

RA.6557

**ADANI POWER PTE. LTD.**  
(Registration number: 200919893Z)

**REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**  
(Expressed in United States Dollars)

**ADANI POWER PTE. LTD.**

(Registration number: 200919893Z)

**REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

# ADANI POWER PTE. LTD.

## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the financial year ended 31 March 2011.

### 1. DIRECTORS

The directors of the company in office at the date of this report are:

Desai Nileshkumar Ashokkumar  
Vinod Shantilal Shah

### 2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the year did there subsist any arrangement whose object was to enable the directors of the company and related corporations to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

### 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act, Cap. 50.

### 4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has substantial financial interest.

## ADANI POWER PTE. LTD.

### REPORT OF THE DIRECTORS

5. **OPTIONS TO TAKE UP UNISSUED SHARES**

During the financial year, no option to take up unissued shares of the company was granted.

6. **OPTIONS EXERCISED**

During the financial year, there were no shares of the company issued by virtue of the exercise of options to take up unissued shares.

7. **UNISSUED SHARES UNDER OPTIONS**

As at the end of the financial year, there were no unissued shares of the company under option.

8. **INDEPENDENT AUDITORS**

The independent auditors, M/s. Prudential Public Accounting Corporation, Public Accountants and Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the directors

*Sd/-*  
.....  
Desai Nileshkumar Ashokkumar  
Director

*Sd/-*  
.....  
Vinod Shantilal Shah  
Director

Singapore, 14 April 2011.

## ADANI POWER PTE. LTD.

### STATEMENT BY DIRECTORS

We, being the directors of the company, do hereby state that in our opinion: -

- (a) the accompanying financial statements as set out on pages 6 to 21 are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2011, and of the results of the business, changes in equity and cash flows of the company for the financial year then ended; and
- (b) at the date of this statement, with the continued financial support from its holding company, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the directors

Sd/-  
.....  
Desai Niteshkumar Ashokkumar  
Director

Sd/-  
.....  
Vinod Shantilal Shah  
Director

Singapore, 14 April 2011

## ADANI POWER PTE. LTD.

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

#### Report on the financial statements

We have audited the accompanying financial statements of **ADANI POWER PTE. LTD.**, which comprise the statement of financial position as at 31 March 2011, and statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of significant accounting policies and other explanatory notes set out on pages 6 to 21 for the financial year ended 31 March 2011.

#### Management's responsibility for financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provision of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statements of comprehensive income and statement of financial position and to maintain accountability of assets.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

...2/-

P

## ADANI POWER PTE. LTD.

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS – cont'd

#### Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2011 and the results, changes in equity and cash flows of the company for the year then ended on that date; and

#### Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements, which indicates that the company incurred a net loss of **US\$8,213** during the year ended 31 March 2011, and as of that date, the company's total liabilities exceeded its total assets by **US\$8,137**. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The company is dependent on its holding company for continued financial support and the directors are satisfied that financial support will be available when required.

#### Report of other legal and regularity requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Sd/-

PRUDENTIAL PUBLIC ACCOUNTING CORPORATION  
PUBLIC ACCOUNTANTS AND  
CERTIFIED PUBLIC ACCOUNTANTS  
SINGAPORE



Singapore, 14 April 2011

## ADANI POWER PTE. LTD.

### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	<u>Note</u>	<u>2011</u> <u>US\$</u>	<u>2010</u> <u>US\$</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Other receivables	(8)	-	29,990,000
Bank balances	(9)	<u>105,280</u>	<u>10,900</u>
<b>Total assets</b>		<u><b>105,280</b></u>	<u><b>30,000,900</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital	(10)	<u>1,000</u>	<u>1,000</u>
Accumulated losses		<u>(9,137)</u>	<u>(924)</u>
(Capital deficiency)/Total equity		<u>(8,137)</u>	<u>76</u>
<b>Current liabilities:</b>			
Other payables	(11)	<u>113,417</u>	<u>30,000,824</u>
<b>Total current liabilities</b>		<u><b>113,417</b></u>	<u><b>30,000,824</b></u>
<b>Total equity and liabilities</b>		<u><b>105,280</b></u>	<u><b>30,000,900</b></u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



## ADANI POWER PTE. LTD.

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	<u>Note</u>	01 Apr 2010 To 31 Mar 2011 US\$	23 Oct 2009 To 31 Mar 2010 US\$
<b>Revenue</b>		-	-
Administrative expenses		<u>(8,213)</u>	<u>(924)</u>
<b>Loss before income tax</b>		<b>(8,213)</b>	<b>(924)</b>
Income tax expense	(12)	<u>-</u>	<u>-</u>
<b>Loss for the year/period</b>		<b>(8,213)</b>	<b>(924)</b>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year/period</b>		<b><u>(8,213)</u></b>	<b><u>(924)</u></b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## ADANI POWER PTE. LTD.

### STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	<u>Share Capital</u> US\$	<u>Accumulated Losses</u> US\$	<u>Total</u> US\$
Balance as at date of incorporation, 23 October 2009	1,000	-	1,000
Total comprehensive loss for the period	-	(924)	(924)
Balance as at 31 March 2010	1,000	(924)	76
Total comprehensive loss for the year	-	(8,213)	(8,213)
Balance as at 31 March 2011	<u>1,000</u>	<u>(9,137)</u>	<u>(8,137)</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# ADANI POWER PTE. LTD.

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	01 Apr 2010 To 31 Mar 2011 US\$	23 Oct 2009 To 31 Mar 2010 US\$
<b>Cash flows from operating activities:</b>		
Loss before income tax and working capital changes	(8,213)	(924)
Other receivables	29,990,000	(29,990,000)
Other payables	<u>(29,887,407)</u>	<u>30,000,824</u>
<b>Net cash from operating activities</b>	<u>94,380</u>	<u>9,900</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of shares	<u>-</u>	<u>1,000</u>
<b>Net cash from financing activities</b>	<u>-</u>	<u>1,000</u>
Net increase in bank balances	94,380	10,900
Bank balances at beginning of year/period	<u>10,900</u>	<u>-</u>
<b>Bank balances at end of year/period</b>	<u>105,280</u>	<u>10,900</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# ADANI POWER PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. GENERAL

#### a) Corporate Information

The company (Registration number: 200919893Z) is a limited non-exempt private company, which is domiciled and incorporated in the Republic of Singapore with its registered office at:

10 Anson Road #34-16  
International Plaza  
Singapore 079903

The principal activities of the company consist of investing in coal mines and also to carry on the business of an investment holding company.

#### b) Going concern assumption

The financial statements are prepared on the going concern basis that the holding company will continue to provide unconditional financial support to the company to enable the company to discharge its obligations as and when they fall due.

#### c) Authorisation of financial statements

The financial statements of the company for the year ended 31 March 2011 were authorised for issue in accordance with the directors' resolution dated 14 April 2011.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. Basis of Preparation:

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") promulgated by Accounting Standards Council ("ASC").

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

##### 2.2. Changes in Accounting Policies

###### a) Adoption of new revised FRSs and INT FRSs

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the financial statements.

###### b) Standards issued but not yet effective

The company has not applied certain new accounting standards and interpretations that have been issued not yet effective. The initial application of those standards and interpretations are not expected to have any material impact on the company's financial statements.

##### 2.3. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

###### a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted.

###### b) Deferred tax

Deferred income tax is provided, using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit nor taxable profit or loss.

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

##### 2.3. Income Taxes – cont'd

###### b) Deferred tax – cont'd

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period and reduced to the extent that it is not longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### 2.4. Foreign Currency Transactions and Translation

###### a) Functional and presentation currency

The company's functional currency is the United States dollar ("USD"), which reflects the economic substance of the underlying events and circumstances of the company as most of the company's transactions are denominated in USD. The financial statements of the company are presented in USD.

###### b) Foreign Currency Transactions

Transactions in foreign currencies have been converted into USD at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies at the end of the reporting period have been converted into USD at the rates of exchange approximating to those ruling at that date. Exchange differences are dealt with in the profit or loss. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in the statement of comprehensive income.

##### 2.5. Provisions

Provisions are recognised when the company has a present obligations (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

##### 2.5. Provisions – cont'd

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### 2.7. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

##### 2.8. Events after the end of the reporting period

Events after the end of the reporting period that provide additional information about the company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the end of the reporting period that are not adjusting events are disclosed in the notes the financial statements when material.

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company statement of financial position when the company becomes a party to the contractual provisions of the instrument.

##### 3.1. Financial assets

###### a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter year.

###### b) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

###### c) Bank balances

Bank balances comprise cash at bank, which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

###### d) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each end of the reporting year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.



## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.1. Financial assets – cont'd

###### d) Impairment of financial assets – cont'd

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables where the carrying amount is reduced through the use of an allowance account. When the other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

###### e) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

##### 3.2. Financial liabilities and equity

###### Classification as debt or equity

Financial liabilities are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

###### a) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter year.

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.2. Financial liabilities and equity

###### b) Financial liabilities

- Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

###### c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

###### d) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

##### 4.1. Critical accounting judgements

In the process of applying the company's accounting policies, management is of the opinion that there are no critical judgements involved that have significant effect on the amounts recognised in the financial statements.

##### 4.2. Key sources of estimation uncertainties

The management is of the opinion that there are no key sources of estimation uncertainty at the end of the reporting year that have a significant effect on the amounts of assets and liabilities within the next financial year.

#### 5. FINANCIAL INSTRUMENT, FINANCIAL RISKS MANAGEMENT, OBJECTIVES AND POLICIES AND CAPITAL RISK MANAGEMENT

##### 5.1) Financial risk management policies and objective

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The directors' meets periodically to analyse, formulate and monitor the risk management of the company and of the company:

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 5. FINANCIAL INSTRUMENT, FINANCIAL RISKS MANAGEMENT, OBJECTIVES AND POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

##### 5.1) Financial risk management policies and objective – cont'd

The company adopts a systematic approach towards risk assessment and management. Risk management is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, monitoring and reporting of risk profile.

##### a) Categories of financial assets and liabilities

The categories of financial assets and financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	<u>2011</u> US\$	<u>2010</u> US\$
<b><u>Financial assets:</u></b>		
Other receivables	-	29,990,000
Bank balances	<u>105,280</u>	<u>10,900</u>
	<u>105,280</u>	<u>30,000,900</u>
<b><u>Financial liabilities:</u></b>		
Other payables	<u>113,417</u>	<u>30,000,824</u>

Further quantitative disclosures are included throughout these financial statements.

##### b) Credit Risk

Credit risk refers to risk that counterparty will default on its contractual obligations to repay amounts owing to company resulting in a loss to the company. The company's primary exposure to credit risk arises through its other receivables and bank balances. It is the company's policy to enter into transactions with creditworthy and high credit rating counter-parties to mitigate any significant credit risk.

No material credit risk is expected, as continuous profit will be generated from the related party. In view of the profitability and sound financial position of the related party, the directors consider the exposure to credit risk as low.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

##### **Financial assets that are neither past due nor impaired**

Bank balances that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies.

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 5. FINANCIAL INSTRUMENT, FINANCIAL RISKS MANAGEMENT, OBJECTIVES AND POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

##### 5.1) Financial risk management policies and objective – cont'd

##### b) Credit Risk – cont'd

##### Financial assets that are past due and/or impaired

There is no other class of financial assets that are past due and/or impaired.

##### c) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk arose from the change in foreign exchange rates that may have an adverse effect on the company in the current reporting year and in the future years.

The company's asset and liabilities are denominated in United States dollars. Management believes that the foreign currency rate risk is manageable. Hence, the company does not use derivative financial instruments to mitigate this risk.

##### Sensitivity analysis

No sensitivity analysis has been prepared as the amount is immaterial to the company.

##### d) Liquidity risk management

Liquidity risk refers to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

The company is exposed to liquidity risk. However, the holding company has agreed to provide unconditional financial support to the company to enable it to discharge its obligations as and when they fall due as stated in Note 1 to the financial statements.

The following table summarises the company's remaining contractual maturity for its non-derivative financial instruments at the end of each reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to pay.

2011	<u>Effective interest rate (%)</u>	<u>Less than 1 year US\$</u>	<u>Total US\$</u>
<b>Financial liabilities</b>			
Other payables	-	<u>113,417</u>	<u>113,417</u>
2010	<u>Effective interest rate (%)</u>	<u>Less than 1 year US\$</u>	<u>Total US\$</u>
<b>Financial liabilities</b>			
Other payables	-	<u>30,000,824</u>	<u>30,000,824</u>

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 5. FINANCIAL INSTRUMENT, FINANCIAL RISKS MANAGEMENT, OBJECTIVES AND POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

##### 5.1) Financial risk management policies and objective – cont'd

###### e) Fair value of financial assets and financial liabilities

The carrying amounts of other receivables, bank balances and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

##### 5.2) Capital risk management policies and objectives

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables less bank balances as shown in the statement of financial position. The total capital is calculated as equity and net debt. The company aims to maintain the gearing ratio at a reasonable level.

	<u>2011</u> US\$	<u>2010</u> US\$
Other payables	113,417	30,000,824
Less Bank balances	<u>(105,280)</u>	<u>(10,900)</u>
Net debt	8,137	29,989,924
Total equity	<u>(8,137)</u>	<u>76</u>
Total capital	<u>-</u>	<u>29,990,000</u>
Gearing ratio	<u>N.M.</u>	<u>100%</u>

N.M. – Not Meaningful.

The company is not subject to externally imposed capital requirement.

#### 6. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly owned subsidiary of Adani Power Limited, incorporated in India, which is also the company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

Many of the company's transactions and arrangements are between members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand.

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 7. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors as that of the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest free and repayable on demand unless otherwise stated.

#### 8. OTHER RECEIVABLES

	<u>2011</u> US\$	<u>2010</u> US\$
Related party (Note 7)	<u>-</u>	<u>29,990,000</u>

The carrying amounts of other receivables, which approximate their fair value are denominated in United States dollars.

#### 9. BANK BALANCES

	<u>2011</u> US\$	<u>2010</u> US\$
Cash at banks	<u>105,280</u>	<u>10,900</u>

Bank balances comprise of cash at banks, which earn interest at floating rates based on daily deposit rates.

The carrying amounts of bank balances, which approximate their fair value are denominated in United States dollars.

#### 10. SHARE CAPITAL

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>Number of shares</u>		<u>US\$</u>	<u>US\$</u>
Issued and Paid Up:	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The company has one class of ordinary shares which has no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All shares rank equally with regard to the company's residual assets.

## ADANI POWER PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 11. OTHER PAYABLES

	<u>2011</u> US\$	<u>2010</u> US\$
Holding company (Note 6)	-	30,000,000
Related party (Note 7)	110,000	-
Accrued expenses	<u>3,417</u>	<u>824</u>
	<u>113,417</u>	<u>30,000,824</u>

The carrying amounts of other payables, which approximate their fair value, are denominated in the following currencies:

	<u>2011</u> US\$	<u>2010</u> US\$
United States dollars	112,917	30,000,324
Singapore dollars	<u>500</u>	<u>500</u>
	<u>113,417</u>	<u>30,000,824</u>

#### 12. INCOME TAX EXPENSE

No provision for income tax is made in the financial statements of the company, as it has no investment income during the year.

#### 13. COMPARATIVE FIGURES

The financial statements for 31 March 2011 cover the twelve months ended 31 March 2011. The financial statements for 31 March 2010 covered the financial period since incorporation on 23 October 2009 to 31 March 2010.

#### 14. SUBSEQUENT EVENTS

No items, transactions or events of material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the company for the succeeding financial year.

## ADANI POWER PTE. LTD.

### DETAILED PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	01 Apr 2010 To 31 Mar 2011 US\$	23 Oct 2009 To 31 Mar 2010 US\$
Revenue	-	-
<b>Less: Administrative expenses</b>		
Auditors' remuneration	2,000	400
Bank charges	166	100
Printing and stationery	120	-
Professional fee	4,708	100
Secretarial fee and charges	1,219	324
	<u>(8,213)</u>	<u>(924)</u>
<b>Loss before income tax</b>	<u>(8,213)</u>	<u>(924)</u>

This schedule does not form part of the audited statutory financial statements.