

DHARMESH PARIKH & CO.

CHARTERED ACCOUNTANTS

303/304, "Milestone", Nr. Drive-in-Cinema, Opp. T.V. Tower, Thaltej,
Ahmedabad-380 054. Phone: 91-79-27474466 Fax: 91-79-27479955

Independent Auditor's Report

To the Members of Adani Pench Power Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of Adani Pench Power Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements given below give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



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Independent Auditor's Report

To the Members of Adani Pench Power Limited (Continue)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) we have sought and 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 Profit and Loss, the Statement Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e) The delay in setting up the project and incurring of continuous loss by the company, in our opinion, may have an adverse impact on the functioning of the company
 - f) on the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B';
 - h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Ahmedabad
Date : 2nd May 2018



For, **DHARMESH PARIKH & CO.**

Chartered Accountants

Firm Reg. No. 112054W

Anuj Jain

Anuj Jain

Partner

Membership No. 119140

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Annexure – A to the Independent Auditor's Report

RE: Adani Pench Power Limited

(Referred to in Paragraph 1 of our Report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the Ind AS Financial Statements for the year ended 31st March, 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business.
- (c) The title deeds of immovable properties, as disclosed in Note 4.1 on fixed assets to the financial statements, are held in the name of the Company.
- (ii) The Company being in the construction stage carries only Capital Inventory. Accordingly the provisions of paragraph 3 (ii) (a) & (b) of the Order is not applicable.
- (iii) According to the information and explanation given to us and the records produced to us for our verification, the company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly the provisions of paragraph 3 (iii) (a) to (c) of the Order are not applicable.
- (iv) According to the information and explanations given to us and representations made by the Management, the Company has not done any transactions covered under section 185 and 186 in respect of loans, investments, guarantees and security. Accordingly the provisions of paragraph 3 (iv) of the Order are not applicable.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) The company has not done any commercial activity during the year under review. Accordingly, the maintenance of cost records under section 148(1) of the Act as prescribed by the Central Government is not applicable to the company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including income tax, service tax, goods and service tax and other material statutory dues have generally been deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, provident fund, sales tax, value added tax, duty of customs, cess and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of applicable statutory dues as referred to above were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company and representations made by the Management, there are no statutory dues as mentioned in paragraph 3(vii)(a) which have not been deposited on account of any dispute.
- (viii) The Company has not taken any loan either from banks, financial institutions or from the government. It has issued 0% Compulsory Convertible Debentures during the year on which no interest payment or principal repayment is to be done. Accordingly the provisions of paragraph 3 (viii) of the Order are not applicable.



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Annexure to the Independent Auditor's Report (Continue)

RE: Adani Pench Power Limited


(Referred to in Paragraph 1 of our Report of even date)

- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees, noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration, except Director Sitting Fees, has not been paid /provided. Accordingly the provisions of Clauses 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a nidhi Company. Accordingly the provisions of Clauses 3 (xii) of the Order are not applicable.
- (xiii) As per information and explanation given to us and on the basis of our examination of the records of the Company, all the transaction with related parties are in compliance with section 177 and 188 of Companies Act 2013 and all the details have been disclosed in Ind AS Financial Statements as required by the applicable Accounting Standards.
- (xiv) During the year under review, the Company has issued 0% Compulsory Convertible Debenture (CCD) to existing Shareholders on Right Basis, hence section 42 of the Companies Act, 2013 is not applicable in respect to the same. Amount raised through issue of CCD have been utilized for the purpose for which they were raised. Company has not made any preferential allotment or private placement of shares.
- (xv) According to the information and explanations given to us and on the basis of our examination of the records, Company has not entered into any non-cash transactions with any director or any person connected with him. Accordingly the provisions of Clauses 3(xv) of the Order are not applicable to the Company.
- (xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable.

Place : Ahmedabad
Date : 2nd May 2018



For, **DHARMESH PARIKH & CO.**
Chartered Accountants
Firm Reg. No. 112054W


Anuj Jain
Partner
Membership No. 119140

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Annexure – B to the Independent Auditor's Report

RE: Adani Pench Power Limited

(Referred to in paragraph 2 (g) of our Report of even date)

Report on the Internal Financial Controls under Clause i of sub-section 3 of section 143 of the Companies Act 2013 (the Act).

We have audited the internal financial controls over financial reporting of the Company as of 31st March, 2018 in conjunction with our audit of the Ind AS Financial Statements of the company for the year ended on that date.

Management's Responsibilities for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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Annexure – B to the Independent Auditor's Report (Continue)

RE: Adani Pench Power Limited

(Referred to in paragraph 2 (g) of our Report of even date)

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Ahmedabad
Date : 2nd May 2018



For, **DHARMESH PARIKH & CO.**
Chartered Accountants
Firm Reg. No. 112054W

A handwritten signature in blue ink, appearing to read "Anuj Jain".

Anuj Jain
Partner
Membership No. 119140

ADANI PENCH POWER LIMITED
Balance Sheet as at 31st March, 2018

adani

Particulars	Notes	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	4.1	685,660,371	687,497,847
(b) Capital Work-In-Progress	4.2	1,121,534,508	1,118,458,163
(c) Financial Assets			
(i) Other Non-current Financial Assets	5	43,398	40,578
(d) Income Tax Assets (Net)	6	1,259,397	1,259,397
(e) Other Non-current Assets	7	48,429,000	48,519,000
Total Non-current Assets		1,856,926,674	1,855,774,985
Current Assets			
(a) Financial Assets			
(i) Cash and Cash Equivalents	8	4,026,196	1,709,552
(ii) Other Financial Assets	9	1,055,064	191,450
(b) Other Current Assets	10	164,256	97,935
Total Current Assets		5,245,516	1,998,937
Total Assets		1,862,172,190	1,857,773,922
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	11	500,000	500,000
(b) Instrument entirely equity in nature	12	2,808,113,900	2,767,260,400
(c) Other Equity	13	(950,860,199)	(923,000,916)
Total Equity		1,857,753,701	1,844,759,484
LIABILITIES			
Non-current Liabilities			
(a) Long Term Provisions	14	1,674,750	2,479,797
Total Non-current Liabilities		1,674,750	2,479,797
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	15	1,675,120	521,136
(ii) Other Financial Liabilities	16	532,807	9,027,351
(b) Other Current Liabilities	17	232,548	517,521
(c) Short Term Provisions	18	303,264	468,633
Total Current Liabilities		2,743,739	10,534,641
Total Liabilities		4,418,489	13,014,438
Total Equity and Liabilities		1,862,172,190	1,857,773,922

See accompanying notes to financial statements

In terms of our report attached

For **DHARMESH PARIKH & CO.**
Chartered Accountants
Firm Registration No. 112054W



ANUJ JAIN
PARTNER
Member No.119140



For and on behalf of board of directors


RAJIV RUSTAGI
DIRECTOR
DIN No. 07193069


KANDARP PATEL
DIRECTOR
DIN No. 02947643

Place : Ahmedabad
Date : 2nd May 2018

Place : Ahmedabad
Date : 2nd May 2018

ADANI PENCH POWER LIMITED
Statement of Profit and Loss for the year ended 31st March, 2018
adani

Sr No	Particulars	Notes	For the year ended 31st March, 2018 (Amount in ₹)	For the year ended 31st March, 2017 (Amount in ₹)
I	Income			
	Revenue from Operations		-	-
	Other Income	19	1,063,012	194,037
	Total Income		1,063,012	194,037
II	Expenses			
	Fuel Cost		-	-
	Purchase of Stock in Trade		-	-
	Employee Benefits Expenses	20	12,014,415	15,458,238
	Finance Costs	21	211	130,399,411
	Depreciation and Amortisation Expenses	4.1	1,154,151	1,439,949
	Other Expenses	22	15,818,278	25,743,666
	Total Expenses		28,987,055	173,041,264
III	(Loss) before exceptional items and tax (I-II)		(27,924,043)	(172,847,227)
IV	Exceptional items			-
V	(Loss) before tax (III-IV)		(27,924,043)	(172,847,227)
VI	Tax Expense:			
	Current Tax	23	-	1,112
	Deferred Tax		-	-
			-	1,112
VII	(Loss) for the year (V-VI)	Total A	(27,924,043)	(172,848,339)
VIII	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plans, net of tax		64,760	435,511
	Income Tax relating to Other Comprehensive Income		-	-
	Other Comprehensive Income (After Tax)	Total B	64,760	435,511
IX	Total comprehensive income for the year	Total (A+B)	(27,859,283)	(172,412,828)
	Earnings Per Equity Share (EPS)	30		
	(Face Value ₹ 10 Per Share)			
	Basic EPS (₹)		(558)	(3,457)
	Diluted EPS (₹)		(558)	(3,457)

See accompanying notes to financial statements

In terms of our report attached

For **DHARMESH PARIKH & CO.**
Chartered Accountants
Firm Registration No. 112054W



ANUJ JAIN
PARTNER
Member No.119140


For and on behalf of board of directors


VRAJIV RUSTAGI
DIRECTOR
DIN No. 07193069

KANDARP PATEL
DIRECTOR
DIN No. 02947643

Place : Ahmedabad
Date : 2nd May 2018

Place : Ahmedabad
Date : 2nd May 2018

Statement of changes in equity for the year ended 31st March, 2018

A. Equity Share Capital

Particulars	No. of Shares	(Amount in ₹)
Balance as at 1st April, 2016	50,000	500,000
Changes in equity share capital during the year :	-	-
Balance as at 31st March, 2017	50,000	500,000
Changes in equity share capital during the year :	-	-
Balance as at 31st March, 2018	50,000	500,000

B. Instrument entirely equity in nature Compulsorily Convertible Debentures

Particulars	No. of Debentures	(Amount in ₹)
Balance as at 1st April, 2016	-	-
Debentures issued during the year :	27,672,604	2,767,260,400
Balance as at 31st March, 2017	27,672,604	2,767,260,400
Debentures issued during the year :	408,535	40,853,500
Balance as at 31st March, 2018	28,081,139	2,808,113,900

Note :

The Company has issued 0% Compulsory Convertible Debentures of ₹ 100 each to its parent company, Adani Enterprises Limited, against loan outstanding, which shall be mandatorily converted in to equity shares of the Company at par in the ratio of 10:1 at any time after the expiry of 5 years but before 20 years from the date of issue.

C. Other Equity

(Amount in ₹)

Particulars	Reserves and Surplus	Total
	Retained Earnings	
Balance as at 1st April, 2016	(750,588,088)	(750,588,088)
Loss for the year	(172,848,339)	(172,848,339)
Remeasurement of defined benefit plans net of tax	435,511	435,511
Total Comprehensive Income for the year	(172,412,828)	(172,412,828)
Balance as at 31st March, 2017	(923,000,916)	(923,000,916)
Balance as at 1st April, 2017	(923,000,916)	(923,000,916)
Loss for the year	(27,924,043)	(27,924,043)
Remeasurement of defined benefit plans net of tax	64,760	64,760
Total Comprehensive Income for the year	(27,859,283)	(27,859,283)
Balance as at 31st March, 2018	(950,860,199)	(950,860,199)

See accompanying notes to financial statements

In terms of our report attached

For DHARMESH PARIKH & CO.

Chartered Accountants

Firm Registration No. 112054W


ANUJ JAIN
PARTNER

Member No.119140



For and on behalf of board of directors


✓ RAJIV RUSTAGI
DIRECTOR
DIN No. 07193069KANDARP PATEL
DIRECTOR
DIN No. 02947643Place : Ahmedabad
Date : 2nd May 2018Place : Ahmedabad
Date : 2nd May 2018

ADANI PENCH POWER LIMITED
Statement of Cash Flow for the year ended 31st March, 2018
adani

Particulars	For the year ended 31st March, 2018 (Amount in ₹)	For the year ended 31st March, 2017 (Amount in ₹)
(A) Cash flow from operating activities		
Loss before tax as per Statement of Profit and Loss	(27,924,043)	(172,847,227)
Adjustment for:		
Interest Income	(2,820)	(3,146)
Gain on sale of units of mutual fund	(113,893)	(47,073)
Depreciation and amortisation expenses	1,154,151	1,439,949
Finance Costs	211	130,399,411
Operating profit before working capital changes	(26,886,394)	(41,058,086)
Changes in working capital:		
(Increase) / Decrease in Other Non-Current Assets	90,000	(23,471)
(Increase) / Decrease in Other Current Assets	(66,320)	1,199,304
(Decrease) / Increase in Long Term Provisions	(740,287)	(324,005)
Decrease / (Increase) in Trade Payables	1,153,984	(65,119)
Decrease / (Increase) in Short Term Provisions	(165,369)	206,903
Decrease / (Increase) in Other Current Liabilities	(284,974)	(2,262,161)
(Increase) / Decrease in Other Financial Assets	(863,614)	12,705,628
	(876,580)	11,437,079
Cash generated from operations	(27,762,974)	(29,621,007)
Less : Tax (Paid) / refund	-	(59,272)
Net cash used in operating activities (A)	(27,762,974)	(29,680,279)
(B) Cash flow from investing activities		
Capital Expenditure on Fixed assets, Capital Work in Progress and Capital Advance	(10,887,564)	(33,745,637)
Investments	113,893	107,121
Other Non-current Financial Assets	-	(40,578)
Interest received	-	3,146
Margin Money Deposits Placed	-	37,432
Net cash (used in) / generated from investing activities (B)	(10,773,671)	(33,638,516)
(C) Cash flow from financing activities		
Proceeds from issue of Compulsory Convertible Debenture	40,853,500	-
Proceeds from Short Term Borrowings	-	195,027,894
Finance Costs Paid	(211)	(130,399,411)
Net cash generate from / (used in) financing activities (C)	40,853,289	64,628,483
Net decrease in cash and cash equivalents (A)+(B)+(C)	2,316,644	1,309,688
Cash and cash equivalents at the beginning of the year	1,709,552	399,864
Cash and cash equivalents at the end of the year	4,026,196	1,709,552



ADANI PENCH POWER LIMITED

Statement of Cash Flow for the year ended 31st March, 2018

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Particulars	For the year ended 31st March, 2018 (Amount in ₹)	For the year ended 31st March, 2017 (Amount in ₹)
Notes to Cash flow Statement :		
1 Cash and cash equivalents as per above comprise of the following :		
Cash and cash equivalents as per Balance Sheet	4,026,196	1,709,552
Bank overdrafts	-	-
Balances as per statement of cash flows	4,026,196	1,709,552

The Cash Flow statement has been prepared under the 'Indirect Method' set out in Ind AS 7 'Cash Flow Statement'.

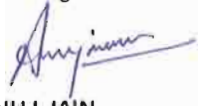
See accompanying notes to financial statements.

In terms of our report attached

For DHARMESH PARIKH & CO.

Chartered Accountants

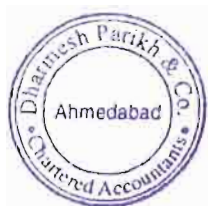
Firm Registration No. 112054W



ANUJ JAIN

PARTNER

Member No.119140



Place : Ahmedabad

Date : 2nd May 2018

For and on behalf of Board of Directors



✓ **RAJIV RUSTAGI**

DIRECTOR

DIN No. 07193069

KANDARP PATEL

DIRECTOR

DIN No. 02947643

Place : Ahmedabad

Date : 2nd May 2018

1 Corporate information

Adani PENCH Power Limited (the Company) is a public company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is wholly owned subsidiary of Adani Enterprises Limited and plans to set up two power generating units of 660MW each resulting into total power generating capacity to 1320MW Power Plant based on Super Critical Technology at Chhindwara, Madhya Pradesh. The Company is currently developing the basic Infrastructure facilities and has suspended the order for equipment supply due to technical reasons.

2 Significant accounting policies**2.1. Statement of compliance**

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

These Financial statements have been prepared and presented under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

The Financial Statements are presented in INR

2.3 Summary of significant accounting policies**a Property, plant and equipment**

Property, plant and equipment are stated at acquisition cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Properties in the course of construction are carried at cost, less any recognised impairment losses and Free hold land is stated at cost. All costs, including borrowing costs incurred up to the date the asset is ready for its intended use, is capitalised along with respective asset.

Depreciation is recognised based on the cost of assets less their residual values over their useful lives, using the straight-line method. The useful life of property, plant and equipment is considered based on life prescribed in schedule II to the Companies Act, 2013 except otherwise stated.

b Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

c Financial assets**Initial recognition and measurement**

All financial assets, except investment in subsidiaries and associates are recognised initially at fair value.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified:

i) At amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses. These include trade receivables, finance receivables, balances with banks, short-term deposits with banks, other financial assets and investments with fixed or determinable payments.

ii) At fair value through profit or loss (FVTPL)

Financial assets which are not measured at amortised cost are measured at FVTPL.

Fair value changes related to such financial assets including derivative contracts like forward currency contracts, cross currency swaps, options, interest rate futures and interest rate swaps to hedge its foreign currency risks and interest rate risks, are recognised in the statement of profit and loss.

Derecognition

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.



Impairment of Financial assets

A financial asset is assessed at each reporting date to determine whether there is an objective evidence which indicates that it is impaired. A financial asset is considered to be impaired if an objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

The Company applies expected credit loss (ECL) model for measurement of impairment loss on the following financial assets and credit risk exposure;

a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognised during the period is recognised as expense / (income) in the statement of profit and loss.

d Financial liabilities and equity instruments**Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Trade and other payables are recognised at the transaction cost, which is its fair value, and subsequently measured at amortised cost.

Financial liabilities at FVTPL

A financial liability may be designated as at FVTPL upon initial recognition if:

- i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- ii) the financial liability whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management;

Fair value changes related to such financial liabilities including derivative contracts like forward currency contracts, cross currency swaps, options, interest rate futures and interest rate swaps to hedge its foreign currency risks and interest rate risks, are recognised in the statement of profit and loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

e Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non - current.



f Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the financial asset or settle the financial liability takes place either:

- In the principal market, or
- In the absence of a principal market, in the most advantageous market.

The principal or the most advantageous market must be accessible by the Company.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

The Company- uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's - accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

g Revenue recognition

i) Revenue from sale of goods is recognised, net of return and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customer. Sales excludes sales tax and value added tax.

ii) Interest income is accounted for on an accrual basis. Dividend income is accounted for when the right to receive income is established.

h Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

i Employee benefits

i) Defined benefit plans: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees 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.

Defined benefit costs in the nature of current and past service cost and net interest expense or income are recognized in the statement of profit and loss in the period in which they occur. Actuarial gains and losses on remeasurement is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and is reflected immediately in retained earnings and not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

ii) Defined contribution plan: Retirement Benefits in the form of Provident Fund and Family Pension Fund which are defined contribution schemes are charged to the Project Development Expenditure Account till the commencement of commercial production otherwise the same is charged to the Statement of Profit and Loss for the period in which the contributions to the respective funds accrue.

iii) Compensated Absences: Provision for Compensated Absences and its classifications between current and non-current liabilities are based on independent actuarial valuation. The actuarial valuation is done as per the projected unit credit method.

iv) Short term employee benefits: They are recognised at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are received.

j Leases

Assets acquired on leases where a significant portion of risks and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised In the Statement of Profit and Loss on a straight-line basis.



k Taxes on Income

Tax on income comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilised. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss, either in other comprehensive income or directly in equity. The carrying amount of deferred tax assets is reviewed at each reporting date.

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.

l Earning Per Share

The Company reports basic and diluted earnings per share (EPS) in accordance with the IND AS 33 - "Earning per Share" as specified in the Companies (Indian Accounting Standards) Rules, 2015. The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year. The Diluted EPS has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the end of the year.

m Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are not recognised but are disclosed in the notes where an inflow of economic benefits is probable.

n Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

o Related party Transactions

Disclosure of transactions with Related Parties, as required by Ind AS 24 "Related Party Disclosures" has been set out in a separate note. Related parties as defined under clause 9 of the Ind AS 24 have been identified on the basis of representations made by the management and information available with the Company.



Notes to financial statements for the year ended on 31st March, 2018

p Exceptional Items

Exceptional items are generally non-recurring items of income and expense within profit or loss from ordinary activities, which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year.

q Cash Flow Statement

Cash flows are reported using indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

3.1 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key Sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Useful lives of property, plant and equipment

In case of the power plant assets, in whose case the life of the assets has been estimated at 25 years based on technical assessment, taking into account the nature of the assets, the estimated usage of the asset, the operating condition of the asset, anticipated technological changes, manufacturer warranties and maintenance support, except for major components identified during the year, depreciation on the same is provided based on the useful life of each such component based on technical assessment, if materially different from that of the main asset w.e.f. 1st April 2015.

ii) Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using ECL model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



Notes to financial statements for the year ended on 31st March, 2018

4.1 Property, Plant and Equipment

(Amount in ₹)

Description of Assets	Tangible Assets						Total
	Land - Leasehold	Land - Freehold	Plant and Equipment	Furniture and Fixtures	Computer	Office Equipments	
I. Gross Block							
Balance as at 1st April, 2016	-	661,704,252	3,888,569	581,064	937,088	1,928,905	669,039,878
Additions	18,626,787	3,468,885	-	-	-	-	22,095,672
Disposals	-	-	-	-	-	10,785	10,785
Balance as at 31st March, 2017	18,626,787	665,173,137	3,888,569	581,064	937,088	1,918,120	691,124,765
Additions	-	-	877,702	-	-	-	877,702
Disposals	-	-	3,010,867	581,064	937,088	1,918,120	690,247,063
Balance as at 31st March, 2018	18,626,787	665,173,137	3,010,867	581,064	937,088	1,918,120	690,247,063
II. Accumulated depreciation and impairment							
Balance as at 1st April, 2016	-	-	302,929	99,092	445,514	1,341,229	2,188,764
Depreciation expense	466,095	-	302,928	99,093	242,369	329,464	1,439,949
Eliminated on disposal of assets	-	-	-	-	-	1,795	1,795
Balance as at 1st April, 2017	466,095	-	605,857	198,185	687,883	1,668,898	3,626,918
Depreciation expense	620,893	-	294,018	99,092	92,569	47,579	1,154,151
Eliminated on disposal of assets	-	-	194,377	-	-	-	194,377
Balance as at 31st March, 2018	1,086,988	-	705,498	297,277	780,452	1,716,477	4,586,692

Carrying amount of Property, Plant and Equipment

Description of Assets	Land - Leasehold	Land - Freehold	Plant and Equipment	Furniture and Fixtures	Computer	Office Equipments	Total
As at 31st March 2017	18,160,692	665,173,137	3,282,712	382,879	249,205	249,222	687,497,847
As at 31st March 2018	17,539,799	665,173,137	2,305,369	283,787	156,636	201,643	685,660,371



ADANI PENCH POWER LIMITED
Notes to financial statements for the year ended on 31st March, 2018
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4.2 Capital Work In Progress

	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Plant and Equipments and Buildings Including Project Development Expenditure*	1,081,769,316	1,078,803,466
Materials at Site	39,765,192	39,654,697
Total	1,121,534,508	1,118,458,163

***Above includes Project Development Expenditure as under:**

Opening balance:	737,595,335	737,595,335
Add : Incurred during the year	-	-
Less: Capitalised during the year	-	-
Closing Balance	737,595,335	737,595,335

5 Other Non-current Financial Assets

	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
(Unsecured, considered good)		
Deposit with Bank (Lien with Government Authority)	43,398	40,578
Total	43,398	40,578

6 Income Tax Assets (Net)

	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Advance Income Tax	1,259,397	1,259,397
Total	1,259,397	1,259,397

7 Other Non-current Assets

	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
(Unsecured, considered good)		
Capital advances	15,674,333	15,699,333
Advance to employees	-	20,000
Security deposit (non interest bearing)	32,754,667	32,799,667
Total	48,429,000	48,519,000

8 Cash and Cash equivalents

	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Balances with banks		
In current accounts	4,026,196	1,709,552
Total	4,026,196	1,709,552

9 Other Financial Assets

	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
(Unsecured, considered good)		
Security deposit	176,450	191,450
Others (refer note 34)	878,614	-
Total	1,055,064	191,450

10 Other Current Assets

	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
(Unsecured, considered good)		
Advance recoverable in kind	137,194	17,935
Balances with Government authorities	7,062	-
Advance to Employees	20,000	80,000
Total	164,256	97,935



Notes to financial statements for the year ended on 31st March, 2018

11 Share Capital

	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Authorised Share Capital		
50,000 equity shares of ₹ 10/- each	500,000	500,000
(As at 31st March, 2017 - 50,000 equity shares of ₹ 10/- each)		
Total	500,000	500,000
Issued, Subscribed and fully paid-up equity shares		
50,000 equity shares of ₹ 10/- each	500,000	500,000
(As at 31st March, 2017 - 50,000 equity shares of ₹ 10/- each)		
Total	500,000	500,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	As at 31st March, 2018	As at 31st March, 2017
	No. of Shares	No. of Shares
At the beginning of the year	50,000	50,000
Issued during the year	-	-
Outstanding at the end of the year	50,000	50,000

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distributions will be in proportion to the number of equity shares held by the share holders.

c. Shares held by Parent Company

Out of equity shares issued by the company, shares held by its parent company are as under:

	As at 31st March, 2018	As at 31st March, 2017
	No. of Shares	No. of Shares
Adani Enterprises Limited		
50,000 equity shares of ₹ 10/- each	50,000	50,000
(As at 31st March, 2017 - 50,000 equity shares of ₹ 10/- each)		
Total	50,000	50,000

d. Details of shareholders holding more than 5% shares in the Company

	As at 31st March, 2018	As at 31st March, 2017
	No. of Shares	No. of Shares
	% holding in the class	% holding in the class
Equity shares of ₹ 10 each fully paid		
Adani Enterprises Limited (Parent Company)	50,000	50,000
	100%	100%
Total	50,000	50,000
	100%	100%

12 Instrument entirely equity in nature

	As at 31st March, 2018	As at 31st March, 2017
	No. of Debentures	No. of Debentures
	(Amount in ₹)	(Amount in ₹)
0% Compulsorily Convertible Debentures classified as equity		
	28,081,139	27,672,604
Total	28,081,139	27,672,604

Note

The Company has issued 0% Compulsory Convertible Debentures of ₹ 100 each to its parent company, Adani Enterprises Limited, against loan outstanding, which shall be mandatorily converted in to equity shares of the Company at par in the ratio of 10:1 at any time after the expiry of 5 years but before 20 years from the date of issue.



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Notes to financial statements for the year ended on 31st March, 2018

13 Other Equity

	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Retained earnings		
Surplus / (Deficit) in the Statement of Profit and Loss		
Opening Balance	(923,000,916)	(750,588,088)
Add : Loss for the year	(27,924,043)	(172,848,339)
Add : Other Comprehensive Income for the year	64,760	435,511
Closing Balance	(950,860,199)	(923,000,916)
Total		



ADANI PENCH POWER LIMITED

Notes to financial statements for the year ended on 31st March, 2018

14 Long-term Provisions	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Provision for Employee Benefits (Refer note 31)	1,674,750	2,479,797
Total	1,674,750	2,479,797

Note :

Non-current & Current classification done on the basis of Actuarial Valuation Certificate.

15 Trade Payables	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Trade Payables	1,675,120	521,136
Total	1,675,120	521,136

Note:

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues (including interest on outstanding 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.

16 Other Financial Liabilities	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Retention money payable	205,634	2,338,839
Capital Creditors	327,173	6,688,512
Total	532,807	9,027,351

17 Other Current Liabilities	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Statutory liabilities (Inclusive of PF, TDS, WCT and PT)	232,548	517,521
Total	232,548	517,521

18 Short-term Provisions	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Provision for Employee Benefits (Refer note 31)	303,264	468,633
Total	303,264	468,633

Note :

Non-current & Current classification done on the basis of Actuarial Valuation Certificate.



ADANI PENCH POWER LIMITED

Notes to financial statements for the year ended on 31st March, 2018

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19 Other Income	For the year ended 31st March, 2018 (Amount in ₹)	For the year ended 31st March, 2017 (Amount in ₹)
Interest Income (refer note i below)	2,820	3,146
Income from mutual funds	113,893	47,073
Profit on Sale/Retirement of Assets (Net)	61,263	-
Miscellaneous Income	885,036	143,818
Total	1,063,012	194,037
i) Interest income of ₹ 2820 (Previous Year ₹ 3146) on financial assets carried at amortised cost, pertaining to interest from fixed deposits and margin deposits with banks.		
20 Employee Benefits Expenses	For the year ended 31st March, 2018 (Amount in ₹)	For the year ended 31st March, 2017 (Amount in ₹)
Salaries, Wages and Allowances	10,912,047	13,973,714
Contribution to Provident and Other Funds (Defined Contribution Plans)	893,639	1,142,371
Employee Welfare Expenses	208,729	342,153
Total	12,014,415	15,458,238
21 Finance costs	For the year ended 31st March, 2018 (Amount in ₹)	For the year ended 31st March, 2017 (Amount in ₹)
(a) Interest Expenses on :		
Interest on Loans	-	130,391,689
Interest on Income Tax	97	7,722
	97	130,399,411
(b) Other borrowing costs :		
Bank Charges & Other Borrowing Costs	114	-
	114	-
Total	211	130,399,411
22 Other Expenses	For the year ended 31st March, 2018 (Amount in ₹)	For the year ended 31st March, 2017 (Amount in ₹)
Stores and Spares	-	732,550
Repairs and Maintenance		
Plant and Equipment	7,100	-
Others	106,764	120,772
Rent	1,393,458	1,575,561
Rates and Taxes	1,972,001	3,545,354
Legal & Professional Expenses	834,232	3,437,666
Directors' Sitting Fees	77,070	179,205
Payment to Auditors :		
Statutory Audit Fees	29,500	28,750
Other attestation work	17,700	30,944
Communication Expenses	256,604	328,615
Travelling & Conveyance Expenses	1,940,155	2,215,692
Insurance Expenses	2,606	39,218
Office Expenses	162,631	331,165
Loss on sale of fixed Assets	-	8,959
Donations	121,000	121,000
Corporate Social Responsibility expenses	1,605,005	2,679,445
Electricity Expenses	568,093	532,702
Miscellaneous Expenses	1,007,331	1,396,433
Contractual Manpower-Operations	1,662,636	1,674,657
Security Automation Expenses	4,054,392	6,764,978
Total	15,818,278	25,743,666



23 Income Tax

Current Tax

Current Income Tax Charge

Adjustments in respect of prior years

Total (a)

Total (b)

Total (a)+(b)

OCI section

Deferred tax related to items recognised in OCI during in the year

Total

(Loss) / Profit before tax as per Statement of Profit and loss (including OCI)

Income Tax using the Company's domestic Tax rate @ 25.75 % / 34.608%

Tax Effect of :

Incremental depreciation allowable on assets

Provisions disallowed

Current year Losses for which no Deferred Tax Asset is created

Income and expenses not allowed under income tax

Income tax recognised in Statement of Profit and loss at effective rate

Total

For the year ended
31st March, 2018
(Amount in ₹)For the year ended
31st March, 2017
(Amount in ₹)

-	-
-	1,112
-	1,112
-	-
-	1,112
-	-
-	-
(27,859,283)	(172,411,716)
(7,173,765)	(53,275,220)
297,194	444,944
-	-
10,510	4,919
6,866,061	52,825,357
-	-



24 Contingent Liabilities and Commitments (to the extent not provided for):**(i) Contingent liabilities**

As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
--	--

(ii) Commitments :

As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
--	--

Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advance)

8,279,147	2,670,965
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Total

8,279,147	2,670,965
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25 In the opinion of the management and to the best of their knowledge and belief, the values under the head of current assets are approximately of the value stated, if realized in the ordinary course of business, unless stated otherwise. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.

26 Financial Risk objective and policies

The Company's principal financial liabilities comprise borrowings, provisions, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations / projects. The Company's principal financial assets include mainly cash and cash equivalents. In the ordinary course of business, the Company is mainly exposed to risks resulting from interest rate movements (interest rate risk), liquidity risk and credit risk.

Interest Risk

The Company is exposed to changes in interest rates due to its financing, investing and cash management activities. The risks arising from interest rate movements arise from borrowings with variable interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The Company's risk management activities are subject to the management, direction and control of Central Treasury Team of the Adani Group under the framework of Risk Management Policy for interest rate risk. The Group's central treasury team ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the company. The company has adopted the policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial losses from default. The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk. Cash are held with creditworthy financial institutions.

Liquidity risk

The Company monitors its risk of shortage of funds using cash flow forecasting models. These models consider the maturity of its financial investments, committed funding and projected cash flows from operations. The Company's objective is to provide financial resources to meet its business objectives in a timely, cost effective and reliable manner and to manage its capital structure. A balance between continuity of funding and flexibility is maintained through the use of various types of borrowings.

Maturity profile of financial liabilities :

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payment.

As at 31st March, 2018	Less than 1 year	1 to 5 year	More than 5 year	(Amount in ₹) Total
Trade Payables	1,675,120	-	-	1,675,120
Other Financial Liabilities	532,807	-	-	532,807

27 Capital Management

The Company's objectives for managing capital is to safeguard continuity and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments

The funding requirements are met through support from parent company. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the net debt to equity ratio.

No changes were made in the objectives, policies or processes for managing capital during the years ended as at 31st March, 2018 and as at 31st March, 2017



28 Fair Value Measurement :

a) The carrying value of financial instruments by categories as of 31st March, 2018 is as follows :

Particulars	Fair Value through other Comprehensive Income	Fair Value through profit or loss	Derivative Instruments not in hedging relationship	Amortised cost	Total
Financial Assets					
Cash and cash equivalents	-	-	-	4,026,196	4,026,196
Other Financial assets	-	-	-	1,098,462	1,098,462
Total	-	-	-	5,124,658	5,124,658
Financial Liabilities					
Borrowings	-	-	-	-	-
Trade Payables	-	-	-	1,675,120	1,675,120
Other Financial Liabilities	-	-	-	532,807	532,807
Total	-	-	-	2,207,927	2,207,927

b) The carrying value of financial instruments by categories as of 31st March, 2017 is as follows :

Particulars	Fair Value through other Comprehensive Income	Fair Value through profit or loss	Derivative Instruments not in hedging relationship	Amortised cost	Total
Financial Assets					
Cash and cash equivalents	-	-	-	1,709,552	1,709,552
Other Financial assets	-	-	-	232,028	232,028
Total	-	-	-	1,941,580	1,941,580
Financial Liabilities					
Borrowings	-	-	-	-	-
Trade Payables	-	-	-	521,136	521,136
Other Financial Liabilities	-	-	-	9,027,351	9,027,351
Total	-	-	-	9,548,487	9,548,487

29 The Company's activities during the year revolve around power generation. Considering the nature of Company's business and operations, as well as based on reporting to the chief operating decision maker to make decision about resource allocation and performance measurement, there is only one reportable segment (business and/or geographical) in accordance with the requirements of Ind AS - 108 - 'Operating Segments', prescribed under Companies (Indian Accounting Standards) Rules, 2015.

30 Pursuant to the Ind AS - 33 'Earnings per Share', the disclosure is as under:

	UOM	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Basic and Diluted EPS			
Loss attributable to equity shareholders	₹	(27,924,043)	(172,848,339)
Weighted average number of equity shares outstanding during	No	50,000	50,000
Nominal Value of equity share	₹	10.00	10.00
Basic and Diluted EPS	₹	(558)	(3,457)



31 As per Ind AS 19 "Employee Benefits", the disclosure are given below.

(a) Defined Benefit Plan

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees, which provides a lump sum payment to vested employees at 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 (non-funded) as required under Ind AS-19 :

Particulars	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
i. Reconciliation of Opening and Closing Balances of Defined Benefit Obligation		
Present Value of Defined Benefit Obligations at the beginning of the Year	1,864,427	1,996,514
Current Service Cost	165,637	305,108
Interest Cost	141,595	157,612
Liability Transferred out	-	-159,296
Benefit paid	(945,404)	-
Re-measurement (or Actuarial) (gain) / loss arising from:		
change in demographic assumptions	(2,930)	(22,666)
change in financial assumptions	(133,633)	(397,155)
experience variance (i.e. Actual experience vs assumptions)	71,803	(15,690)
Present Value of Defined Benefit Obligations at the end of the Year	1,161,495	1,864,427
ii. Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets		
Present Value of Defined Benefit Obligations at the end of the Year	1,161,495	1,864,427
Fair Value of Plan assets at the end of the year	-	-
Net Liability recognized in balance sheet as at the end of the year	(1,161,495)	(1,864,427)
iii. Gratuity Cost / (Gain) for the Year		
Current service cost	165,637	305,108
Interest cost	141,595	157,612
Net Gratuity Cost / (Gain) recognised in the Statement of Profit & Loss	307,232	462,720
iv. Other Comprehensive Income		
Actuarial (gains) / losses		
change in demographic assumptions	(2,930)	(22,666)
change in financial assumptions	(133,633)	(397,155)
experience variance (i.e. Actual experience vs assumptions)	71,803	(15,690)
Components of defined benefit costs recognised in other comprehensive income	(64,760)	(435,511)
v. Actuarial Assumptions		
Discount Rate (per annum)	7.80%	7.60%
Annual Increase in Salary Cost	7.00%	8.00%
Attrition Rate	5.24%	5.70%
Mortality Rates are given under Indian Assured Lives Mortality (2006-08) Ultimate Retirement Age 58 Years		

vi. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 (Amount in ₹)
Defined Benefit Obligation (Base)	1,161,495	1,864,427

Particulars	As at 31st March, 2018 (Amount in ₹)		As at 31st March, 2017 (Amount in ₹)	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	1,275,212	1,063,272	2,008,430	1,737,726
(% change compared to base due to sensitivity)	9.80%	-8.50%	7.70%	-6.80%
Salary Growth Rate (- / + 1%)	1,061,722	1,274,986	1,737,059	2,006,457
(% change compared to base due to sensitivity)	-8.60%	9.80%	-6.80%	7.60%
Attrition Rate (- / + 50%)	1,141,727	1,176,451	1,873,161	1,858,811
(% change compared to base due to sensitivity)	-1.70%	1.30%	0.50%	-0.30%
Mortality Rate (- / + 10%)	1,161,285	1,161,703	1,864,458	1,864,397
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%



vii. Asset Liability Matching Strategies

The scheme is managed on unfunded basis.

viii. Effect of Plan on Entity's Future Cash Flows**a) Funding arrangements and Funding Policy**

The scheme is managed on unfunded basis.

b) Expected Contribution during the next annual reporting period

The Company's best estimate of Contribution during the next year is Nil

c) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows) - 9 years

Expected cash flows over the next (valued on undiscounted basis):	Amount in ₹
1 year	74,441
2 to 5 years	374,478
6 to 10 years	842,041
More than 10 years	1,534,814

ix. The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2017-18.

The actuarial Liability for leave encashment and compensated absences (Privilege Leave) as at the year ended 31st March, 2018 is

₹ 6,66,476 (Previous Year ₹ 8,31,026)

The actuarial liability for compensated absences (Sick Leave) as at the year ended 31st March, 2018 is ₹ 1,50,043 (Previous Year ₹ 2,52,977)

32 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ("MCA") has issued certain amendments to Ind AS through (Indian Accounting Standards) Amendment Rules, 2018. These amendments maintain convergence with IFRS by incorporating amendments issued by International Accounting Standards Board (IASB) into Ind AS and has amended the following standards:

1. Ind AS 115-Revenue from Contract with Customers
2. Ind AS 21-The effect of changes in foreign exchanges rates
3. Ind AS 40-Investment Property
4. Ind AS 12-Income Taxes
5. Ind AS 28-Investment in Associates and Joint Ventures
6. Ind AS 112-Disclosure of Interest in Other Entities

These amendments are effective for annual periods beginning on or after April 01, 2018. Application of these amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

The Company is assessing the potential effect of the amendments on its financial statements. The Company will adopt these amendments, if applicable, from their applicability date.

33 Events occurring after the Balance sheet Date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 2nd May, 2018, there were no subsequent events to be recognized or reported that are not already disclosed.



34 Related party transactions**a. List of related parties and relationship**

Description of relationship	
Ultimate Controlling Entity	S B Adani Family trust (SBAFT)
Parent Company	Adani Enterprises Limited
Fellow Subsidiary	Adani Power Dahej Limited
Entities under common control (with whom transaction are done)	<ul style="list-style-type: none"> Adani Power Limited Adani Power Maharashtra Limited Adani Infra (India) Limited Adani Green Energy (Tamil Nadu) Ltd Maharashtra Eastern Grid Power Transmission Company Limited
Key Management Personnel	<ul style="list-style-type: none"> Mr. Rajiv Rustagi, Director Mr. Kandarp Patel, Director Mr. Abhilash Mehta, Director

Terms and conditions of transactions with related parties

Outstanding balances of related parties at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

b. Transaction with related parties

Particulars	For the year ended on 31st March 2018			For the year ended on 31st March 2017		
	With Fellow Subsidiaries	With (Ultimate Controlling Entity) and its subsidiaries	Parent Company	With Fellow Subsidiaries	With (Ultimate Controlling Entity) and its subsidiaries	Parent Company
<u>Nature of Transaction with Related Parties :</u>						
Loan Repayment	-	-	-	-	-	2,780,060,579
Loan taken	-	-	-	-	-	207,828,073
Interest on loan	-	-	-	-	-	130,391,689
Issue of Compulsorily Convertible Debentures ("CCD") treated as equity	-	-	40,853,500	-	-	2,767,260,400
Sale of Asset	-	744,588	-	-	30	-
Other Balance Transfer to Related Party	-	-	-	-	20,000	-
Other Balance Transfer from Related Party	-	-	-	69,684	353,233	-

c. Balances with related parties

Particulars	For the year ended on 31st March 2018			For the year ended on 31st March 2017		
	With Fellow Subsidiaries	With (Ultimate Controlling Entity) and its subsidiaries	Parent Company	With Fellow Subsidiaries	With (Ultimate Controlling Entity) and its subsidiaries	Parent Company
<u>Balances With Related Parties :</u>						
Accounts Payables (Incl Provisions)	-	-	-	69,684	231,083	-
Account Receivable	-	878,614	-	-	-	-
Issue of Compulsorily Convertible Debenture treated as equity	-	-	2,808,113,900	-	-	2,767,260,400

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

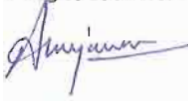


36 Approval of financial statements

The financial statements were approved for issue by the board of directors on 2nd May 2018.

In terms of our report attached

For **DHARMESH PARIKH & CO.**
Chartered Accountants
Firm Registration No. 112054W



ANUJ JAIN
PARTNER
Member No.119140



Place : Ahmedabad
Date : 2nd May 2018

For and on behalf of Board of Directors



RAJIV RUSTAGI
DIRECTOR
DIN No. 07193069



KANDARP PATEL
DIRECTOR
DIN No. 02947643

Place : Ahmedabad
Date : 2nd May 2018