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Adani Power Limited

Analyst Presentation

Q1 FY 2020-21



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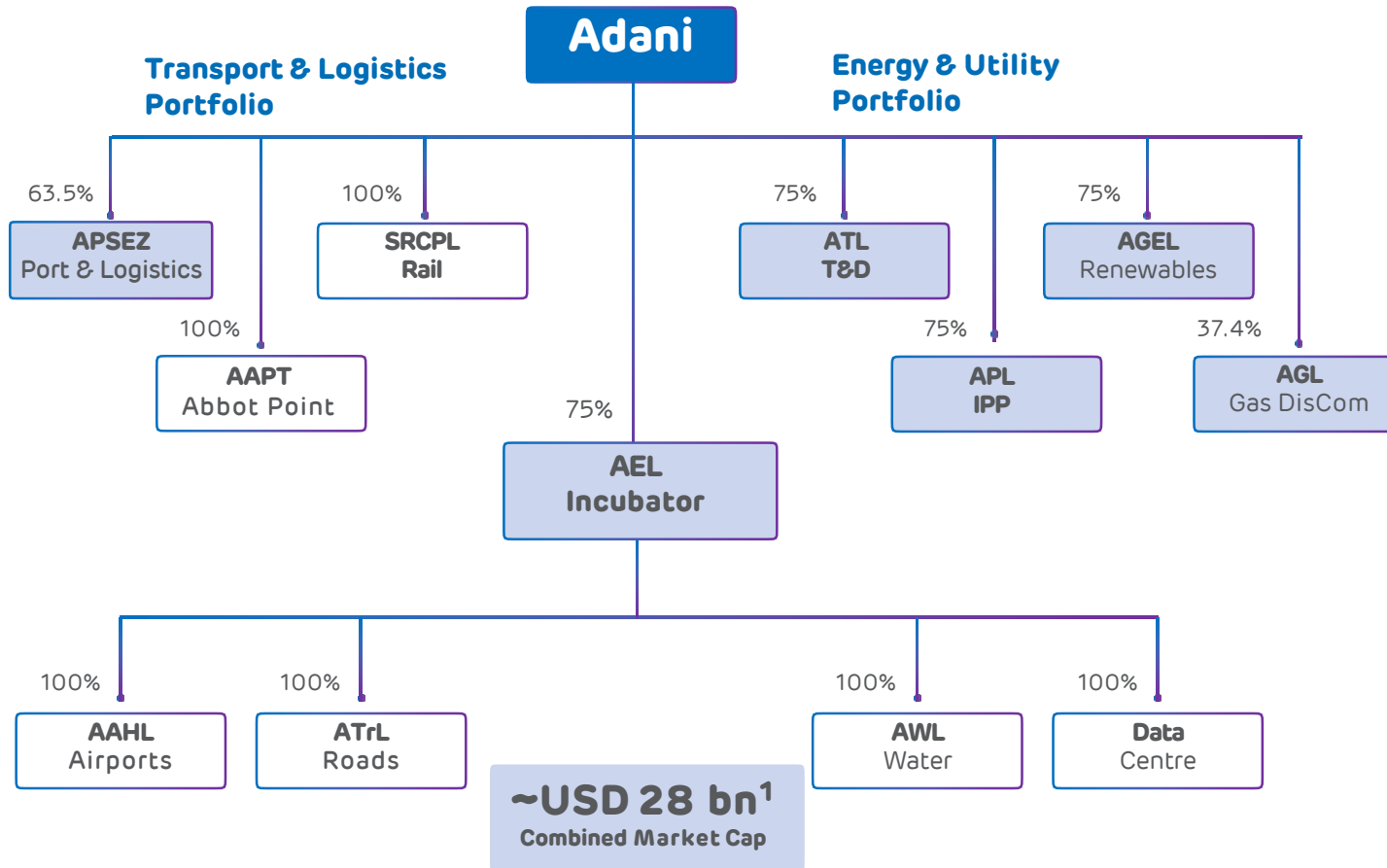
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Adani Group

Adani Group: A world class infrastructure & utility portfolio



Adani

- **Marked shift from B2B to B2C businesses –**
- **AGL** – Gas distribution network to serve key geographies across India
- **AEML** – Electricity distribution network that powers the financial capital of India
- **Adani Airports** – To operate, manage and develop six airports in the country
- **Locked in Growth 2020 –**
- Transport & Logistics - Airports and Roads
- Energy & Utility – Water and Data Centre

Opportunity identification, development and beneficiation is intrinsic to diversification and growth of the group.

Adani Group: Repeatable, robust & proven model of infrastructure development

Phase	Development			Operations	Post Operations
Activity	Origination <ul style="list-style-type: none"> Analysis & market intelligence Viability analysis Strategic value 	Site Development <ul style="list-style-type: none"> Site acquisition Concessions and regulatory agreements Investment case development 	Construction <ul style="list-style-type: none"> Engineering & design Sourcing & quality levels Equity & debt funding at project 	Operation <ul style="list-style-type: none"> Life cycle O&M planning Asset Management plan 	Capital Mgmt <ul style="list-style-type: none"> Redesigning the capital structure of the asset Operational phase funding consistent with asset life
Performance	<ul style="list-style-type: none"> Redefining the space e.g. Mundra Port 	<ul style="list-style-type: none"> Envisaging evolution of sector e.g. Adani Transmission 	<ul style="list-style-type: none"> Complex developments on time & budget e.g. APL 	<ul style="list-style-type: none"> O&M optimisations e.g. Solar plants 	<ul style="list-style-type: none"> Successfully placed 7 issuances totalling ~USD4Bn in FY20 All listed entities maintain liquidity cover of 1.2x- 2x for FY21. Focus on liquidity planning ensures remaining stress free.


Low capital cost, time bound & quality completion providing long term stable cashflow & enhanced RoE

Adani Group: Repeatable, robust business model applied to drive value

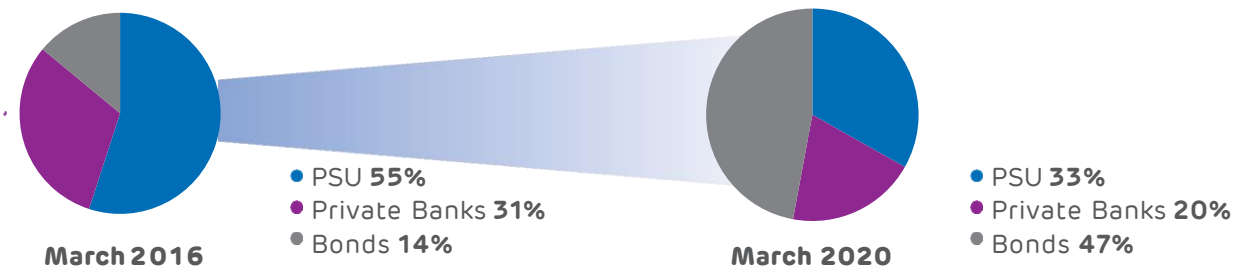
Key Business Model Attributes

- Development at large scale & within time and budget
- Excellence in O&M – benchmarked to global standards
- Diverse financing sources – only Indian infrastructure portfolio with four (4) Investment Grade (IG) issuers

Successfully applied across Infrastructure & utility platform

 India's Largest Commercial Port (at Mundra)	 Longest Private HVDC Line in Asia (Mundra – Dehgam)	 648 MW Ultra Mega Solar Power Plant (at Kamuthi, TamilNadu)	 Largest Single Location Private Thermal IPP (at Mundra)
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APSEZ Highest Margin among Peers in the World EBITDA margin: 64% ^{1,2}	ATL Highest availability among Peers EBITDA margin: 91% ^{1,3}	AGEL Constructed and Commissioned in 9 months EBITDA margin: 89% ^{1,4}	APL High declared capacity of 89% ⁵
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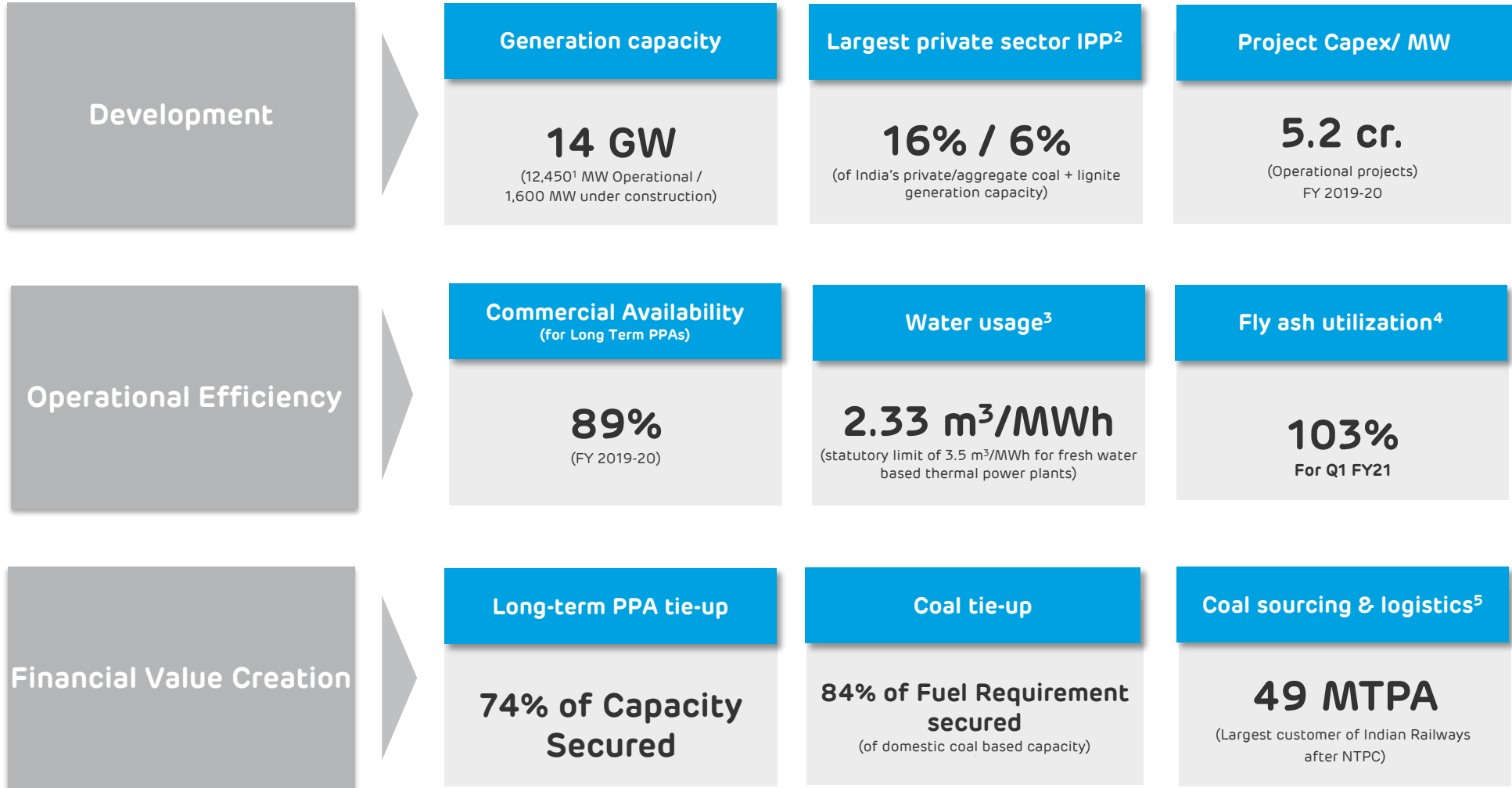


The dominant Infrastructure platform that re-defines respective industry landscape

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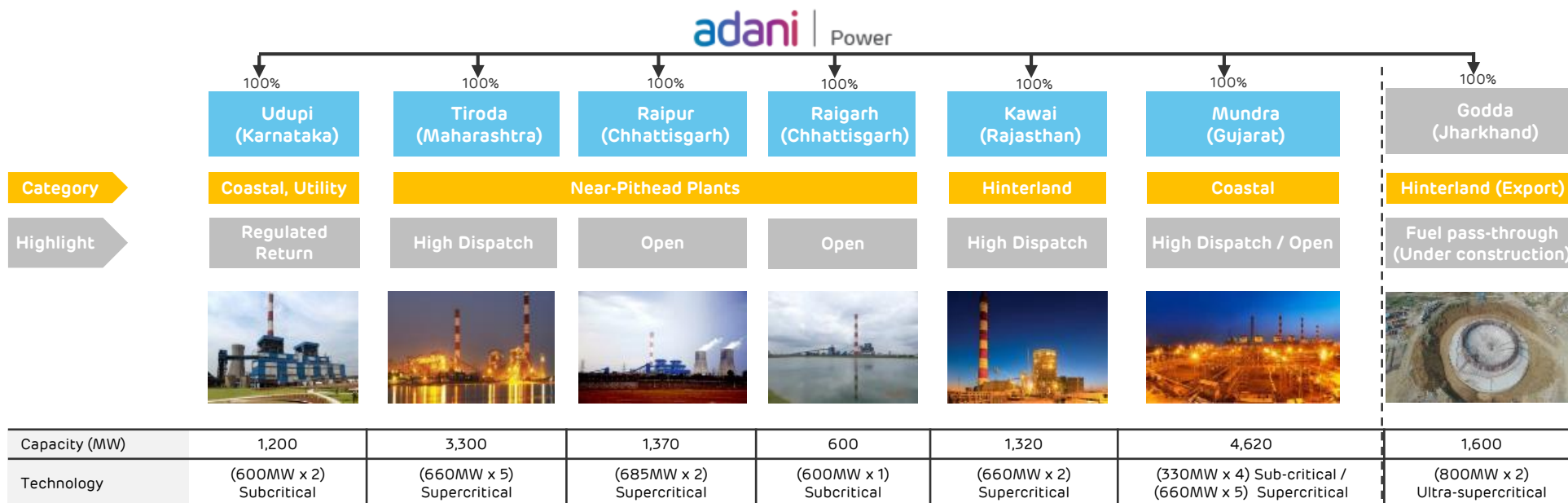
Adani Power Limited

APL at a glance



1. Includes 40 MW solar power plant at Bitta; 2. Source: CEA, Mar 2020; 3. As on Mar 31, 2020; 4. Based on current generation at portfolio level; 5. At 80% PLF

Strategically located, diversified operating fleet



Category	Coastal	Near-pithead	Hinterland
Capacity MW	5,820 (41%)	5,270 (38%)	2,920 (21%)
Supercritical/Ultra-supercritical	57%	89%	100%

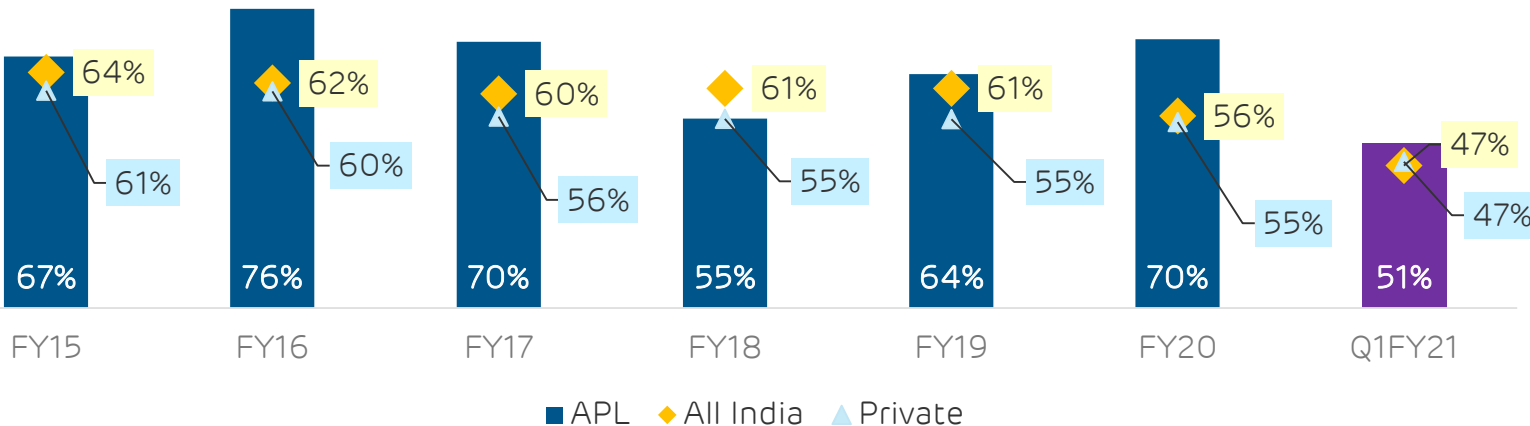
14 GW of modern and efficient thermal power capacity of which six operating plants comprise 12 GW

Superior operating performance

Plant Load Factor (%)

Consistently high PLF in comparison to all India average

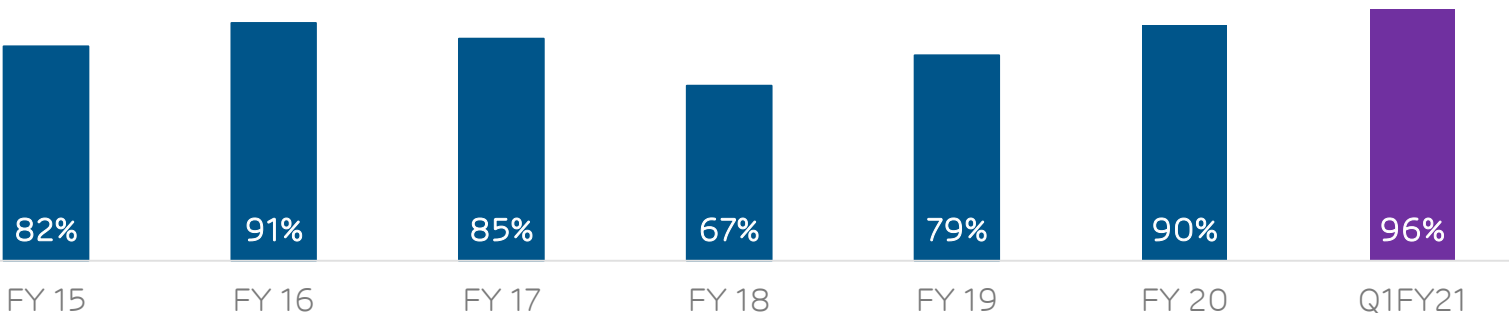
(FY18 lower due to coal shortage)



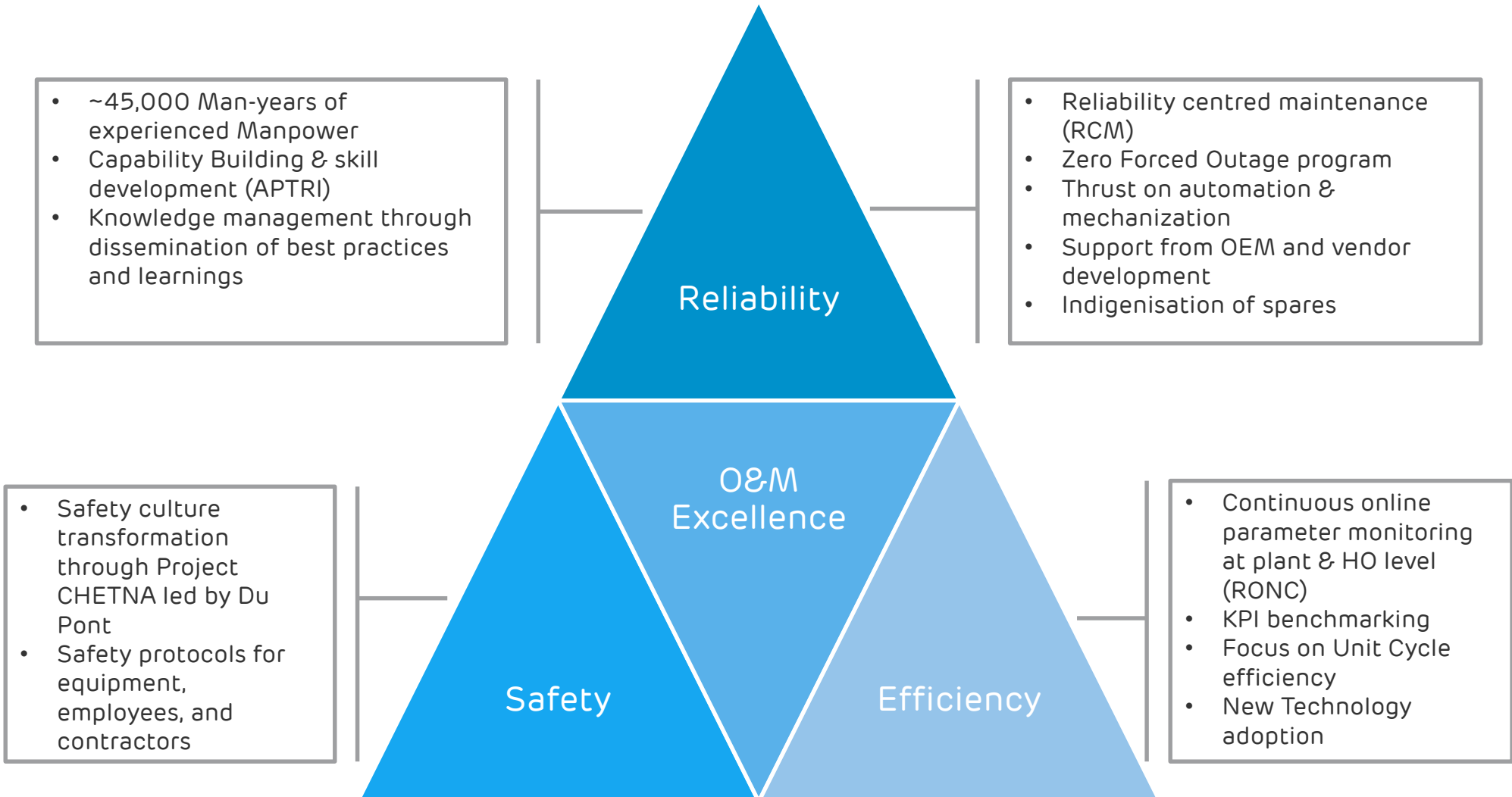
Commercial Availability for Long Term PPAs (%)

Attainment of normative availability ensures full recovery of capacity charge

(FY18 lower due to coal shortage)



Source: Ministry of Power (<https://powermin.nic.in/en/content/power-sector-glance-all-india>)



Sector-leading logistics capability as key competitive advantage

Fuel management is key to revenue stability

Plant and Mine Locations

Only IPP in India with in-house, mine-to-plant logistics capability

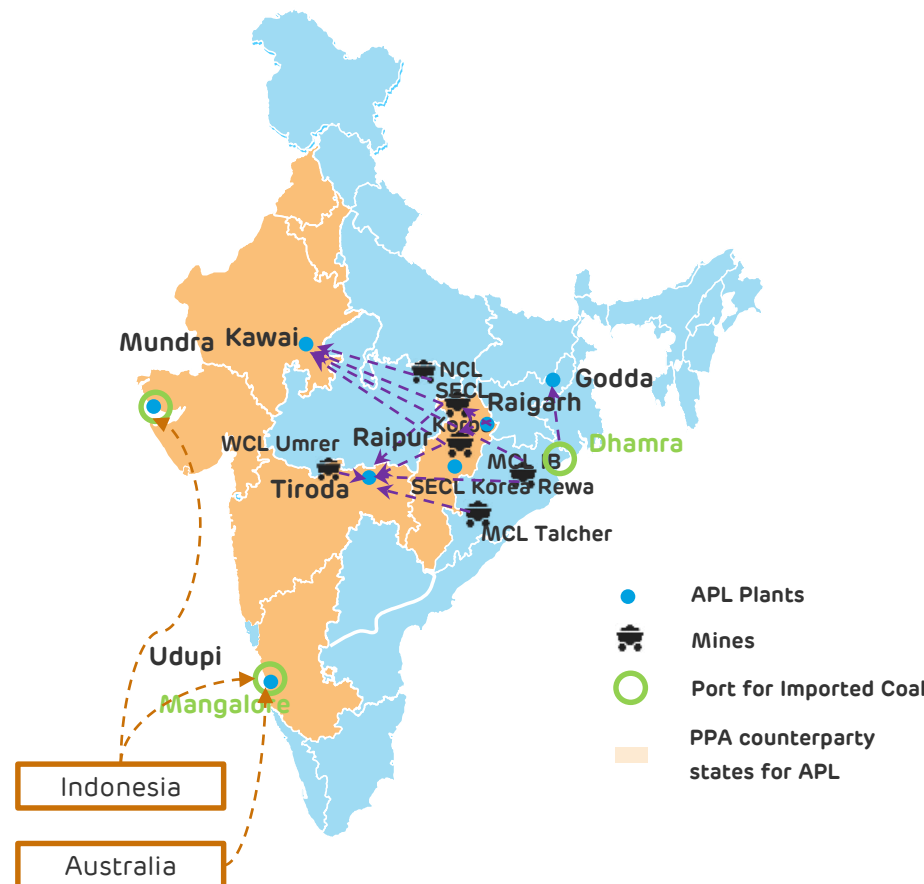
Handling 49 MMTPA coal, 6 MMTPA Fly Ash

Multiple agencies and touch points need constant attention

More than 12,000 Rake Equivalents of fuel handled annually

Daily management of loading of 25 rakes, with 36-40 rakes in circulation

Investment in material handling infrastructure for quick turnaround



APL handles volumes of 49 MMTPA, equivalent to nearly 20% of APSEZ's volumes

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APL Quarterly Performance Highlights

Business and Financial Updates

- **Power Supply Agreement (PSA) of 25 years duration signed with MP Power Management Co. Ltd. for 1,230 MW contracted capacity by Pench Thermal Energy (MP) Ltd. (APL Subsidiary)**
 - Power to be supplied from a greenfield 1,320 MW Supercritical power plant to be set up in MP on DBFOO basis
 - Madhya Pradesh Electricity Regulatory Commission approval for PSA issued on 26th May 2020
- **APL signed a definitive agreement to acquire the 49 percent stake in Odisha Power Generation Corporation (OPGC) from the affiliates of The AES Corporation (AES), a US-based global energy company, for INR equivalent of USD 135 million**
 - OPGC operates a 1,740 MW thermal power plant at Jharsuguda in Odisha, including recently commissioned supercritical capacity of 1,320 MW (Phase II), and has a dedicated captive coal mine in the State
 - Phase I LT PPA with Odisha Gridco up to June 2026, and Phase II up to March 2048
 - Balance 51% stake in OPGC is held by the Government of Odisha
- **APMuL assigned BBB-; Stable credit rating by India Ratings**

ESG

- APL has been Ranked 30th place among 153 corporates in electric utility sector across the world for ESG practices, by DJSI
- APL's ESG Score improved from 23 in 2014 to 59 in 2019 vs sector average of 45
- APL's global percentile ranking improved from 8 in 2014 to 65 in 2019

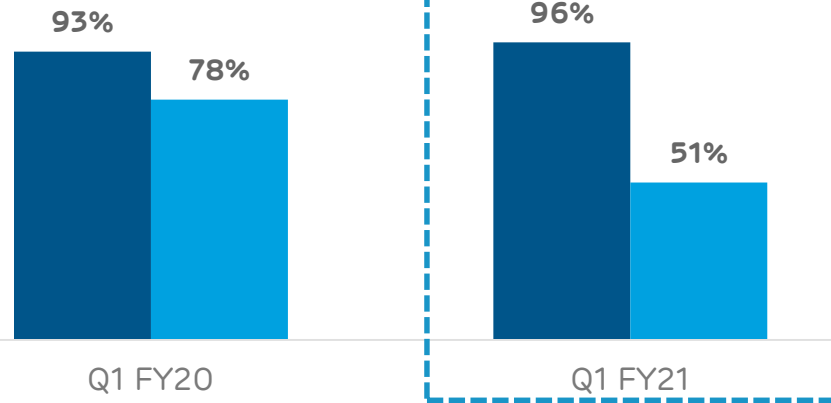
Awards & Certifications

- 5S JUSE recertification received for Mundra, Tiroda, Kawai and Udupi
- ISO 45001:2018 and ISO 50001:2018 accreditations received for Tiroda, Kawai and Udupi

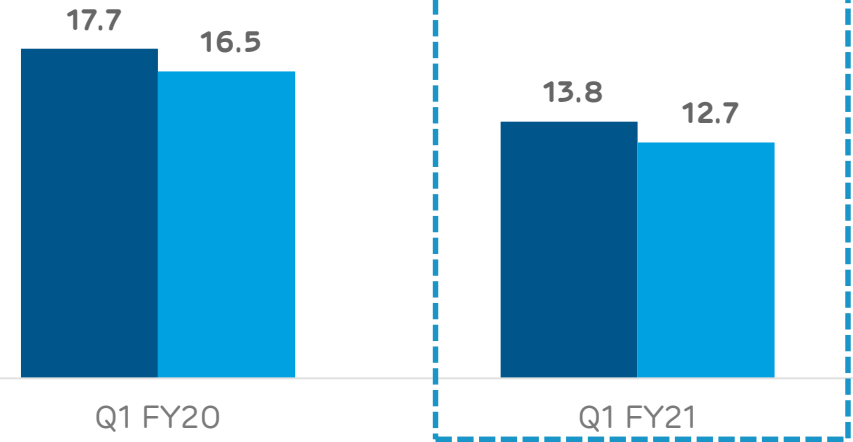
Ensuring optimum availability

BU : Billion Units

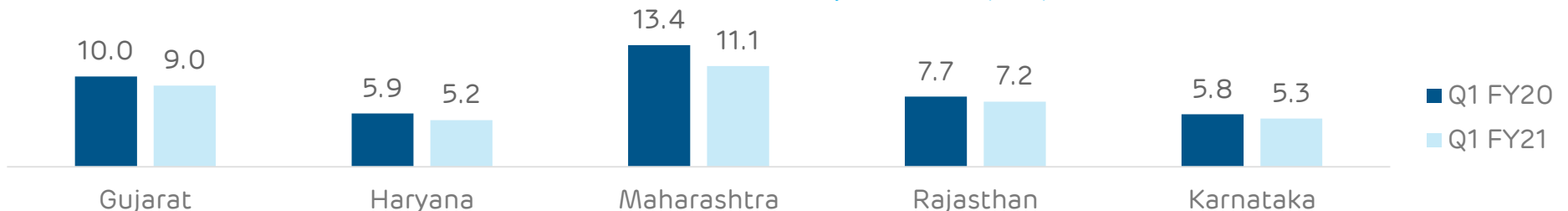
■ Commercial Availability^ ■ PLF



■ Generation (BU) ■ Sales (BU)



Power demand in key States (BU)*



- Plant availability maintained at high levels throughout lockdown to ensure uninterrupted power supply
- Tiroda saw high level of demand for most of Q1 FY21, while Kawai saw sharp improvement in demand after lifting of lockdown
- Subdued power demand and low short term tariffs affected PLFs in Udupi, Mundra, Raipur, and Raigarh

Snapshot of financial performance

INR Crores

Summary Income Statement	Q1 FY21	Q4 FY20	% var vs Q4 FY20	Q1 FY20	% var vs Q1 FY20
Operating Revenue	5204.56	6,172.43	-16%	7,804.78	-33%
Other Income	152.36	155.14	-2%	209.72	-27%
Total Revenue	5356.92	6,327.57	-15%	8,014.50	-33%
Fuel cost*	3,290.70	4,489.27	-27%	4,710.39	-30%
Other Opex^	525.36	1,478.60	-64%	410.19	28%
EBITDA	1,540.86	359.70	328%	2,893.92	-47%
<i>Recurring EBITDA (adjusted for non-recurring revenue & operating exp.)</i>	<i>1,504.49</i>	<i>1,256.81</i>	<i>20%</i>	<i>1,782.09</i>	<i>-16%</i>
Finance cost	1,391.87	1,243.89	12%	1,321.83	5%
PBT before Exceptional items	(633.62)	(1,652.60)		882.44	
Exceptional items	-	-		(1,004.19)	
PBT	(633.62)	(1,652.60)		(121.75)	
PAT	(682.46)	(1,312.86)		(263.39)	

- Q1 FY21 Revenue affected by low power demand due to COVID-19 lockdown, which led to customer back downs, reserve shutdowns, and weakness in merchant/short term market
- Q1 FY20 had one-time prior period income recognition of Rs. 1,026 crore under Operating revenue and Rs. 96 crore under Other income heads, while Q1 FY21 has net impact of Rs. 3 crore
- Increase in Operating expenses, Depreciation, and Finance cost due to incorporation of recently acquired entities (REL and REGL)
- EBITDA affected by lower one-time income recognition and lower merchant prices
- Exceptional item in Q1 FY20 relates to write-off of certain amounts upon acquisition of KWPCCL (now renamed to REGL)

Consolidated Balance Sheet

Particulars	As on 30 th June, 2020	As on 31 st Mar, 2020
Equity & Reserves (incl. Unsecured Perpetual Securities)	5,775	6,480
Long term borrowings incl. current maturities	47,481	47,397
Other Non-current liabilities	6,090	5,789
Short term borrowings	9,304	7,802
Trade payables	3,507	5,596
Other current liabilities	2,840	1,961
Sources of Funds	74,997	75,025
Fixed Assets	58,509	58,193
Other Non current assets	1,755	2,239
Inventories	1,797	2,523
Trade Receivables	9,881	8,366
Cash & Bank	1,921	1,979
Other current assets	1,134	1,725
Application of Funds	74,997	75,025

- Increase in Long Term Borrowings and Fixed Assets due to ongoing execution of 1,600 MW Godda project
- Increase in working capital credit utilization to meet liquidity requirements in view of slowdown in payments from some DISCOMs due to COVID-19 lockdown
- Other current liabilities are higher due to increase in interest accrued but not due, on account of availing benefit of deferment as permitted by RBI in light of COVID-19

Regulatory receivables update

Claims under announced regulatory orders								
Asset Name	Nature of Claim	Status	Claims raised till 30 th Jun 2020			Receipts till 30 th Jun 2020		
			CT	CC	Total	CT	CC	Total
APMuL	Domestic Coal Shortfall (Up to 31 st March 2017)	Approved by CERC	741	352	1,093	292	--	292
	Domestic Coal Shortfall (1 st April 2017 onwards)	Approved by CERC	647	22	668	--	--	--
APML	Domestic Coal Shortfall (Up to 31 st March 2017)	Approved by MERC	2,821	1,316	4,137	1,400	385	1,785
	Domestic Coal Shortfall (1 st April 2017 onwards)	Approved by MERC (Cross appeals in APTEL; Order Reserved)	2,881	242	3,123	1,680	--	1,680
	Coal Shortfall due to de-allocation of Captive Coal Block (Lohara)	Approved by MERC (Cross appeals in APTEL; Order Reserved)	3,436	2,407	5,843	--	--	--
APRL	Domestic Coal Shortfall (Up to 31 st Jan 2018)	Approved by APTEL (Challenged in SC; Order Reserved)	4,833	3,507	8,340	2,427	--	2,427
	Domestic Coal Shortfall (1 st Feb 2018 onwards)	Approved by APTEL (Challenged in SC; Order Reserved)	440	47	488	--	--	--
Total			15,800	7,893	23,693	5,799	385	6,184

APMuL: Compensation for power supplied under GUVNL Bid-2 PPA since inception – Petition filed with CERC

Revenue on account of compensation has not been recognized pending CERC Order for estimation of claim amount

Accounting for claims in books of account is done on a conservative basis, as a matter of prudence

CT=Compensatory Tariffs; CC=Carrying cost; SC = Supreme Court

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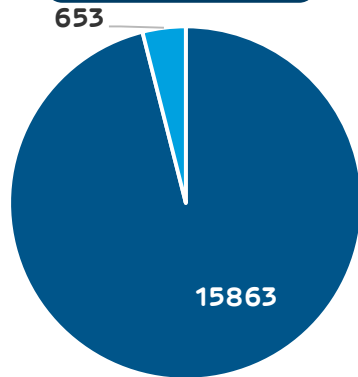
Revenue and EBITDA Mix

Q1 FY 2020-21: Sales Mix

MU : Million Units

Q1 FY20 (MU)

16,516 MU

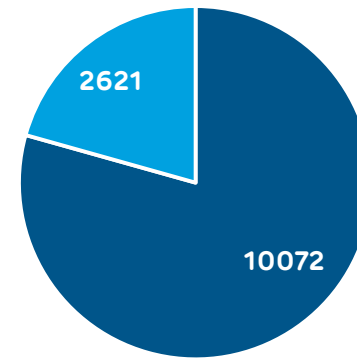


■ PPA ■ Merchant/Medium term

10,480 MW

Q1 FY21 (MU)

12,693 MU



■ PPA ■ Merchant/Medium term

12,450 MW

-23%

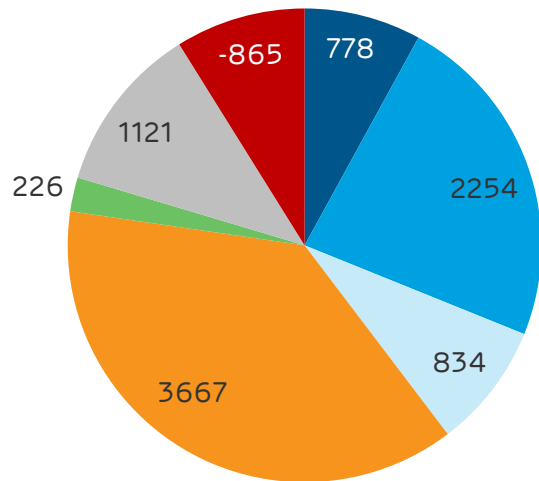
Avg. PPA tariff	Rs. 4.05 / kWh
Avg. Merchant/Medium term tariff	Rs. 4.32 / kWh

Avg. PPA tariff	Rs. 4.26 / kWh
Avg. Merchant/Medium term tariff	Rs. 2.91 / kWh

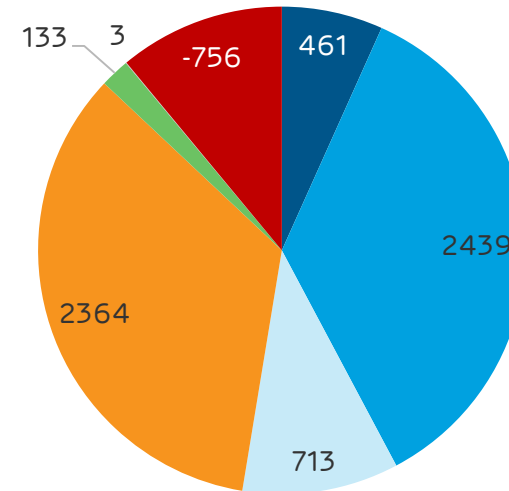
- Lower offtake from DISCOMs under long term PPAs due to slump in commercial and industrial power demand during COVID-19 lockdown
- DISCOMs preferred to fulfill short term demand by accessing merchant markets due to lower tariffs
- Merchant / short term capacity has increased after acquisition of REL and REGL, and termination of GUVNL Bid-02 PPA, however merchant volumes and realisations were affected due to lower peak demand

Q1 FY 2020-21: Revenue Mix

Q1 FY20



Q1 FY21



■ Regulated Utility
■ Near-Pit head
■ Hinterland
■ Coastal
■ Holdco
■ Exceptional revenue
■ Eliminations

Consol. Revenue

Rs. 8,015 Cr

-33%

Rs. 5,356 Cr

Adj. Revenue*

Rs. 6,892 Cr

-22%

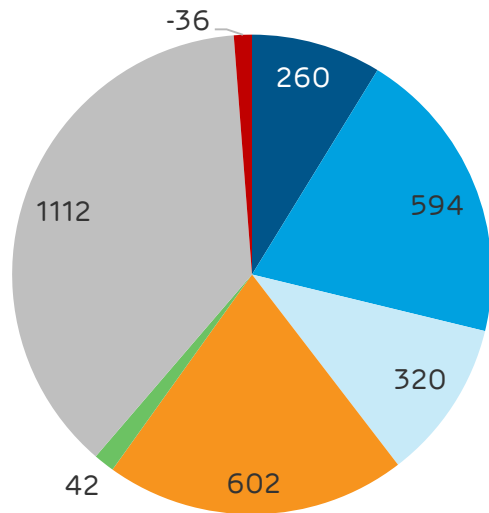
Rs. 5,353 Cr

- Revenues from Near-pithead plants show resilience due to competitive tariffs and logistics advantage
- Revenue contribution from Coastal capacity affected due to slump in Commercial and Industrial demand during lockdown, as well as lower peak demand in short term markets
- Lower exceptional items as compared to Q1 FY20, which included revenue recognition on account of regulatory orders, carrying costs, late payment surcharge, etc.

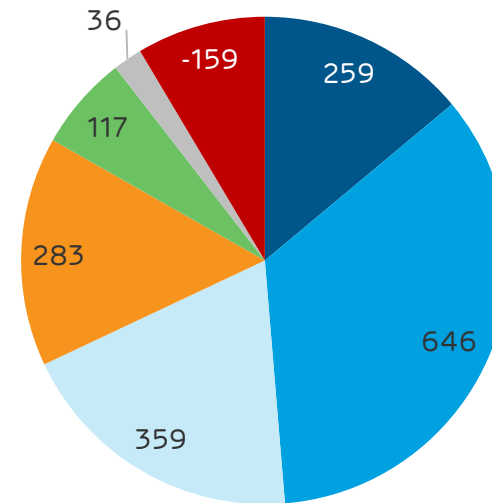
*After deducting one-time and prior period items

Q1 FY 2020-21: EBITDA Mix

Q1 FY20



Q1 FY21



Consol. EBITDA

Rs. 2,894 Cr

-47%

Rs. 1,541 Cr

Adj. EBITDA*

Rs. 1,782 Cr

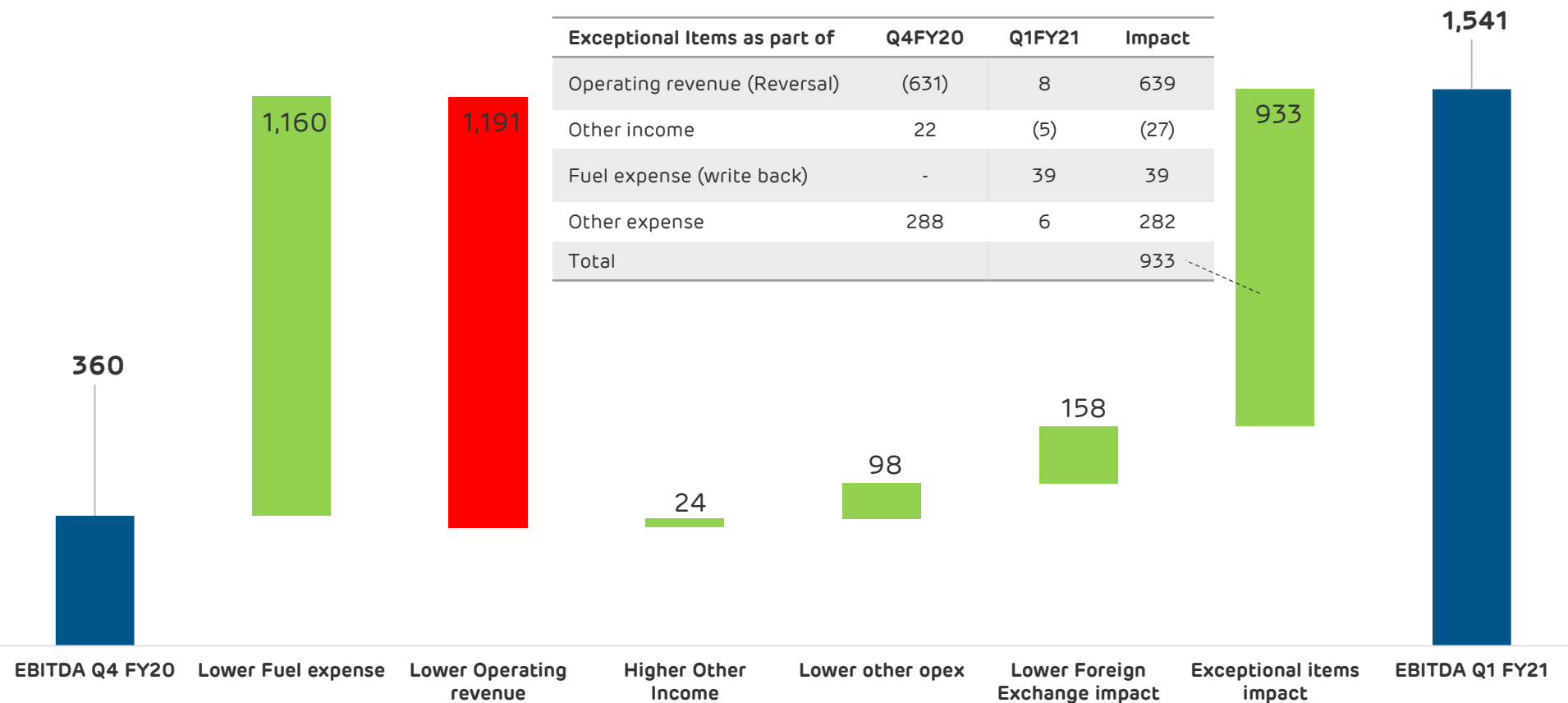
-16%

Rs. 1,504 Cr

- Reported EBITDA impacted by lower one-time revenue recognition during Q1 FY21, as well as lower contribution from Coastal capacity
- Near-pithead EBITDA improvement due to consolidation of REL and REGL, however merchant capacity operating at suboptimal level
- Utility contribution stable despite low volumes, due to availability-based, assured ROE PPA structure

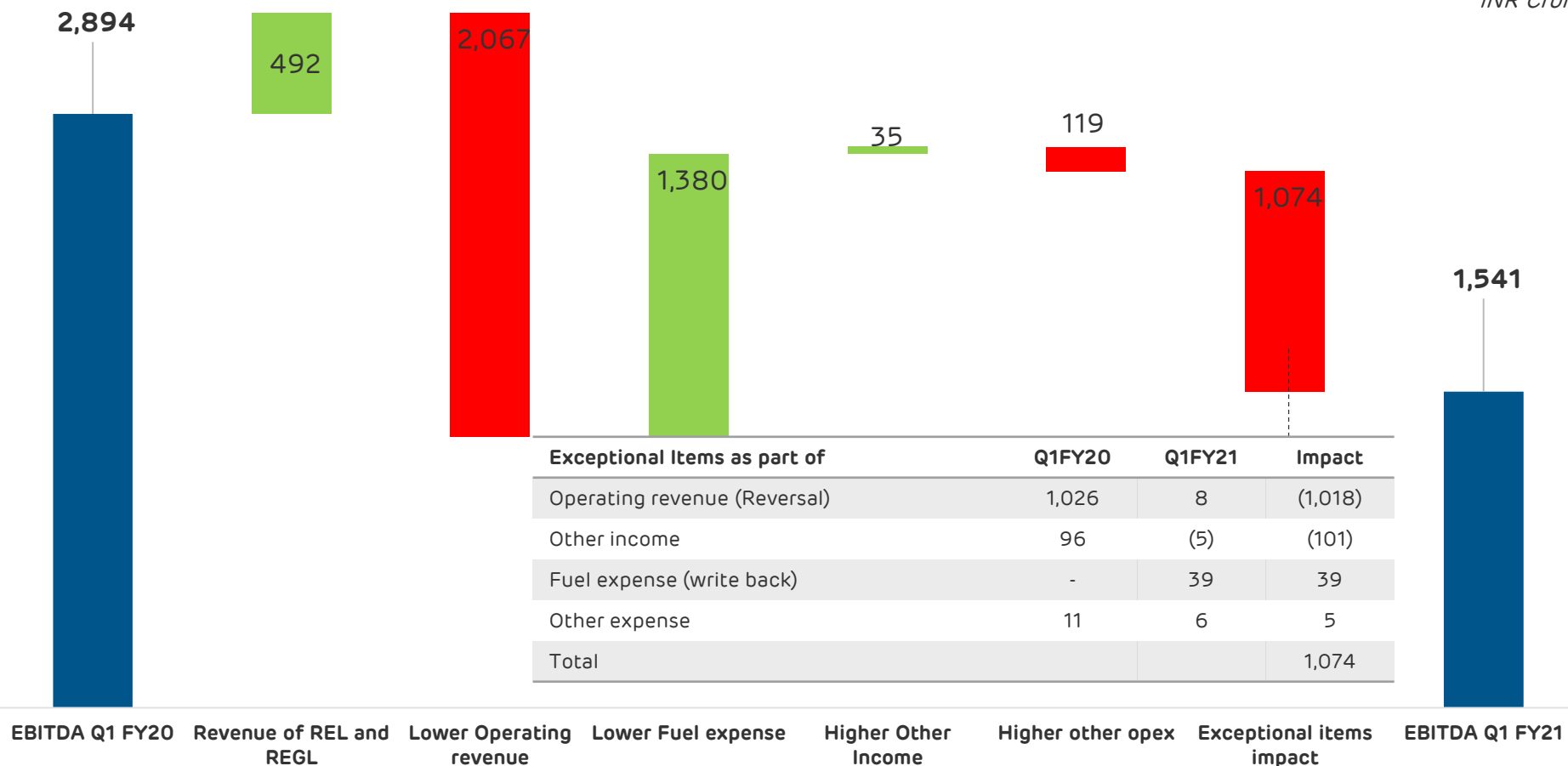
Consolidated EBITDA Bridge: Q4 FY20 to Q1 FY21

Exceptional Items as part of	Q4FY20	Q1FY21	Impact
Operating revenue (Reversal)	(631)	8	639
Other income	22	(5)	(27)
Fuel expense (write back)	-	39	39
Other expense	288	6	282
Total			933



- Lower operating revenue mainly due to lower power demand and lower merchant realization
- Lower Fuel expense due to lower generation and lower import coal prices (average HBA \$60/T vs. \$67/T)
- Q4F20 had higher other opex in mainly due to annual overhauling in Mundra and Udipi plants
- **Normalised EBITDA Rs. 1,504 Cr. in Q1 FY21 vs Rs. 1,257 Cr. in Q4 FY20**

Consolidated EBITDA Bridge: Q1 FY20 to Q1 FY21



- Lower operating revenue mainly due to lower power demand, termination of GUVNL Bid-2 PPA in July 2019, and lower merchant realization, partially offset by incremental revenue from REL & REGL
- Lower Fuel expense due to lower generation and lower import coal prices (avg. HBA \$60/T vs. \$84/T)
- Higher other opex mainly due to incremental expenses of recently acquired plants of REL and REGL
- **Normalised EBITDA Rs. 1,504 Cr. in Q1 FY21 vs Rs. 1,782 Cr. in Q1 FY20**

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Debt Profile

Consolidated Debt Profile

Particulars	As on 30 th Jun, 2020	As on 31 st Mar, 2020
Senior Secured Loans (Rupee Term Loans + ECB)		
<i>Existing entities</i>	32,452	32,598
<i>Under-construction project</i>	2,360	2,109
Total Senior Secured Loans	34,812	34,707
Working Capital Loans	8,828	7,705
ICD and other unsecured loans	13,379	13,019
Total Gross Debt before IndAS adjustment	57,019	55,431
Total Debt as reported (after IndAS adjustment)	56,785	55,198

Thank You