

Incorporated in 1996, Adani Power Limited (APL) is an India based thermal power generating company headquartered in Ahmedabad, Gujarat. It is engaged in the generation, transmission and distribution of electricity. The company is involved in two segments viz. – Power and Shipping. Power segment includes generation and distribution of electricity, while the shipping segment deals with chartering and owning of ships, barges and boats with crew. The company currently has a consolidated installed & commissioned capacity of 10,440 MW. Its' coal based power plant at Mundra in Gujarat has an installed capacity of 4,620 MW and it accounts for over half of Adani Power's capacity. It has coal mining rights in three countries – India, Australia and Indonesia.

Key Developments

Revenue rose ~22% YoY in FY15 backed by capacity addition:

The company reported a net revenue of Rs. 18,823.7 Crore in FY15, up by 21.7% as compared to the last year backed by capacity addition at Tiroda Power Plant. EBITDA stood at Rs. 5,159.4 Crore in FY15, showing a growth of 12.3% from FY14. Increase in EBITDA was driven by the increase in revenue. Net loss was reported at Rs. 815.6 Crore in FY15 showing an increase of 180.7% from the last year.

Q4FY15 performance remains muted on YoY basis:

Net revenue fell by 22.2% in Q4FY15 YoY to Rs. 4,667.6 Crore. EBITDA stood at Rs. 1,204.6 Crore in Q4FY15, showing a decrease of 56.2% on a YoY basis mainly on account of increase in the operating expenses of the company by 6.7%. As a result, EBITDA margin fell by 615 bps in the same period. In line with significant decline in EBITDA, the net profit fell by 71.7% YoY in Q4FY15 YoY to Rs. 715.1 Crore. Sequentially, the company saw a transition as it reported net profit of Rs. 715.1 Crore as compared to a net loss of Rs. 428.7 Crore in Q3FY15 primarily due to depreciation write-back of Rs. 719.93 Crore and an exceptional gain of Rs. 657.6 Crore (largely from sale of transmission assets).

Operating capacity of the power plants rose to 10,440 MW:

Adani Power Ltd. has four power plants viz. Tiroda Thermal Power Project, Kawai Thermal Power Project, project at Mundra and the recently acquired Udupi power plant. The respective generation capacities of these plants stood at 3,300 MW, 1,320 MW, 4,620 MW and 1,200 MW respectively.

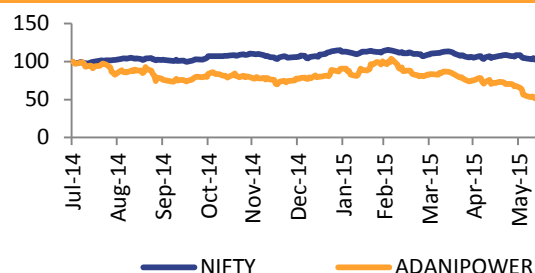
Market Data

| | |
|------------------------|-----------|
| CMP (₹) | 28 |
| Face Value | 10.0 |
| 52 week H/L (₹) | 60.1/26.3 |
| Adj. all time High (₹) | 145 |
| Decline from 52WH (%) | 53.4 |
| Rise from 52WL (%) | 6.4 |
| Beta | 1.6 |
| Mkt. Cap (₹Cr) | 8,132 |
| Enterprise Value(₹Cr) | 54,112 |

Fiscal Year Ended

| | FY13A | FY14A | FY15A |
|----------------------------|-----------|----------|----------|
| Net Sales (₹Cr) | 6,779.4 | 15,463.9 | 18,823.7 |
| Net Profit (₹Cr) | (2,295.0) | (290.6) | (815.6) |
| Share Capital (₹Cr) | 2,393.3 | 2,871.9 | 2,871.9 |
| EPS (₹) | (9.6) | (1.0) | (2.8) |
| P/E (x) | - | - | - |
| P/BV (x) | 2.2 | 1.9 | 1.4 |
| ROE (%) | (44.4) | (5.4) | (13.3) |

One year Price Chart



| Shareholding | Jun'15 | 8 Jun'15 | Diff. |
|------------------|--------|----------|-------|
| Promoters | 58.1 | 58.1 | - |
| DII | 2.6 | 2.5 | 0.1 |
| FII | 19.0 | 19.4 | (0.4) |
| Others | 20.3 | 20.0 | 0.3 |

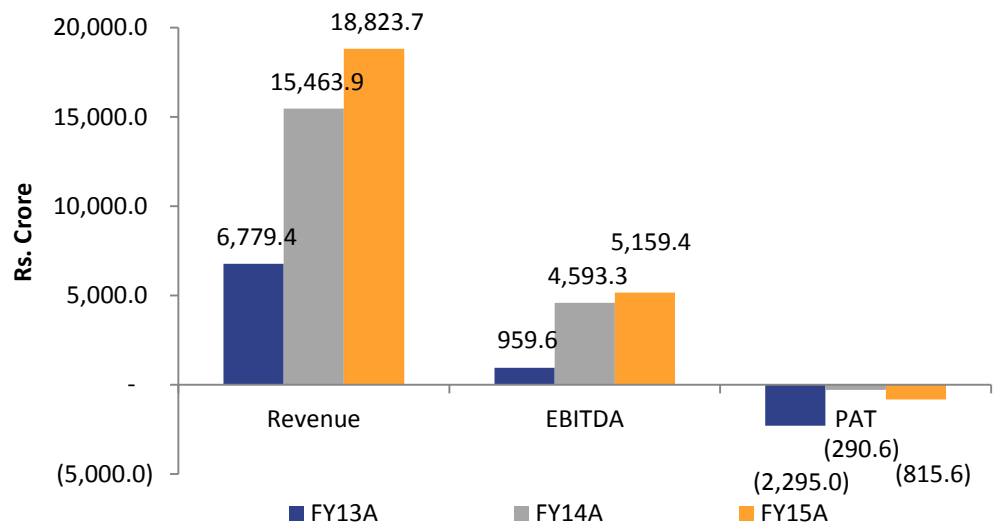
Adani Power is engaged in generation, transmission and distribution of electricity. It along with its subsidiaries has a total installed and commissioned capacity of 10,440 MW.

Company Overview

Incorporated in 1996, Adani Power Ltd is part of a global conglomerate Adani Group headquartered in Gujarat. The company is engaged in the generation, transmission and distribution of electricity. It generates electricity through thermal and solar energy sources. Adani Power operates in two segments: Power and Shipping. Power Segment includes generation and distribution of electricity under a combination of long term power purchase agreements and on merchant basis. Shipping segment includes chartering and owning of ships, barges and boats with crew. The company together with its subsidiaries currently has four power projects with a combined installed & commissioned capacity of 10,440 MW. Since the company possesses coal mining rights in India, Australia and Indonesia, it transports coal from and to their own ports through their own ships and this coal is consumed by their thermal power plant in Mundra.

The company's projects include Tiroda Thermal Power Project (Maharashtra) with a generation capacity of 3,300 MW, Kawai Thermal Power Project (Rajasthan) with a generation capacity of 1,320 MW and 4,620 MW project at Mundra (Gujarat). In addition, it also owns the 1,200 MW Udipi power plant (Karnataka). Some of the company's subsidiaries include Adani Infra (India) Limited, Adani Mining Private Limited, Adani Gas Limited and Chemoil Adani Private Limited.

Financial snapshot of Adani Power



Q4FY15 performance

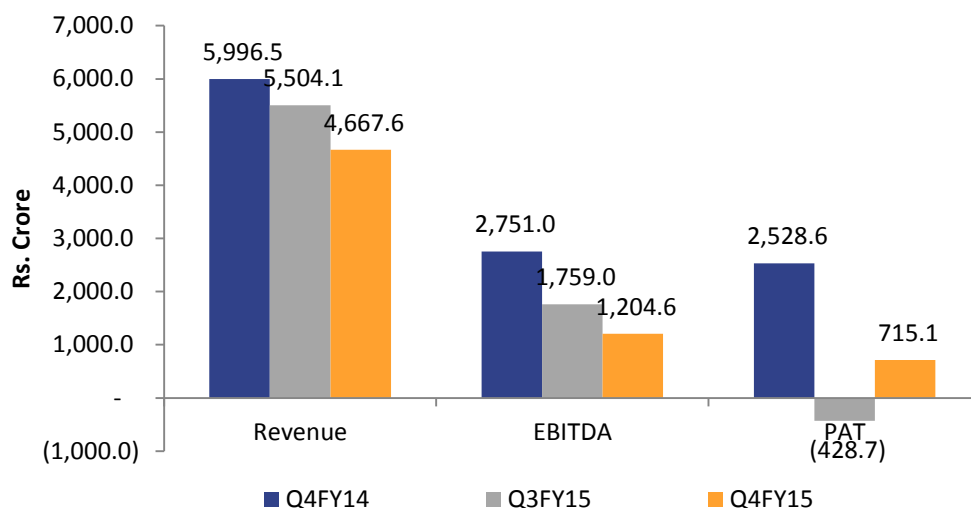
Net revenue declined by 22.2% YoY to reach Rs. 4,667.6 Crore in Q4FY15.

Increase in the operating expenses of the company led to lower EBITDA margins in Q4FY15.

Net revenue of the company stood at Rs. 4,667.6 Crore in Q4FY15, down by 22.2% YoY on consolidated basis. EBITDA for the quarter was reported at Rs. 1,204.6 Crore showing a decrease of 56.2% in comparison to the same period last year. This was mainly driven by an increase of 6.7% in the operating expenses of the company (with major surging costs being purchase of stock-in-trade and personnel costs). As a result, the EBITDA margin fell by 615 bps in Q4FY15 YoY. In line with decline in EBITDA, the company witnessed 71.7% YoY decline in its net profit during the quarter at Rs. 715.1 Crore.

However, on QoQ basis, the company saw a transition as it reported net profit of Rs. 715.1 Crore as compared to a net loss of Rs. 428.7 Crore in Q3FY15 primarily due to depreciation write-back of Rs. 719.93 Crore and an exceptional gain of Rs. 657.6 Crore (largely from sale of transmission assets).

Quarterly performance trend



Operational capacity at Adani Power

Adani Power completed the acquisition of 100% of the shares of Udupi Power Corporation (UPCL) from Hyderabad based - Lanco Infratech Limited. The deal was valued at Rs. 6,300 Crore. Udupi Power Corporation (UPCL) has an installed power generation capacity of 1,200 MW based on imported coal and includes a captive jetty for coal imports. The plant has a coal handling capacity of 4 MMT per annum. The transaction was announced earlier last year in August 2014 and was finally completed in April 2015. The Udupi Power Corporation (UPCL) has long term power sale agreements with the Discoms of the states of Karnataka and Punjab.

Adani Power together with its subsidiaries had three power projects with a combined installed & commissioned capacity of 9,240 MW till FY15. However, the effective operational capacity of the company stood at 8,891 MW in FY15 as compared to 7,182MW in the previous year, an increase of 23.8%. Further, with the acquisition of UPCL, Adani Power currently has a total commissioned capacity of 10,440 MW.

Mundra Plant has an installed capacity of 4,620 MW

The coal based power plant at Mundra in Gujarat has an installed capacity of 4,620 MW and it accounts for over half of Adani Power Ltd.'s capacity. Recently, the company participated in the coal block auctions promulgated by the Central Government of India and won the Jitpur coal block in Jharkhand for Rs. 302 a tonne. Adani Power intends to use the coal from this block, which has an estimated capacity of 2.5 mt per annum for feeding the company's Mundra plant to replace imported coal.

With the acquisition of a 100% stake in Udupi Power Corporation (UPCL), the installed and commissioned capacity of Adani Power has increased to 10,440 MW.

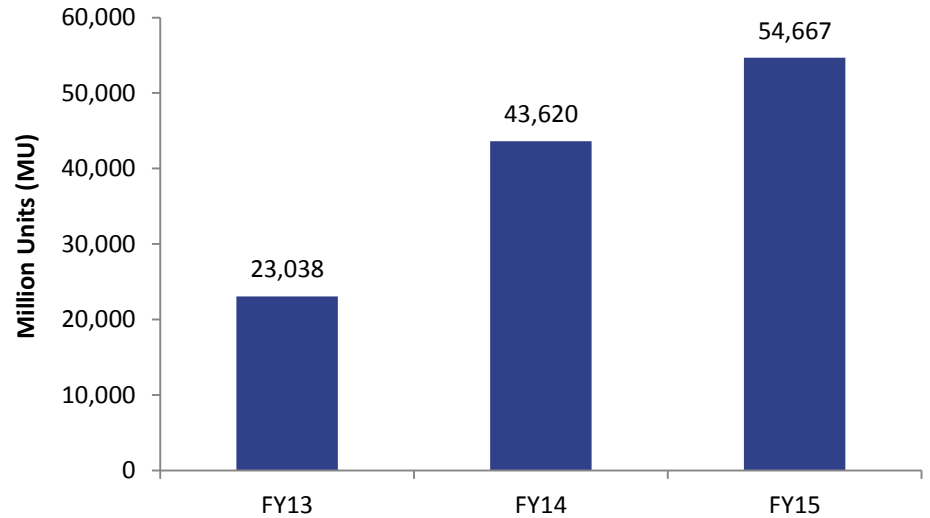
Mundra plant has an installed capacity of 4,620 MW and it accounts for over half of Adani Power's total installed capacity.

Adani Power has won three power transmission projects worth Rs. 3,500 Crore in Chhattisgarh.

Bagged power transmission projects in Chhattisgarh

Adani Power has won three power transmission projects in Chhattisgarh viz; Chhattisgarh A, Chhattisgarh B and Sipat in June 2015. The total value of the projects was ~Rs. 3,600 Crore. The company bagged the projects through the auction process floated by the Power Finance Corporation. The company won the Chhattisgarh A transmission project for Rs. 825 Crore and the Chhattisgarh B project for Rs. 2,000 Crore. Similarly, it bagged the Sipat project for the Rs. 863 Crore.

Gross power generation by Adani Power over the years



Balance Sheet (Consolidated)

| (₹Cr) | FY13A | FY14A | FY15A |
|---------------------------------------|-----------------|-----------------|-----------------|
| Share Capital | 2,393.3 | 2,871.9 | 2,871.9 |
| Reserve and surplus | 1,900.1 | 3,671.5 | 2,852.7 |
| Net Worth | 4,293.4 | 6,543.4 | 5,724.6 |
| Long-term borrowings | 33,191.6 | 33,131.5 | 35,089.7 |
| Deferred tax liability | 1,079.0 | 0.0 | 0.0 |
| Long term Provisions | 166.1 | 378.2 | 158.7 |
| Other long term liabilities | 343.6 | 396.8 | 60.5 |
| Current Liabilities | 15,614.2 | 18,289.0 | 17,440.7 |
| Total Equity & Liabilities | 54,687.9 | 58,738.9 | 58,474.2 |
| Fixed Assets inc. goodwill | 48,065.1 | 50,024.4 | 45,271.0 |
| Long term loans and advances | 1,405.5 | 724.9 | 581.1 |
| Non- Current Investments | 10.0 | 10.0 | 0.0 |
| Deferred tax assets | 0.0 | 0.0 | 0.0 |
| Other non-current assets | 154.9 | 875.4 | 2,430.0 |
| Current Assets | 5,052.4 | 7,104.2 | 10,192.1 |
| Total Assets | 54,687.9 | 58,738.9 | 58,474.2 |

Cash Flow (Consolidated)

| Y/E (₹ Cr) | FY13A | FY14A | FY15A |
|---|------------------|------------------|------------------|
| Net profit/loss before extraordinary items and tax | (1,842.3) | (1,369.5) | (1,297.8) |
| Net cashflow from operating activities | 2,266.3 | 3,237.8 | 6,123.4 |
| Net cash used in investing activities | (3,246.7) | (4,699.7) | (4,736.9) |
| Net cash used from financing activities | 860.6 | 1,631.0 | (1,443.9) |
| Net inc/dec in cash and cash equivalents | (119.8) | 169.1 | (57.3) |

Financial performance snapshot

Net revenue of Adani Power was reported at Rs. 18,823.7 Crore in FY15, up by 21.7% as compared to the last year. The company reported a net generation of 50.7 billion units in FY15 as compared to 40.1 billion units in FY14. Also, operational capacity has enhanced to 8,891 MW from 7,182MW in the previous year, an increase of 23.8%. EBITDA stood at Rs. 5,159.4 Crore in FY15, showing a growth of 12.3% from FY14. However, the EBITDA margin decreased by 230 bps in FY15. Net loss was reported at Rs. 815.6 Crore in FY15 showing an increase of 180.7% from the last year. This was on account of factors like an increase in the finance cost of the company by 16.9% and extraordinary items (such as loss from discontinuing operations of Rs. 65.9 Crore, liquidated damages amounting to Rs. 16.8 Crore payable on account of delay in Commercial Operations Date (COD) at Tiroda plant).

Profit & Loss Account (Consolidated)

| (₹Cr) | FY13A | FY14A | FY15A |
|--------------------------|------------------|------------------|------------------|
| Net Sales | 6,779.4 | 15,463.9 | 18,823.7 |
| Expenses | 5,819.7 | 10,870.6 | 13,664.4 |
| EBITDA | 959.6 | 4,593.3 | 5,159.4 |
| Other Income | 190.7 | 231.4 | 241.4 |
| Depreciation | 1,289.7 | 1,937.5 | 1,818.2 |
| EBIT | (139.4) | 2,887.3 | 3,582.6 |
| Net Interest cost | 1,702.9 | 4,162.2 | 4,863.5 |
| Profit Before Tax | (1,842.3) | (1,274.9) | (1,280.9) |
| Tax | 476.7 | (1,079.0) | 0.0 |
| Extraordinary Item | 24.1 | (94.6) | 465.3 |
| Net Profit | (2,295.0) | (290.6) | (815.6) |

Key Ratios (Consolidated)

| | FY13A | FY14A | FY15A |
|-------------------|--------|-------|--------|
| EBITDA Margin (%) | 14.2 | 29.7 | 27.4 |
| EBIT Margin (%) | (2.1) | 18.7 | 19.0 |
| NPM (%) | (33.9) | (1.9) | (4.3) |
| ROCE (%) | (0.4) | 7.1 | 8.7 |
| ROE (%) | (44.4) | (5.4) | (13.3) |
| EPS (Rs.) | (9.6) | (1.0) | (2.8) |
| P/E (x) | - | - | - |
| BVPS(Rs.) | 17.9 | 22.8 | 19.9 |
| P/BVPS (x) | 2.2 | 1.9 | 1.4 |
| EV/EBITDA (x) | 48.2 | 11.2 | 9.3 |



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