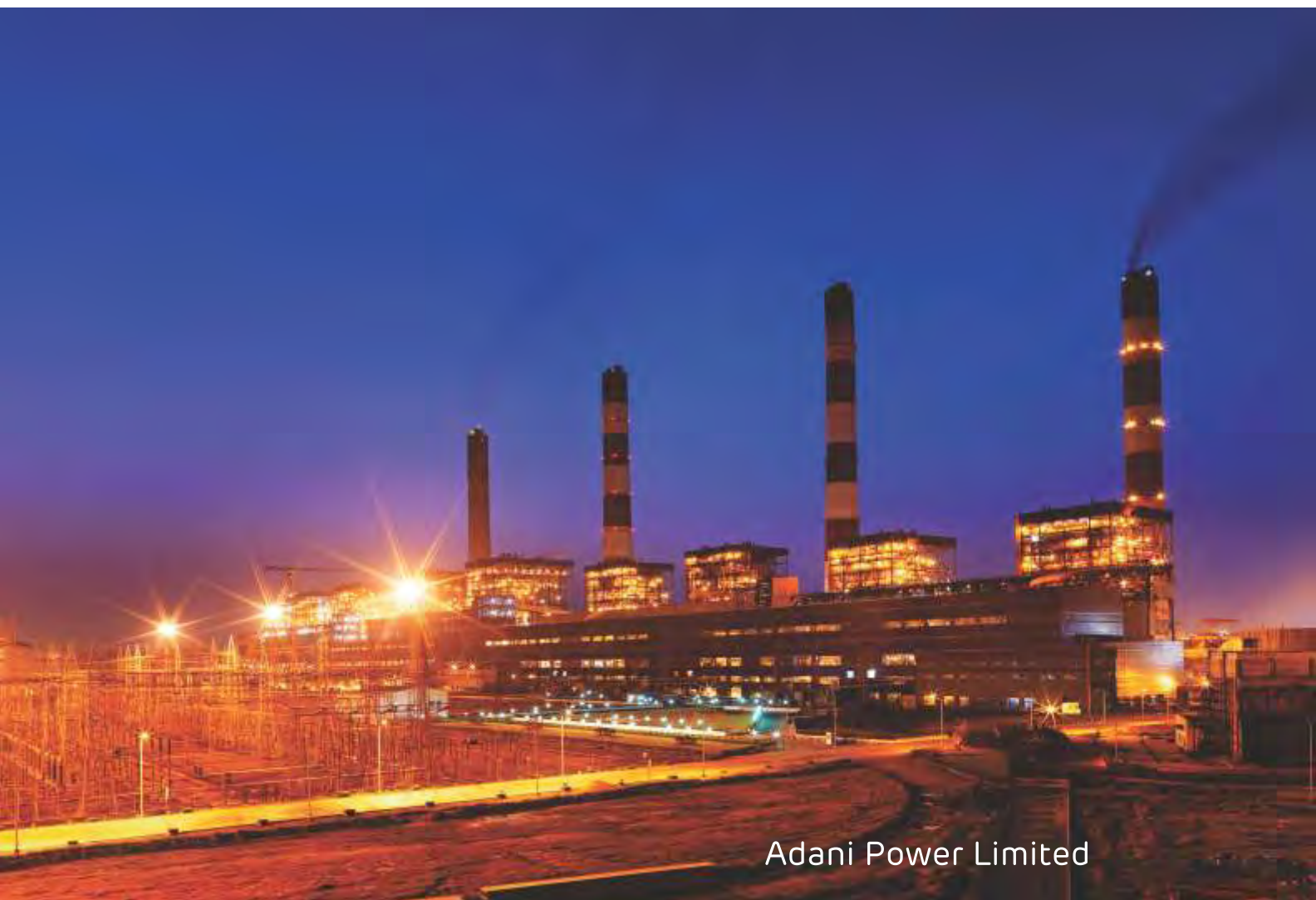


The power
to generate
a 'power full' India.



Adani Power Limited



Resources



Logistics



Energy

adaniTM

16TH ANNUAL REPORT 2011 – 2012

Company Information

Board of Directors

Mr. Gautam S. Adani, Chairman
Mr. Rajesh S. Adani, Managing Director
Mr. Vineet Jain, Executive Director
Mr. B. B. Tandon, IAS (Retd.)
Mr. Vijay Ranchan, IAS (Retd.)
Mr. Berjis Desai

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

Afrasia Bank
Allahabad Bank
Andhra Bank
Axis Bank Ltd.
Bank of Baroda
Bank of India
Bank of Maharashtra
Banque Des Mascareignes Ltee
Canara Bank
Central Bank of India
China Development Bank
Corporation Bank
Dena Bank
Deutsche Bank
Development Credit Bank Ltd.
First Gulf Bank
HDFC Bank
ICICI Bank Ltd.
IndusInd Bank Ltd.
Industrial Development Bank of India
Infrastructure Development Finance Company
ING Vysya Bank Ltd.

Registrar and Transfer Agent

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

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Jammu & Kashmir Bank Ltd.
Kotak Mahindra Bank
Life Insurance Corporation of India
Mega International Commercial Bank Co. Ltd.
Power Finance Corporation Ltd.
Punjab National Bank
Punjab & Sind Bank
Royal Bank of Scotland
Rural Electrification Corporation Ltd.
SBI (Mauritius) Ltd.
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Standard Chartered Bank
Syndicate Bank
UCO Bank
Union Bank of India
United Bank of India
Yes Bank Ltd.

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.

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.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Sixteenth Annual Report and the audited accounts for the financial year ended 31st March, 2012.

Financial highlights:

The financial highlights of the Company for the year ended 31st March, 2012 is summarized below:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2012	For the year ended 31 st March, 2011
Income from operations	3949	2106
Other Income	291	88
Total Income	4240	2194
Operating & Administrative Expenses	3261	1046
Operating Profit before Interest and Tax	979	1148
Financial Charges	788	317
Profit Before Tax	191	831
Exceptional Item	195	8
Profit after exceptional item	(4)	823
Provision for tax (including deferred tax)	290	300
Profit / (Loss) After tax	(294)	523

Operational Highlights:

Your Company together with its subsidiaries currently has planned six power projects with a combined installed capacity of 16,500 MW, out of which 4,620 MW is operational, 4,620 MW is under implementation and 7,260 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.

New Corporate Identity:

During the year under review, new logo adani™ of the Adani Group was launched. The brand mark is the signature of our brand identity.

The logo reflects the ambition and ability to absorb various colors of cultures and nationalities. And reflects the ability to dream, the ability to move fast and the ability to achieve.

The logo is the symphony of colors. Symphony of colors of the Adani Group's 3 integrated businesses. Green of resources like coal and oil & gas, Blue of logistics like ports and railways and Orange of Energy like power and gas. The mark is designed to tell the story of integration and acting as one.

Dividend:

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

Subsidiary Companies:

Your Company has 13 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
- 12) Aanya Maritime Inc, Panama
- 13) Aashna Maritime Inc, Panama

In terms of general exemption granted by the Ministry of Corporate Affairs, vide General Circular No. 2/2011 dated 8th February, 2011, Annual Reports of each of the Subsidiary Companies have not been attached to the accounts of the Company for the year ended 31st March, 2012.

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 Reports of the subsidiary companies will be made available to the shareholders of holding company 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.

Directors:

➤ Appointment of an Additional Director:

Mr. Berjis Desai and Mr. Vineet Jain were appointed as an Additional Directors w.e.f. 17th September, 2011 and 14th May, 2012 respectively. Pursuant to Section 260 of Companies Act, 1956 and Article 77 of Articles of Association of the Company, Mr. Berjis Desai and Mr. Vineet Jain hold office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member of the Company signifying their candidature for the office of the Board of Directors of the Company.

➤ Appointment of an Executive Director:

Mr. Ravi Sharma and Mr. Vineet Jain were appointed as Executive Directors for a period of three years w.e.f. 14th May, 2012. However, due to resignation of Mr. Ravi Sharma as Director & Executive Director w.e.f. Closing hours of 30th June, 2012 he acted as an Executive Director for a period from 14th May, 2012 to 30th June, 2012.

➤ Resignation of Director:

Mr. Ravi Sharma has resigned as a Whole Time Director w.e.f. closure of working hours of 13th May, 2012. Mr. Ravi Sharma also resigned as Director and Executive Director of the Company w.e.f. Closing hours of 30th June, 2012. Mr. Chinubhai R. Shah resigned as Director w.e.f. 1st July, 2012.

➤ **Retirement by rotation:**

As per Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. B. B. Tandon and Mr. Gautam 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 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 alongwith 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 financial statements.
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 additional information related to 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 and Auditors' Report:

Your Company's Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, hold office until the conclusion of ensuing Annual General Meeting and are eligible for reappointment. They have shown their willingness to accept the office as Statutory Auditors, if reappointed. 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.

The notes to financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments and explanations.

Cost Auditor:

M/s Kiran J. Mehta & Co., Cost Accountants have been appointed as Cost Auditors to conduct Cost Audit for the year 2012-13 subject to approval of the Central Government.

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:

Corporate Social Responsibility has been at the heart of any Business Development by Adani Group of Companies. Adani Foundation was established with a vision to “accomplish passionate commitment to the social obligations towards communities, fostering sustainable and integrated development, thus improving quality of life”. The foundation works in the core sectors of Education, Community Health, Sustainable Livelihood Development and Rural Infrastructure Development.

The Adani Group is very conscience about its values. Our commitment in achieving goals as well as our value driven processes are our core strengths. The Group always acts as a responsible Corporate Citizen. Adani Foundation plays a pivotal role in bringing about Sustainable Development in and around its area of operations which spans across six states, eleven districts and more than 165 villages.

Adani Foundation has been in the forefront of Education Sector since its inception. Adani Vidya Mandir, a school set up and managed by Adani Foundation is an innovative experiment to reach out to economically challenged students to have state of art facility along with excellent academic opportunity through Corporate Social Responsibility. Similarly Foundation aims to enhance the quality of Education of the surrounding Communities by reaching out to more than 30,000 young minds through various programmes on Girl Child Education, Promoting Child's Rights and Gender Equality, empowering Village Education/School Management Committee through innovative use of local Education Volunteers. Adani Foundation has been working with three ITI very closely for upgradation under PPP model.

Community Health is another area where our heart is. With our services of mobile health vans, rural clinics, medical and specialty camps at doorstep we reach out to people with basic health care facilities. Adani Foundation has initiated two special Projects namely Kidney Stone Awareness, Identification and Care project under which more than 3500 patients are screened and more than 130 operated and Cashless Health Card Scheme for Senior Citizens from thirty five villages and three Fisher Folk Settlements which has been appreciated by one and all.

Another special project for Fisher Folk of Mundra Taluka was to give them opportunity to get out of the debt trap by support in procuring necessary fishing equipments or fish vending equipments. They have been given “Sankat Mochan” insurance policy too.

With constant social engagement and value driven approaches, we are on humble path to reach to our stake holder groups especially communities in and around our businesses.

Health, Safety & Environment (HSE)

The HSE Management System is at the utmost priority of top management. The management of your Company believes in a system which is top driven, efficient, effective and adheres to the statutory requirements.

Having a well structured set up of HSE function, your Company has been accredited with IS-18001 certification by 'Bureau of Indian Standard' for its Mundra plant, which clearly depicts the robustness of its safety management system. Your Company is also under process of getting accreditation for IS-18001 certification for its Tiroda and Kawai sites.

Your Company has well defined processes and system for HSE function which enable it to take all safety measures for minimizing accidents. Accidents are investigated thoroughly and analyzed for root cause so that re- occurrence can be prevented. As a part of safety management system, a comprehensive HSE manual has been developed for use by operating and HSE personnel. Recently SAP module for HSE is also commissioned for Mundra site; subsequently same is going to be replicated at Tiroda and Kawai sites. 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.

Your Company gives paramount importance to environment. During the year, all the three project sites i.e. Mundra, Tiroda and Kawai as well as operating units at Mundra exercised great care to improve on the required environmental norms for emissions as stipulated by the respective state pollution control boards and the Ministry of Environment and Forests using, amongst other things, technology and state-of-the-art equipment. Your Company is deeply committed to sustainable means of conducting its operations. Your Company has established Environment Divisions both at plant level and at corporate level with competent officials who keep a close watch of all environmental parameters at and around the plant site at Mundra and project sites at Tiroda and Kawai.

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.

Awards & Recognitions:

During the year under review, your Company has been bestowed with various awards like "National Award for Meritorious Performance in Power Sector in recognition of outstanding performance during 2010-11 for early completion of TPP" by Ministry of Power, National Quality Excellence Awards 2012 in the category of "Fastest Growing Company" and "Product Development" by Stars of the Industry Group. Your Company has been accredited with "ISO 9001:2008" certification by M/S TUV Nord, for Quality Management System, "IS 18001 certification" from Bureau of Indian Standards for Occupational Health and Safety Management System.

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 : 2nd July, 2012
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
- Implementation of change in operational practice related to Induced Draft (ID) fan & Forced Draft (FD) fan during unit start up
- Reduced number of Cooling Tower (CT) fans operation during better (winter) weather conditions and in part load conditions
- Installation of energy efficient LED lighting in place of HPSV fittings
- Interconnection of service and instrument air connection
- Optimize auxiliary power consumption
- Improving combustion efficiency
- Minimize system leakages

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

The Energy Audit (Thermal & Electrical) was carried out to improve the heat rate and to reduce the auxiliary power consumption.

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

- Reduced auxiliary power consumption Heat Rate improvement
- Reduction of Specific Coal consumption
- Reduction of Specific Oil 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 2011-12, following projects have been taken up to improve the performance and reliability of the plant.

- Installation of High Pressure RO sea water pumps for 7 MLD
- Air cannon system implementation to improve the coal feeding reliability
- Installation of Isokinetic ash sampler for unburned carbon analysis in fly ash
- Auxiliary power reduction in plant lighting by using LED lights
- Reliability improvement of equipments in switchyards in the prevalent Costal conditions