

Adani PENCH Power Limited

2nd Annual Report

2010-11

Board of Directors

Mr. Ravi Sharma	Chairman
Mr. R.K. Madan	Director
Mr. Prabal Banerji	Director

Auditors

M/s. Deloitte Haskins & Sells
Chartered Accountants
Ahmedabad

Bankers and Financial Institutions

IDBI Bank Limited
Development Credit Bank Limited

Registered Office

Adani House
Nr. Mithakhali Six Roads
Navrangpura
Ahmedabad-380 009



ADANI PENCH POWER LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Second Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2011.

Financial Highlights:

Since the project of the Company is under implementation stage, the company has not prepared profit and loss account. However, the company has prepared statement of expenditure for the year under review.

Highlights of Project Expenditure as on 31st March, 2011 are as under:

Particulars	(Rs. In Lacs)	
	As at 31 st March, 2011	As at 31 st March, 2010
Net Fixed Assets	20.02	4.65
Capital Work in Progress	34636.46	2.20
Project Development Expenditure	3560.07	0.72
Construction Material at site	235.72	-
Expenditure (As per Statement of Expenditure)	1.70	0.42
Total Expenditure	38453.97	7.99

Project of the Company:

Your Company is currently setting up 1,320 MW (2x660MW) Thermal Power Project at Chhindwara, Madhya Pradesh.

Chhindwara Power Project is being developed 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. The terms of reference have been obtained from MoEF, GoI. 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 fulfilled. An application for coal linkage to meet the requirements of the Chhindwara power project has been made.

Dividend:

Your company is in project development phase and does not have any income. In view of the same, your Directors do not recommend any dividend on equity shares for the year under review.



ADANI PENCH POWER LIMITED

Directors:

➤ **Appointment of Additional Director:**

During the year under review, Mr. Ravi Sharma and Mr. Prabal Banerji were appointed as Additional Directors w.e.f 28th 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 and Mr. Prabal Banerji 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 their candidature for the office of the Board of Directors of the Company.

➤ **Resignation of Directors:**

During the year under review, Mr. Rajesh S. Adani and Mr. Ameet H. Desai resigned as Directors w.e.f 1st March, 2011.

➤ **Retirement by rotation:**

As per Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. R. K. Madan is liable to retire by rotation and being eligible offer himself for re-appointment.

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

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.

Fixed Deposits:

During the year under review, your Company has neither accepted nor renewed any fixed deposits from public pursuant to provisions of section 58A of the Companies Act, 1956.



ADANI PENCH POWER LIMITED

Insurance:

Assets of your Company are adequately insured against various perils.

Auditors:

Your Company's Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, holds office until the conclusion of the ensuing Annual General Meeting. 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.

Auditors' Report:

Notes forming part of the accounts, as referred in the Auditors' Report, are self-explanatory and therefore, do not call for any comments.

Human Resources:

Your Company strongly believes in the power of people and has always recognized and motivated the employees of the Company. Your Company is fortunate to have a team of highly motivated and target oriented team of professionals. The Company continues to recruit the best of talent in the field for its ongoing projects and endeavors to impart appropriate and relevant training to its employees to equip them to meet the challenges lying ahead.

Particulars of Employees:

Since there are no employees employed by the company which are covered under section 217 (2A) of the Companies Act, 1956, 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 appended.

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

Since the project of the company is in implementation stage and till date the company has not started any manufacturing activity, the information on conservation of energy and technology absorption as per 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 not appended.

During the year under review there was no foreign exchange earnings and outgo.

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 Madhya Pradesh, other State Governments, financial institution, banks, shareholders, directors, executives, officers of the Company. The management would also like to



ADANI PENCH POWER LIMITED

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 & on Behalf of the Board of Directors

Date: 6th May, 2011
Place: Ahmedabad

Sd/-
Ravi Sharma
Chairman

Deloitte Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants
'Heritage', 3rd Floor,
Near Gujarat Vidhyapith,
Off Ashram Road,
Ahmedabad - 380 014.

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AUDITORS' REPORT TO THE MEMBERS OF ADANI PENCH POWER LIMITED

1. We have audited the attached Balance Sheet of **ADANI PENCH POWER LIMITED** ("the Company") as at 31st March, 2011, the Statement of Expenses 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 Statement of Expenses 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 Statement of Expenses 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:

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- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Statement of Expenses, of the expenses 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 31st March, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 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)

Sd/-
Gaurav J. Shah
Partner

(Membership No.35701)

AHMEDABAD, 6th May, 2011

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 (ii), (vii), (viii), (x), (xiii), (xiv), and (xvi) 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 explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any fixed assets during the year.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

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 loans aggregating to Rs. 6,748,000,906 from its holding Company and ultimate holding Company during the year. At the year-end, the outstanding balance of such loans taken aggregated to Rs. 3,987,378,313 and the maximum amount involved during the year was Rs. 6,374,500,000.
 - (b) The rate of interest and other terms and conditions of such loans are, 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.
4. 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 fixed assets. During the course of our audit, we have not observed any major weakness in such internal control system.
5. According to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of Companies Act, 1956 which were required to be entered in the register maintained under that section.

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6. 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.
7. 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, Income Tax, Service Tax, Cess and other material statutory dues, applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of statutory dues applicable to it in arrears as at 31st March, 2011 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 Provident Fund, Income Tax, Service Tax, Cess and other material statutory dues which have not been deposited as on 31st March, 2011 on account of any dispute.
8. According to the information and explanations given to us, the Company has not borrowed any loan from financial institution or bank or has not issued debentures.
9. 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.
10. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions.
11. 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.
12. 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.
13. The Company has not issued any debentures during the year.
14. The Company has not raised money by public issue during the year.

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15. 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)

AHMEDABAD, 6th May, 2011

Sd/-
Gaurav J. Shah
Partner
(Membership No. 35701)

ADANI PENCH POWER LIMITED



ADANI GROUP

Balance Sheet as at 31st Mar, 2011

	Schedule	As at 31st March, 2011	(Amount in Rupees) As at 31st March, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	500,000	500,000
LOAN FUNDS			
Unsecured Loans	2	3,987,378,313	1,000,000
TOTAL		3,987,878,313	1,500,000
APPLICATION OF FUNDS			
FIXED ASSETS	3		
Gross Block		2,310,477	469,936
Less: Depreciation		308,405	4,806
Net Block		2,002,072	465,130
Capital Work in Progress	4	3,463,646,348	220,600
Project Development Expenditure	5	356,007,627	72,906
Construction Materials at Site	6	23,572,431	
		3,845,228,478	758,636
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and Bank Balances	7	150,853,758	712,292
Loans and Advances	8	7,565,158	56,300
		158,418,916	768,592
LESS: CURRENT LIABILITIES AND PROVISIONS	9	15,939,308	70,042
NET CURRENT ASSETS		142,479,608	698,550
BALANCE OF STATEMENT OF EXPENSES	TOTAL	170,227	42,814
		3,987,878,313	1,500,000
Significant Accounting Policies and Notes on Accounts	10		
The accompanying schedules 1 to 10 form an integral part of these accounts			

As per our attached report of even date
For DELOITTE HASKINS & SELLS
Chartered Accountants

For ADANI PENCH POWER LIMITED

Sd/-
GAURAV J. SHAH
(PARTNER)
Membership No. 35701

Sd/-
RAVI SHARMA
(DIRECTOR)

Sd/-
PRABAL BANERJEE
(DIRECTOR)

PLACE : AHMEDABAD
DATE : 06th May, 2011

PLACE : AHMEDABAD
DATE : 06th May, 2011

ADANI PENCH POWER LIMITED

ADANI GROUP

Statement of Expenses for the year ended 31st March, 2011

Schedule	For the Year ended 31st March, 2011	(Amount in Rupees) For the period from 23rd September 2009 to 31st March 2010
EXPENDITURES		
Audit fees	110,300	22,060
Preliminary Expenses	17,113	20,754
TOTAL EXPENSES FOR THE CURRENT YEAR	127,413	42,814
ADD : EXPENSES FROM PREVIOUS PERIOD	42,814	-
TOTAL EXPENSES CARRIED TO THE BALANCE SHEET	170,227	42,814
Earnings Per Share (Face Value Rs. 10 per share) Basic and Diluted EPS (Rs.) (Refer Note (B) 7 of Schedule 10)	(2.55)	(1.79)

Significant Accounting Policies and Notes on Accounts **10**
 The accompanying schedules 1 to 10 form an integral part of these accounts

As per our attached report of even date

For **DELOITTE HASKINS & SELLS**
 Chartered Accountants

For **ADANI PENCH POWER LIMITED**

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

Sdr/-
RAVI SHARMA
 (DIRECTOR)

Sdr/-
PRABAL BANERJEE
 (DIRECTOR)

PLACE : AHMEDABAD
 DATE : 06th May, 2011

PLACE : AHMEDABAD
 DATE : 06th May, 2011

ADANI PENCH POWER LIMITED



ADANI GROUP
(Amount in Rupees)

Cash Flow Statement for the Year ended 31st March, 2011

	For the year ended 31st March 2011	For the period from 23rd September 2009 to 31st March 2010
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Balance as per Statement of Expenses	(127,413)	(42,814)
Adjustment for change in Working Capital:		
Increase in Liabilities	88,240	22,060
NET CASH USED IN OPERATING ACTIVITIES (A)	(39,173)	(20,754)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,536,942)	(469,936)
Capital Work in Progress	(3,834,660,730)	(297,018)
NET CASH USED IN INVESTING ACTIVITIES (B)	(3,836,197,672)	(766,954)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares	-	500,000
Long Term Borrowings	3,986,378,313	1,000,000
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	3,986,378,313	1,500,000
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	150,141,468	712,292
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	712,292	712,292
CASH AND CASH EQUIVALENTS AT END OF YEAR	150,853,758	712,292
Notes to Cashflow Statement :		
1 Cash and cash equivalents include:		
Cash on hand	43,936	57,865
With Scheduled banks:		
Current Accounts	2,867,995	654,427
Fixed Deposits with Bank	147,941,827	
	150,853,758	712,292

- Previous figures have been restated wherever necessary, to conform to this year's classification.
- 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

For ADANI PENCH POWER LTD

Sd/-
GAURAV J. SHAH
PARTNER
Membership No. 35701

Sd/-
RAVI SHARMA
(DIRECTOR)

Sd/-
PRABAL BANERJEE
(DIRECTOR)

PLACE: AHMEDABAD

PLACE : AHMEDABAD

DATE : 06th May, 2011

DATE : 06th May, 2011

ADANI PENCH POWER LIMITED



ADANI GROUP

Schedules forming part of the Balance Sheet as at 31st March, 2011

(Amount in Rupees)
As at 31st March, 2011 As at 31st March, 2010

SCHEDULE -1

SHARE CAPITAL

AUTHORIZED

50,000 Equity Shares of Rs. 10/- Each	500,000	500,000
	500,000	500,000

ISSUED, SUBSCRIBED & PAID UP

50,000 (As at 31st March, 2010- 50,000) Fully Paid up Equity Shares of Rs. 10/- Each	500,000	500,000
	500,000	500,000

Notes :

Above equity shares are held by Adani Power Limited, the Holding Company and its nominees.

SCHEDULE - 2

UNSECURED LOANS

From Holding Company	1,029,380,740	1,000,000
From Ultimate Holding Company	2,957,997,573	-
	3,987,378,313	1,000,000

(Out of above loans, Payable within twelve months is Rs. 3,987,378,313/- (As at 31st March, 2010-Rs. 1,000,000/-))



ADANI PENCH POWER LTD

Schedules forming part of the Balance Sheet as at 31st March, 2011

**Schedule - 3
FIXED ASSETS**

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION AND AMORTISATION			NET BLOCK	
	As at 1st April 2010	Addition During the Year	Deductions during the Year	As at 31st March 2011	As at 1st April 2010	For the Year	Deductions during the Year	As at 31st March 2011	As at 31st March 2010
Furniture & Fixtures	219,436	750,781	-	970,217	279	261,270	-	261,549	708,668
Office Equipments	250,500	365,280	-	615,780	4,527	29,459	-	33,986	581,794
Computer Hardware	-	724,480	-	724,480	-	12,870	-	12,870	711,610
Total Tangible Fixed Assets	469,936	1,840,541	-	2,310,477	4,806	303,599	-	308,405	2,002,072
Previous Year	-	469,936	-	469,936	-	4,806	-	4,806	465,130



ADANI PENCH POWER LIMITED

ADANI GROUP

Schedules forming part of the Balance Sheet as at 31st March, 2011

	(Amount in Rupees)	
	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - 4		
CAPITAL WORK IN PROGRESS		
Land and Site Development	1,642,539	-
Building and Civil Works	9,087,246	-
Plant and Machinery	98,396,577	-
Computers	1,691,515	-
Advance for Capital Expenditure		
Advances for Capital Expenditure	3,352,828,471	220,600
	3,463,646,348	220,600
SCHEDULE - 5		
PROJECT DEVELOPMENT EXPENDITURE		
Salary and Allowances	4,610,423	-
Contribution to Provident and other Funds	189,551	-
Employee Welfare Expenses	486,842	-
Professional Fees	15,626,172	-
Communication Expenses	305,939	-
Administration and Office Expenses	7,198,997	275,854
Printing & Stationery	361,699	-
Vehicle Running Expenses	1,160,010	-
Travelling Expenses	716,253	12,246
Other Miscellaneous Expenses	4,174	-
Depreciation	308,405	4,806
Interest and Finance Charges	365,198,494	-
	396,166,959	292,906
OTHER INCOME		
Interest (Tax deducted at source Rs.3,44,803) (Previous Year Rs. Nil)	39,917,279	-
Tender-Fee Income	242,053	220,000
	40,159,332	220,000
	356,007,627	72,906
SCHEDULE - 6		
CONSTRUCTION MATERIALS AT SITE		
Steel, Cement and Other Materials at Site (Includes in transit Rs. Nil) (As at 31st March, 2010 Rs. Nil)	23,572,431	-
	23,572,431	-



ADANI PENCH POWER LIMITED



ADANI GROUP

Schedules forming part of the Balance Sheet as at 31st March, 2011

	(Amount in Rupees)	
	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash on Hand	43,936	57,865
BALANCES WITH SCHEDULED BANKS IN :		
Current Accounts	2,867,995	654,427
Fixed Deposits	147,941,827	-
	150,809,822	654,427
	150,853,758	712,292
SCHEDULE - 8		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Interest Receivable	582,626	-
Prepaid Expenses	14,538	-
Advance Receivable in cash or kind for value to be received	200,891	-
Security Deposits	6,422,300	56,300
Advance Tax (Including Tax Deducted at Source)	344,803	-
	7,565,158	56,300
SCHEDULE - 9		
CURRENT LIABILITIES		
Sundry Creditors (See Note B(3) of Schedule 10)	14,624,337	68,375
Other Liabilities	1,238,289	1,667
PROVISIONS		
Provision for Employee Benefits (Net)	76,682	-
	15,939,308	70,042





ADANI GROUP

ADANI PENCH POWER LIMITED

SCHEDULE - 10 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 project 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) **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.
- 6) **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.



**ADANI PENCH POWER LIMITED****7) 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.

8) 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 for the year, 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.

9) 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.





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ADANI PENCH POWER LIMITED**10) Preliminary Expenses**

Preliminary expenses are charged to the Statement of Expenses for the period in which the expenses are incurred.

(B) Notes to Accounts

1. Contingent liabilities not provided for in respect of:

Particulars	As at 31 st March, 2011	As at 31 st March, 2010
Guarantees issued by the Company's bankers on behalf of the Company	495,000,000.	-

2. Capital Commitments not provided for are estimated at Rs.53,435,362,106/- (31st March, 2010 - Rs. 19,85,400/-).
3. 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.
4. Balance of Statement of Expenses includes Auditor's Remuneration:-

Particulars	For the Year 2010-2011	For the Period from 23 rd September, 2009 to 31 st March, 2010
Audit Fees	110,300	22,060
For Other Services (Included in Project Development Expenditure)	5,515	-
Total	115,815	22,060

5. Operating Leases:-
Lease rentals charged to Project Development Expenditure for lease agreements for right to use Office Premises are :

Future Minimum Lease Payments	As at 31 st March, 2011	As at 31 st March, 2010
Not later than one Year	72,000	-
Later than one year and not later than five years	-	-
Later than five years	-	-

The lease agreements are executed for a year with a renewal clause and also provide for termination by either party by giving a prior notice.

6. 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.





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7. Earnings Per Share (EPS):

Basic and Diluted EPS		For the Year 2010-2011	For the Period from 23rd September, 2009 to 31st March, 2010
(Loss) attributable to equity shareholders	Rs.	(127,413)	(42,814)
Weighted average number of equity shares outstanding during the year / Period	Nos.	50,000	50,000
Nominal Value of equity share	Rs.	10	10
Basic and Diluted EPS	Rs.	(2.55)	(1.79)

8. The Company operates a defined benefit plan (the gratuity plan) covering eligible employees, which provides a lump sum payment to vested employees on 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):

	Particulars	For the Year 2010-2011
I.	Reconciliation of Opening and Closing Balances of defined benefit obligation	
	Liability at the beginning of the Year	-
	Current Service Cost	39,647
	Liability Transferred IN	6,020
	Liability at the end of the Year	45,667
III.	Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets	
	Obligations at the end of the year	45,667
	Plan assets at the end of the year, at Fair value	-
	Assets / (Liability) recognized in balance sheet as on 31st March, 2011	(45,667)
IV.	Gratuity Cost for the Year	
	Current service cost	39,647
	Net Gratuity cost	39,647
V.	Actuarial Assumptions	
	Discount Rate (per annum)	8.25%
	Expected rate of return on plan assets	-
	Annual increase in Salary Cost	6.00%





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ADANI PENCH POWER LIMITED

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

The actuarial liability for leave encashment and compensated absences as at the year ended 31st March 2011 is Rs. 31,015/-. (As at 31st March, 2010 – Rs. Nil)

9. 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

Ultimate Holding Company	Adani Enterprises Limited
Holding Company	Adani Power Limited
Fellow Subsidiaries	Adani Infra India Ltd

Key Management Personnel

Mr. Ravi Sharma (Director) (From 28.02.11)
Mr. Prabal Banerji (Director) (From 28.02.11)
Mr. Ameet Desai (Director) (upto 28.02.11)
Mr. Rajesh Adani (Director) (upto 28.02.11)
Mr. R.K Madan (Director)





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(b) Value of Transactions with Related Parties

Description	Name of Related Party	Nature of Relationship	Value of Transactions		Balance as at	
			Year ended 31 st March, 2011	For the Period from 23 rd September, 2009 to 31 st March, 2010	31 st March, 2011	31 st March, 2010
Loan Taken	Adani Power Limited	Holding Company	3,852,000,906	1,000,000	957,000,906 Cr.	1,000,000 Cr
	Adani Enterprises Ltd.	Ultimate Holding Company	2,896,000,000	-	2,896,000,000 Cr.	-
Interest on Loan	Adani Power Limited	Holding Company	72,387,073	-	72,379,834 Cr.	-
	Adani Enterprises Ltd.	Ultimate Holding Company	62,626,192	-	61,997,573 Cr.	-
Advance Given	Adani Infra India Ltd	Fellow Subsidiaries	946,000,000	-	946,000,000 Dr.	-
Interest Received on Advance	Adani Infra India Ltd	Fellow Subsidiaries	36,077,589	-	35,918,490 Dr.	-





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ADANI PENCH POWER LIMITED

10. Previous year figures have been regrouped and rearranged wherever necessary to conform to this year's classification.

Signature to Schedule 1 to 10

As per our attached report of even date
For DELOITTE HASKINS & SELLS
Chartered Accountants

For ADANI PENCH POWER LIMITED

Sd/-
RAVI SHARMA
(DIRECTOR)

Sd/-
GAURAV J. SHAH
(PARTNER)
Membership no 35701

Sd/-
PRABAL BANERJI
(DIRECTOR)

Place : Ahmedabad
Date : 06th May, 2011

Place : Ahmedabad
Date : 06th May, 2011

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.	:	U40100GJ2009PLC058171
	State Code	:	04
	Balance Sheet Date	:	31st March, 2011
II.	Capital Raised during the year: - (Amount in Rs. Thousand)		
	Public Issue -NIL		Right Issue - NIL
	Bonus Issue -NIL		Private Placement - NIL
III.	Position of Mobilization and Deployment of Funds (Amount in Rs. Thousand)		
	Total Liabilities	:	3,987,878
	Total Assets	:	3,987,878
	Sources of Funds:		
	Paid -up Capital	:	500,000
	Reserves & Surplus	:	-
	Secured Loans	:	-
	Unsecured Loans	:	3,987,378
	Deferred Tax Liability (Net)	:	-
	Application of Funds:		
	Net Fixed Assets	:	3,845,228
	Investments	:	-
	Net Current Assets	:	142,479
	Miscellaneous Expenditure	:	-
	Statement of Expenses	:	170
IV.	Performance of Company (Amount in Rs. Thousands)		
	Turnover (Including other Income)	:	---
	Total Expenditure	:	(127)
	Profit/(Loss) before tax	:	(127)
	Profit/(Loss) after tax	:	(127)
	Earning per share (Rs.)	:	(2.55)
	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	:	
*Note: -As the company has not started any commercial activity, the clause is not applicable.			

FOR ADANI PENCH POWER LIMITED

Place: Ahmedabad
Date: 6th May, 2011

Sdl-
RAVI SHARMA
DIRECTOR

Sdl-
PRABAL BANERJI
DIRECTOR