

Chairman's Speech

Adani Power Limited, 15th Annual General Meeting

Dear Shareholders,

With great pride and pleasure, I welcome you all to the 15th Annual General meeting of India's largest private thermal power producing company. Your Company has taken a giant stride in production capacities and in a short span of one year has touched 1980 MW from 990 MW capacity. It is a remarkable and notable performance not only for the quantum of units commissioned but the speed with which the commissioning was done.

With strength and expertise, we synchronised India's first Supercritical unit of 660 MW at Mundra, in just 36 months, making it the FASTEST project implementation by any power developer in India.

In the year gone by your company had many FIRSTS to its credit. Apart from being the FIRST Power Company in India to synchronize Supercritical Technology based power generation unit, in the fastest timeframe, we also have the distinction of being the WORLD'S FIRST Supercritical Technology project to have received "CLEAN DEVELOPMENT MECHANISM (CDM)" certification from United Nations Framework Convention on climate change (UNFCCC).

Scenario of Power Generation and Capacity addition in India

The total power generation in the country during FY11 was 811.1 Billion Units (BUs) as against the target of 830.8 BUs, about 2.37% below target. The annual growth in the energy generation during the year has been 5.55% against the CAGR of 5.17% during the period 2001-02 to 2010-11. The installed generation capacity in the country, as on 31st March, 2011 was 1,73,626 MW. The Indian power sector has historically been characterized by demand – supply gap which has been increasing over the years. During the Eleventh Plan period (FY 08 -12) the Government of India (GoI) was targeting capacity addition of 78,577 MW. The actual addition has been only 41,297 MW (as on 31st March, 2011) and it is estimated that final addition for the plan will not be more than 55,000 MW. With

the ever increasing gap between demand and supply for power, we believe that your company can play a key role in nation building.

The primary source of fuel for power generation in India is still coal. There is an indication that domestic coal deficit may increase in the upcoming years. Inadequate infrastructure to liquidate coal inventories at various mines is another concern. Considering the worsening coal scenario, Government is putting more thrust towards coal production from captive coal blocks allocated to various companies. Various state electricity boards have already initiated the process to invite private companies for mining development & operations (MDO) of captive coal blocks allocated to them. Adani Enterprises Limited, holding company, has been appointed as Mine Developer and Operator (MDO) for four coal blocks.

Consolidated Financial Performance

Our financial performance in the year gone by was commendable. During FY11, your company recorded a total income of Rs. 2,153.15 Crores, of which income from operations was Rs. 2,135.19 Crores and other income were Rs. 17.96 Crores.

For the year FY11, EBIDTA was Rs. 1,220.45 Crores and the Depreciation was Rs. 188.57 Crores. Net Interest and Finance charges were Rs. 236.64 Crores and PBT was Rs. 813.20 Crores in the year that ended on 31st March 2011.

Your Company's PAT was Rs. 513.57 Crores, with a Net Profit margin of 24% and basic EPS of Rs. 2.36 and Cash Earnings per Share (CEPS) of Rs. 4.52.

The Net Block of your company was Rs. 8,747.24 Crores on account of capitalization of Mundra phase II (660 MW), Unit -1 Phase III power project (660 MW) & capitalization of the fleet.

Business Activities

Your company together with its subsidiaries currently has nine power projects with a combined installed capacity of 16,500 MW. Out of 16,500 MW, 1980 MW has been commissioned, 7,260 MW is under implementation and 7,260 MW is at the planning stage. Your Company aims at owning and operating 20,000 MW generating capacity by 2020. We may evaluate Ultra Mega Power Projects

(UMPPs), coal based power projects with a capacity of 4000 MW or above, as and when they come up for bidding. Your company intends to sell the power generated from these projects under a combination of long-term PPAs and on merchant basis. Your company gets the synergistic benefit of the integrated value chain of Adani Group. In addition to generation of power, your Company is also actively investing in cross country Power Transmission Lines.

It would be interesting to note that as per planning commission report, private sector will add about 15,000 MW of capacity during the 11th plan period (2007-2012), out of which Adani Power alongwith its subsidiaries will contribute 6,000 MW. Therefore, your Company has emerged as one of the most promising private sector companies with strong project execution capabilities. Your company will add the highest capacity amongst the private sector power companies in 11th plan period.

Projects

Mundra, Gujarat - 4620 MW

Mundra Phase I and II have four coal-fired, sub-critical generation units of 330 MW each, with the combined capacity of 1,320 MW. The last two 330 MW units of Mundra Phase I and II power project were commissioned in August 2010 & December 2010.

For the period between April 2010 to March 2011, Phase I and II operated at an average PLF of 85% generating 7241 million units of electricity & during the last quarter ending March 2011 Phase I & II power project achieved PLF of 92%.

Mundra Phase III has two coal-fired, super-critical generation units of 660 MW each, with combined capacity of 1,320 MW. Phase III power project's first unit of 660 MW was commissioned in February 2011, which is India's first supercritical unit.

Mundra Phase IV will have three coal fired, super-critical generation units of 660 MW each, with a combined capacity of 1,980 MW.

The entire capacity of 4620MW is expected to be fully commissioned by April 2012. Once commissioned your company will become India's largest coal based thermal power producer at single location and one of the top five in the world.

A dedicated 433 km double circuit 400 kV transmission line has been commissioned in July 2009 for evacuation of surplus power from the Mundra Power Project. Construction of a dedicated 986 km 500 kV high voltage direct current transmission line from Mundra to Mohindergarh, Haryana, is under progress.

Tiroda, Maharashtra - 3300 MW

Tiroda Phase I and II, being developed by Adani Power Maharashtra Limited (APML), a subsidiary of your company, will have three coal fired, super-critical generation units of 660 MW each, with a combined capacity of 1,980 MW.

Tiroda phase III, which is also being developed by APML, will have two coal-fired, super-critical generation units of 660 MW each, with a combined capacity of 1,320 MW.

Construction of a 200 km 440 kV double circuit transmission line from Tiroda to Warora in Maharashtra, is under progress.

In FY12, a capacity of 1320 MW is expected to be commissioned and by FY14, the entire 3300 MW capacity is expected to be commissioned.

Kawai, Rajasthan -1320 MW

Kawai Power Project, being developed by Adani Power Rajasthan Limited (APRL), a wholly-owned subsidiary, will have two super-critical generation units of 660 MW each, with a combined capacity of 1,320 MW.

The entire 1320 MW capacity is expected to be commissioned by FY14.

Chhindwara, Madhya Pradesh - 1320 MW

Chhindwara Power Project, being developed by Adani Pench Power Limited, a wholly-owned subsidiary, is 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.

Dahej, Gujarat -2640 MW

Proposed to be developed by Adani Power Dahej Limited, a wholly-owned subsidiary, Dahej will be a coal-based power project with an aggregate capacity of 2,640 MW.

Bhadreshwar, Gujarat -3300 MW

Proposed to be developed by Kutchh Power Generation Limited, a wholly-owned subsidiary, it will be a coal-based power project with an aggregate capacity of 3,300 MW.

Corporate Governance

Your company has always been committed to good corporate governance and believes that it is important that principled and ethical business practices be adhered to voluntarily rather than under coercion of the law of the land. We have always stressed on practicing good corporate governance – be it right and equitable treatment of shareholders, interests of other stakeholders or the roles and responsibilities of the Board. We have always dealt with integrity and ethics and kept our activities transparent and our disclosures prompt.

The aspirations and interests of all stakeholders are safeguarded through strict compliance of statutory and regulatory requirements. Our high quality accounting practices is another important attribute in our unstinting commitment to enable growth with only the best practices in corporate governance. It is our endeavour to inspire confidence in our shareholders and financial institutions with our openness and be counted among India's finest corporate governance practitioners.

Corporate Social Responsibility

As a responsible Corporate citizen, your company takes its corporate social responsibility very seriously as we are of the belief that "Success is not true unless it is shared". Your Company applies its resources to bring about an egalitarian society by empowering the underprivileged through its CSR activities executed by Adani Foundation. Adani Foundation undertakes activities which will ensure sustainable development and harmony with people residing in the neighbourhood of your company's operations. Adani Foundation professes Developmental Approach with participatory processes rather than one sided Charity. Adani Foundation strives to include local communities at every step and also use them for implementation of the projects.

Adani Foundation is registered as an NGO and operates in Gujarat, Maharashtra and Himachal Pradesh currently.

The Foundation as you may be aware, is active in the four core areas of Education, Community Health, Sustainable Livelihood and Rural Infrastructure Development. In 2010-11 we have undertaken new initiatives in the form of:

- ✓ Kidney Stone Project for its Awareness, Intervention & Cure
- ✓ Water Conservation through Additional support for Drip Irrigation
- ✓ Fisher Folk Equipment Support to more than 2000 Fisher Men & Women

Adani Foundation's endeavours shall continue to bring about a level playing field for all sections of the society irrespective of their geographical location, be it in urban or rural. The Foundation shall strive to empower the underprivileged, wherever possible, with skills and education to become a contributing member of the society and lead a life of dignity.

Acknowledgements

You company has grown from strength to strength thanks to the team efforts, initiatives and enthusiasm of the employees. I congratulate and applaud their performance and am confident that with their committed endeavours, there shall be enhancement in efficiency in all areas of operations. I thank the esteemed board members who have been supporting me and guiding me in determining the best possible strategies and direction to steer the company. Various external agencies have

also played a key role in our growth and success story like our vendors, business associates, financial institutions, bankers and I thank them all for their contribution. I would like to acknowledge the most important support of the Central Government, the State Governments and the regulatory authorities in our growth. I wish to assure our stakeholder of our unwavering focus on excellence, to be the best in the business. We shall continue to be a competitive organisation and strive to improve our bottom lines as we give our best for the growth of APL. My team and I look forward to all the stakeholders support and encouragement as always, which shall spur us to higher and faster growth not only in the forthcoming year but for perpetuity.

Thank you

Gautam Adani

Chairman

August 10, 2011

Ahmedabad