

Chairman's Speech

Adani Power Limited, 14th Annual General Meeting

My Dear Shareowners,

It gives me great pleasure to welcome you all to the 14th Annual General Meeting of your company to celebrate the continued superior performance and integrated strength of an emerging player in the Power Sector. It has been exactly one year of listing which brings us together to write a new chapter in our Company's growth and evolution.

Let me begin by thanking you all for your overwhelming response to the Company's IPO. Post listing, this is the first Annual General Meeting (AGM) of the Company therefore this meeting assumes significance.

We, at Adani Group have learnt that proactive approach, quick decision making and timely implementation is a key to success for creation of large infrastructure which is a pre-requisite to the country's growth. We have been the pioneers when it comes to coal trading and power trading in the country. We are successfully operating green field coal mines at Indonesia and have established the logistics chain by operating ships for coal movement. With the development of the power plants, we will be vertically integrated and drawing synergistic benefits amongst the Adani group companies for capturing value across the entire chain of various business.

Sector Overview

Power Generation in India and Capacity Addition

Power for All by 2012 is the vision of Govt. of India. This implies that there is a need to build additional generation capacity of about 1,85,000 MW during 11th & 12th five year plan period.

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

double digit growth rate for the Twelfth Plan, power sector must move at 8% to 9% annual growth rate.

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

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

I take this opportunity to share the project highlights and future plans.

Review of the Company's Business

We have various projects on ground for total generation capacity of 16,500 MW, out of which 990 MW has been commissioned. Out of 16,500 MW, 6,600 MW will be operational in the financial year 2011 - 12. With completion of 4620 MW at Mundra forming part of 6600 MW, it will have the distinction of being the largest power generation plant in India. The balance capacity would be commissioned in a phased manner during the XIIth Five Year Plan Period.

We have dedicated 433 km transmission line from Mundra to Dehgam. The said transmission line has been commissioned in July 2009. Construction of a Country's first and longest private dedicated 1000 km of HVDC transmission line from Mundra to Haryana is under progress. This unique initiative makes your Company the only private sector player to have such a vast, dedicated transmission network. Also, with such an infrastructure on transmission side, the Group becomes the only fully integrated player in Power Sector.

We, as Adani Group, are always concerned about the environment conservation and therefore about 92% of our power generation capacity is based on super

critical technology, which is eco friendly and fuel efficient. It gives me immense pleasure to inform you that your company has the distinction of being the first company in the world whose project is registered under "Clean Development Mechanism" based on Supercritical technology as per UNFCCC (United Nations Framework Convention on Climate Change), Geneva.

Operating Performance

On a standalone basis, during the year under review, the Company recorded a total income of Rs. 466.79 Crores, of which income from the sale of power was Rs. 434.86 Crores and other income was Rs. 31.93 Crores.

The Earnings Before Interest, Depreciation, Tax and Amortization (EBIDTA) was Rs. 244.60 Crores and Profit Before Tax (PBT) was Rs. 203.50 Crores.

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

As on 31st March, 2010 the networth of the company was Rs. 5,799.63 Crores.

Corporate Governance

The Company is proactive in following the principles and practices of good Corporate Governance. A good Corporate Governance is an important step towards building strong values and business ethics to build investor confidence, improve investor's protection and maximize long-term shareholder value. Your Company believes that good governance involves voluntary adoption of best practices.

Corporate Social Responsibility

Your Company is carrying out corporate social responsibility through Adani Foundation. The Adani Foundation believes that "SUCCESS IS NOT TRUE UNLESS IT IS SHARED". The foundation works in the core sector of Education, Health and Rural development.

The Company through Adani Foundation has undertaken various activities for socio-economic development of the people and has meaningfully contributed in the fields of literacy, health, sanitation, rain water harvesting etc. in the area of the Company's operations.

Your company is poised to achieve substantial and healthy growth in the coming year. It will be our committed endeavors to strive for improvement in all areas of operations so that, we not only remain competitive but also improve bottom line and strive to be the best in whatever we do.

Acknowledgement

In the end, as I sit to list who all need to be thanked for making this organization what it is today and what it would be tomorrow, I feel that I need to thank one and all, the employees who have untiringly worked to achieve every milestone and who have reciprocated the trust and confidence reposed in them through their hard work and dedication, the esteemed board members who have helped me in shaping the strategies, the customers, the vendors, the business associates who have supported the company, the various financial institutions and bankers, the Government of India and the State Governments, the regulatory authorities for their continued support and last but not the least you, the shareholders, investors and partners in the growth of the company for your continued confidence and trust in the management.

This is the beginning of Adani Group's journey into power business. Our vision is to operationalize generation capacity of 20,000 MW by the year 2020 in the field of thermal, hydro, solar, gas and wind power and we remain confident to achieve the same.

Thank you once again,

Gautam S Adani

Chairman

August 21, 2010

Ahmedabad