



# Adani Transmission Limited

Roadshow Presentation

July 2016

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# Offering Summary

<b>Issuer:</b>	<b>Adani Transmission Limited (“ATL” or the “Company”)</b>	
<b>Issue:</b>	Fixed Rate Senior Secured Notes (issued as per RBI ECB Guidelines)	
<b>Distribution Format:</b>	Rule 144A / Reg S	
<b>Issuer Rating:</b>	Fitch: BBB- /Stable; S&P: BBB- /Stable ; Moody’s: Baa3 /Stable	
<b>Expected Issue Rating:</b>	Fitch: BBB- ; S&P: BBB-; Moody’s: Baa3	
<b>Issue Size &amp; Instrument:</b>	USD [●] million senior secured notes	
<b>Maturity:</b>	Tenor 10 years / Bullet at maturity	
<b>Use of Proceeds:</b>	Refinance certain existing indebtedness and general corporate and working capital purposes	
<b>Key Covenants/ Undertakings:</b>	<ul style="list-style-type: none"> <li>• Debt Service Coverage Ratio maintained above 1.1x</li> <li>• Operating account waterfall</li> <li>• Ring-fenced Obligor Group with only operational assets</li> <li>• Senior Debt Redemption Account with Cash Sweep mechanism for shortfall amount in compliance with backstop calculation</li> </ul>	<ul style="list-style-type: none"> <li>• Limitation on transfer to Distributions Account subject to no default subsists, fully funded ISRA and LRA, DSCR of 1.2x, compliance with Backstop Calculation</li> <li>• Change of control put option</li> <li>• Restriction on transaction with affiliates</li> </ul>
<b>Denomination:</b>	USD 200,000 (and in integral multiples of USD 1,000 in excess thereof)	
<b>Governing Law:</b>	Note Trust Deed, Common Terms Deed and the Notes will be governed by English Law. Intercreditor Deed, Subordination Deed, Project Accounts Deed and Security Documents will be governed by Indian law	
<b>Joint Global Co-ordinators:</b>		
<b>Joint Lead Managers and Bookrunners:</b>		

# Executive Summary

## Adani Group and Company Overview



Resources



Logistics



Energy

- Adani Group, led by Mr. Gautam Adani, is one of India's largest infrastructure conglomerates with leadership across several infrastructure verticals including ports, resource mining and logistics, power generation and power transmission
- ATL is one of India's largest private sector companies in the transmission space with more than 5,000 ckms
  - Strategically located transmission networks that have been consistently operating at more than 99.5% availability
- Successful track record of development – Company is currently developing 5 new transmission lines; post completion, ATL's transmission network will increase to ~6,968 ckms

## ATL – Investment and Credit Highlights

- Transmission sector in India has strong growth potential driven by increasing private sector participation
- Established and predictable tariff policy framework with fixed return and full cost pass-through for building block assets
- Payment pooling mechanism reduces counterparty risk with an embedded credit support mechanism in transmission license
- Mature operational assets with minimal ongoing maintenance requirement and an efficient operating history – new assets can be brought into the Obligor Group only after completion
- License based business and availability based tariff – Results in stable and predictable cash flows
- Ring-fenced Obligor Group with documented accession framework for SPV project companies
- Structural protection to debt investor with standard project finance features including Operating account waterfall, Senior Debt Redemption Account with cash sweep mechanism for shortfall amount in compliance with Backstop Calculation
- Covenants / undertaking including minimum DSCR test of 1.1x (distribution lock-up at DSCR of less than 1.2x), LRA for funding SPV projects, restriction on transaction with affiliates

## Investment Grade Rating

- Rated investment grade with stable outlook by international rating agencies
- Rated BBB-, BBB- and Baa3 by Standard & Poor's, Fitch Ratings and Moody's respectively with stable outlook

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Adani Group and Company Overview

B

ATL – Investment & Credit Highlights

C

Investment Grade Rating

D

Appendix

# A. Adani Group and Company Overview

Picture : AC Yard Mohindergarh

# Adani Group: One of India's Leading Infrastructure Conglomerates

## Adani Promoter Group



**Mr. Gautam Adani**, Group founder  
*First generation entrepreneur,  
 one of the leading businessmen of India with  
 30+ years experience*

**Professionally and Independently** managed verticals led by industry veterans



75%

56%

63%

75%

### Adani Enterprises Limited (AEL) *(Resources)*

Market cap.<sup>(1)</sup>: USD 1,364mm

Revenue / EBITDA<sup>(1)</sup>: USD 6,725mm / 476mm

- **Largest integrated coal management operation** in India
- **Mining operations** in India and Indonesia and under development in Australia
- **Solar** power units development including **integrated solar photovoltaic manufacturing**<sup>(2)</sup>

### Adani Port & SEZ Limited (APSEZ) *(Ports & Logistics)*

Market cap.<sup>(1)</sup>: USD 6,456mm

Revenue / EBITDA<sup>(1)</sup>: USD 1,108mm / 834mm

- **Largest commercial port developer & operator** in India with 10 ports and terminal
- Largest **private rail operator** in India
- Operates the **largest port** in India
- **Integrated logistics player** with Special Economic Zone (SEZ) advantages

### Adani Power Limited (APL) *(Power Generation)*

Market cap.<sup>(1)</sup>: USD 1,479mm

Revenue / EBITDA<sup>(1)</sup>: USD 3,854mm / 1,337mm

- **Largest** private sector power producer in India
- **Installed capacity** of 11,080 MW<sup>(3)</sup>

### Adani Transmission Limited (ATL) *(Power Transmission)*

Market cap.<sup>(1)</sup>: USD 610mm

Revenue / EBITDA<sup>(1)</sup>: USD 336mm / 306mm

- One of the **largest private sector transmission** companies in India with over 5,000 ckt km lines in operation
- ~ 1,900 ckt km lines under development

## Integrated yet Independent Business Model with Leadership across Businesses

Note: 1 USD = 67.4972 INR (RBI Reference Rate as of 7<sup>th</sup> July 2016) used for calculating market cap and Average RBI Reference Rates of 65.461 used for FY16 Financials

Note: Details about the Group companies have been sourced from respective company reports filed with stock exchanges

1. Market cap. as of July 7, 2016 (BSE Limited). Financials for FY16 (Source: company reports filed with stock exchanges)

2. AEL holds 51%, currently the only cell and module manufacturing facility under construction in India





3. 600MW Korba Power Plant under finalization

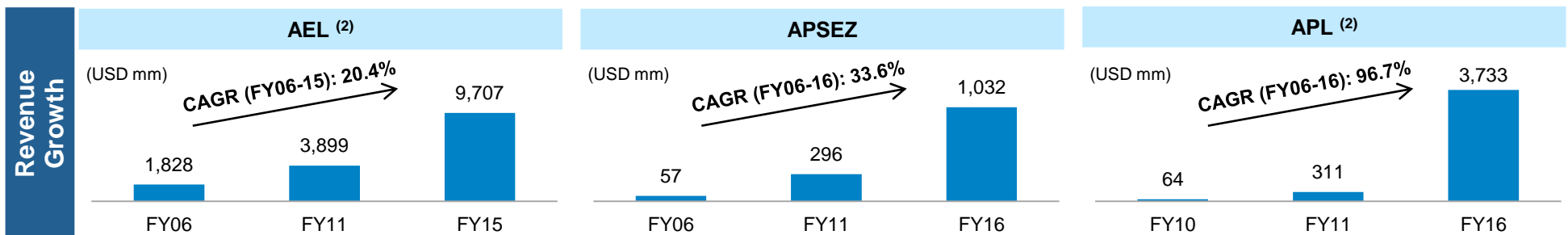
# Metamorphosis of the Adani Group

Founded in 1988, Adani Group's growth has been interwoven into India's growth story

- Trading Business**
- Coal
  - Power
  - Agro Products
  - Oil & Petroleum Products
  - Metals & Minerals

Building on Trading and Domain Expertise to Develop Portfolio of Infrastructure Assets

<b>Resources</b>		<ul style="list-style-type: none"> <li>India's largest coal importer for c. 11 yrs</li> <li>Accounts for over 33% of India's coal imports in FY16</li> <li>India's most successful mine developer and operator</li> </ul>
<b>Logistics</b>		<ul style="list-style-type: none"> <li>Flagship Mundra port is India's largest private sector port – handled 109MMTPA of cargo in FY16</li> <li>Mundra port is blended with 15,959-acre SEZ, and also provides integrated road-rail-sea-air logistics infrastructure</li> </ul>
<b>Energy</b>		<ul style="list-style-type: none"> <li>India's largest private sector thermal power producer (installed capacity of 11,080<sup>(1)</sup> MW as of Mar-2016)</li> <li>India's largest private sector power transmission network (5,000+ ckm)</li> </ul>
<b>Agro</b>		<ul style="list-style-type: none"> <li>Owns and operates one of India's largest edible oil refineries (10,400 TPD)</li> <li>Pioneer in bulk handling, storage and transportation of food grains for Food Corporation of India and controlled-atmosphere storage technology</li> </ul>



Note: 1 USD = 67.4972 INR (RBI Reference Rate as of 7<sup>th</sup> July 2016)

Source: Adani Group companies website and filings

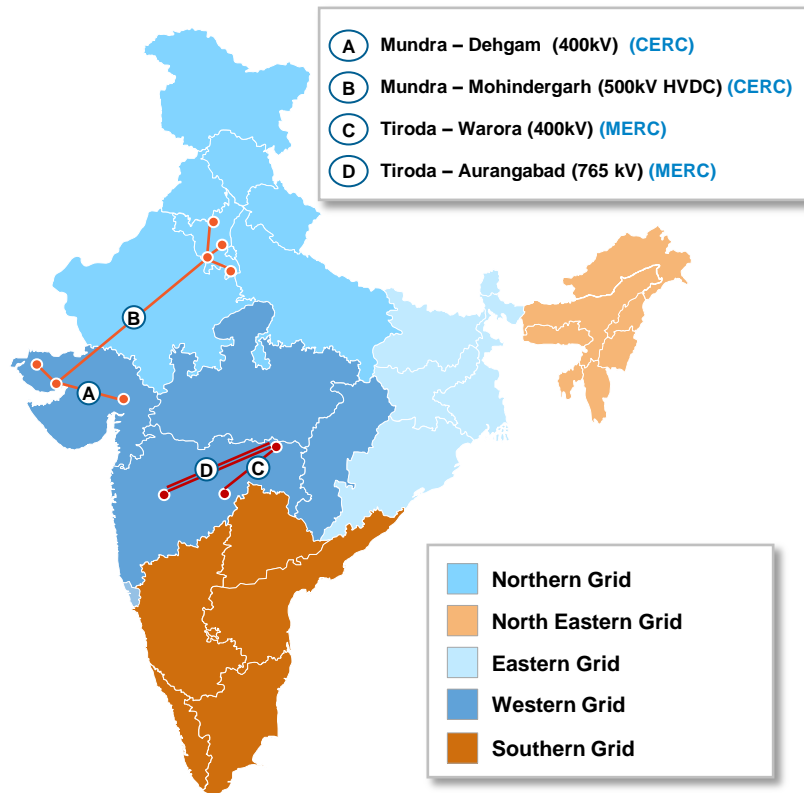
1. 600MW Korba Power Plant under finalization

2. AEL revenues for FY15 on pre demerger basis. APL revenues commenced from FY10 onwards

# Adani Transmission Limited: Company Overview

## Asset Location

- **Mundra – Dehgam & Mundra – Mohindergarh lines** servicing the Western grid & Northern grid
- **Tiroda lines** connecting mine-mouth power plants to demand rich western Maharashtra (c. connecting 50% of the demand)



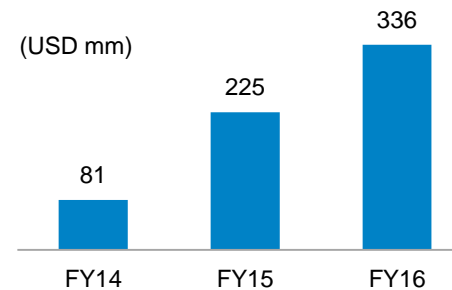
## Key Asset Highlights

### One of the Largest Private Sector Transmission Companies

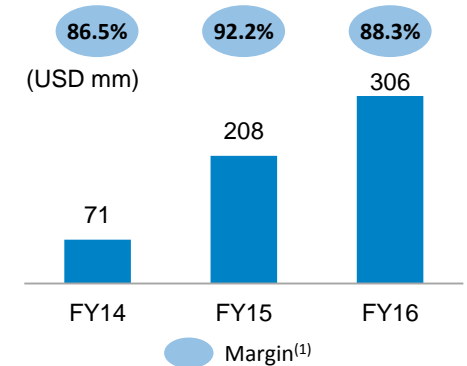
- Mature operational assets with more than 5,000 ckms of operational lines
- First HVDC system constructed and commissioned by private sector
- Consistently operating at greater than 99.5% availability
- Developing 5 new transmission lines. Post completion, ATL's transmission network will increase to ~6,968 ckms

## Key Financials

### Revenues from Operations



### EBITDA <sup>(1)</sup>



Note: Average RBI Reference Rates of 60.496, 61.147 and 65.461 used for FY14, FY15 and FY16 respectively. Chart not to scale

FY14 and FY15 financials are on an aggregated basis as if ATIL and MEGPTCL and the Transmission Systems currently owned and operated by them were part of ATL with effect from April 1, 2013 to allow for comparison with consolidated financials for FY16

1. EBITDA is defined for any period as Total Revenue, deducting Purchase of Traded Goods, Employee Benefit Expense and Operating and Other Expenses for such period. We define EBITDA Margin for any period as the ratio of EBITDA to Total Revenue for such period



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Adani Group and Company Overview

**B**

**ATL – Investment & Credit Highlights**

C

Investment Grade Rating

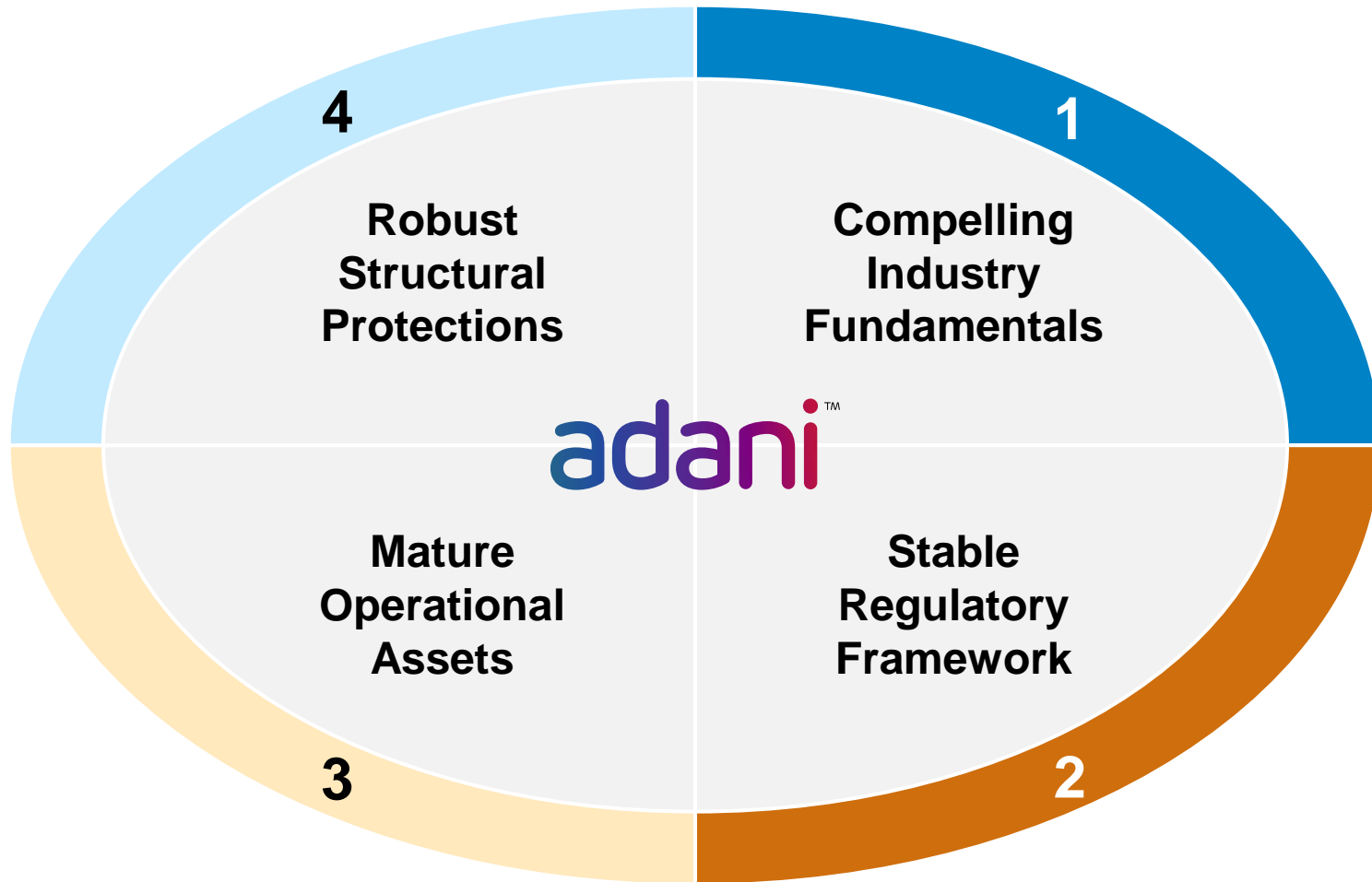
D

Appendix

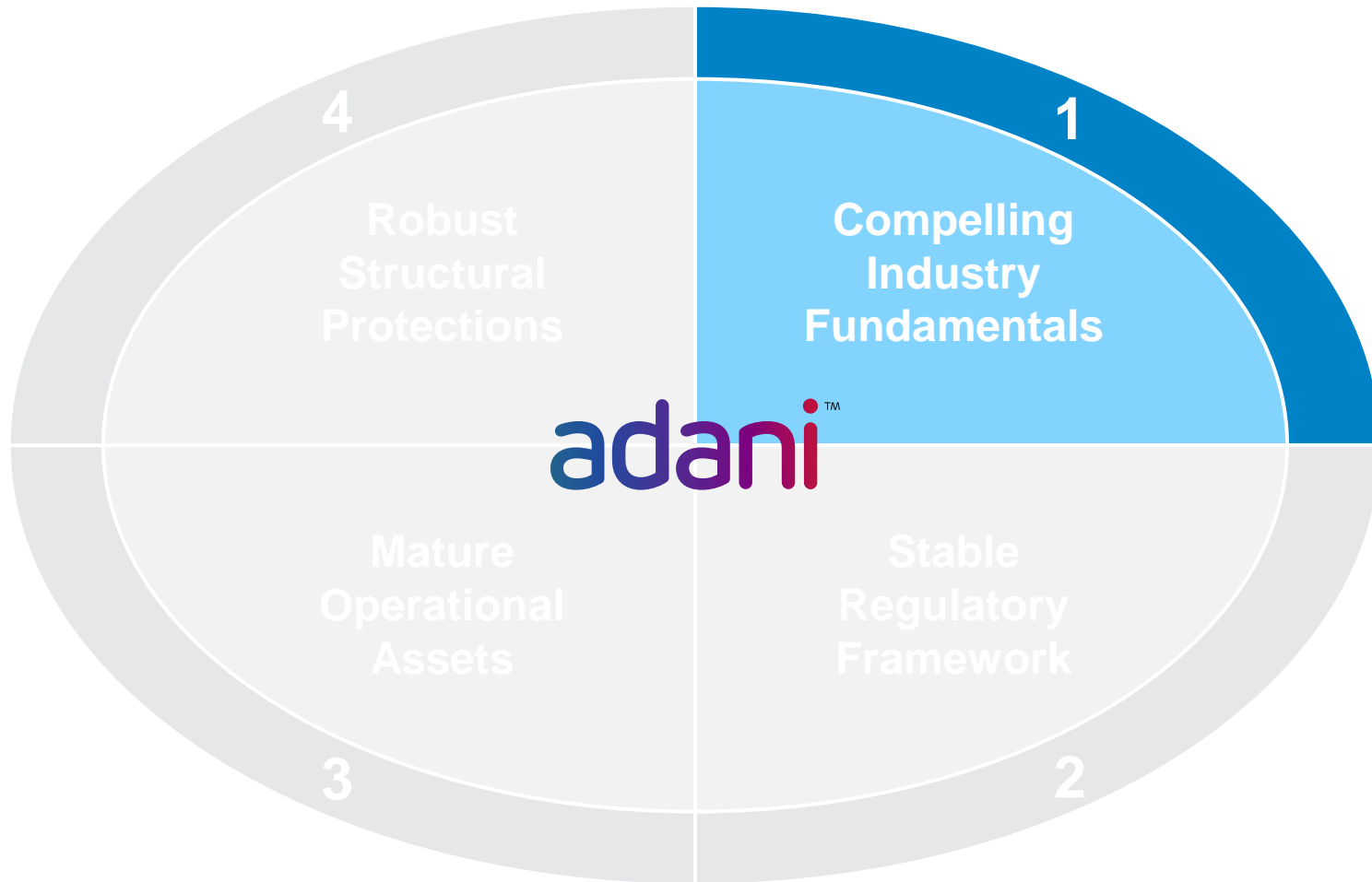
# B. ATL – Investment & Credit Highlights

*Picture : Tiroda-Koradi-Akola-Aurangabad Transmission Network*

# ATL – Investment & Credit Highlights



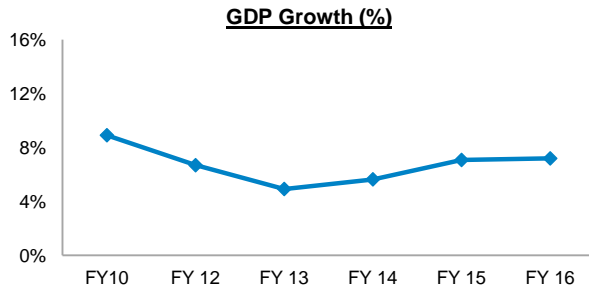
# ATL – Investment & Credit Highlights



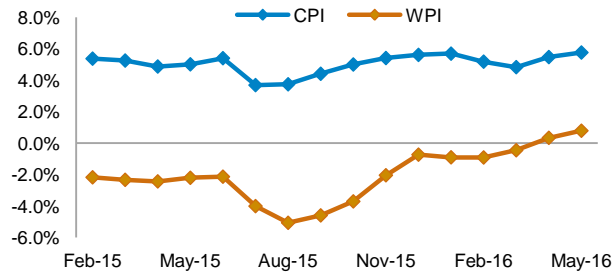
# India: Attractive Macro Environment

## Strong macroeconomic growth expected to be supported by stable inflation and decreasing interest rates

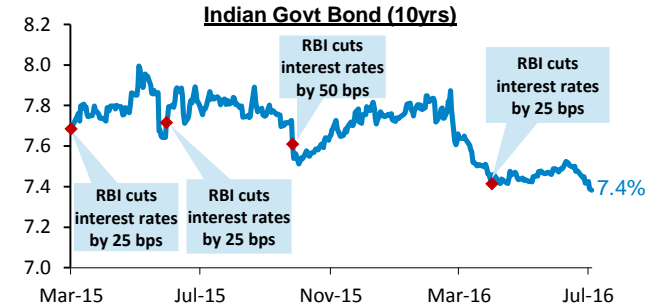
### Macro Growth Gaining Momentum<sup>(1)</sup>



### Stabilizing Inflation<sup>(2)</sup>



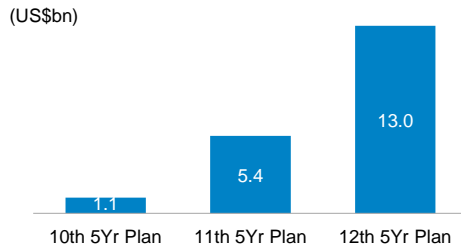
### Interest Rates Trending South<sup>(2)</sup>



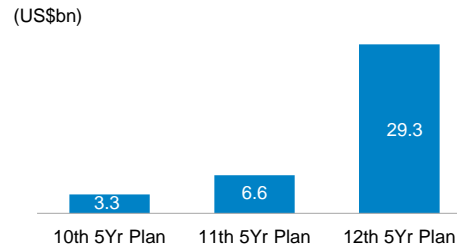
- GDP growth is expected to revive with average GDP growth forecasted for next 5 years at 7.9% and for 10 years at 8.1%<sup>(1)</sup>
- Low inflation due to lower oil and commodity prices and in line with global deflationary trends

## Infrastructure among the key sectors to benefit from economic growth

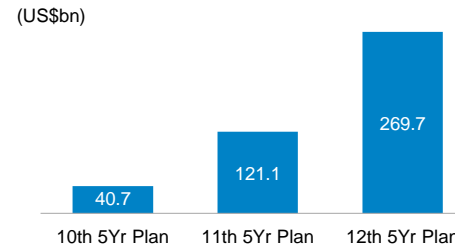
### Investment in Airports<sup>(3)</sup>



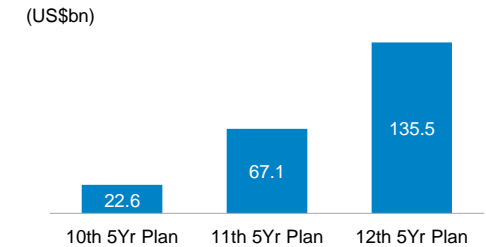
### Investment in Ports<sup>(4)</sup>



### Investment in Power<sup>(3)</sup>



### Investment in Roads<sup>(3)</sup>



- Significant planned investment in upcoming five year plans presenting sustained investment opportunities
- Contribution of private sector expected to significantly increase as government takes steps to promote investment

Note: 1 USD = 67.4972 INR (RBI Reference Rate as of 7<sup>th</sup> July 2016);

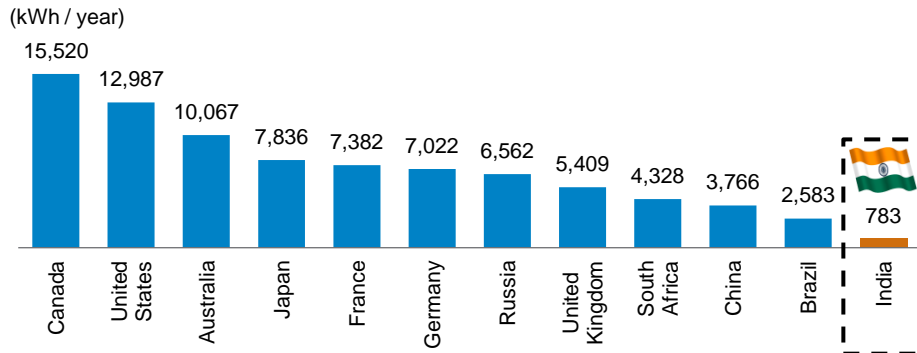
Note: Plans represent 5 year plans released by the Indian government 10th (2002-07), 11th (2007-12), 12th (2012-17).

1. RBI Database on Indian Economy & RBI Summary of Professional forecasts (June 07, 2016); 2. Bloomberg as on July 7, 2016; 3. Source: 12th Five Year Plan, Government of India; 10th 5 year plan investment is at 2006 - 07 prices; 4. Source: 12th Five Year Plan, Government of India; Includes Inland Waterways; 10th 5 year plan investment is at 2006 - 07 prices

# Indian Power Sector: Compelling Fundamentals

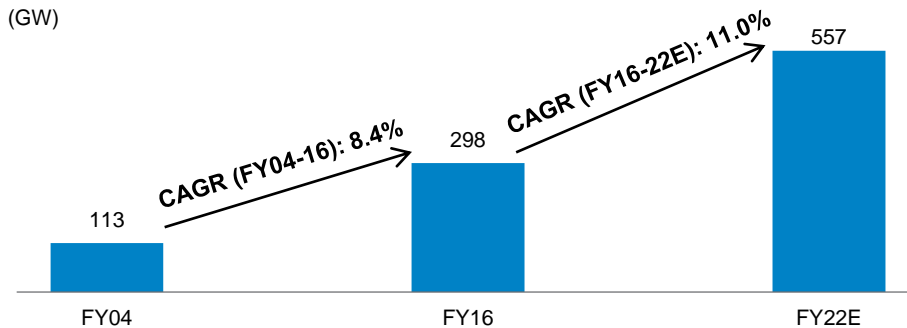
## Low Per Capita Power Consumption...

Energy Consumption Per Capita (2013)<sup>(1)</sup>



## ...Driving Significant Capacity Additions

Installed Capacity<sup>(2)</sup>



## ...Resulting In Increased Investments

- Low per capita power consumption and continued power deficits driving significant capacity additions
- India's GDP growth expected to revive with average GDP growth for next 5 years at 7.9% and for 10 years at 8.1%<sup>(3)</sup>
  - Availability of power is critical to achieve this growth
  - Projected investment in power sector during the 12th five year plan expected to be ~USD270bn
- Robust transmission infrastructure required to support sector expansion

1. Source: IEA, Key World Energy Statistics, 2015

2. Source: CEA Annual Report on Installed Capacity; Monthly report on Installed Capacity, March 2016, Government of India Perspective Transmission Plan for Twenty Years (2012-2034), August 2014 Draft (renewable energy capacity additions have been revised to reflect new targets of 160GW by 2022)

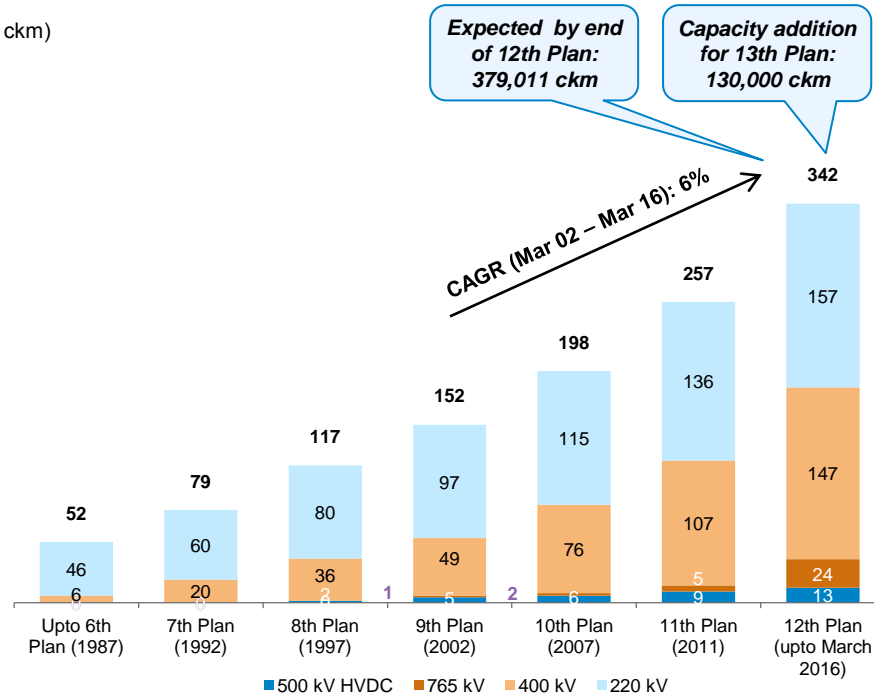
3. RBI Database on Indian Economy & RBI Summary of Professional forecasts (June 7, 2016)

# Strong Growth Potential in Transmission Sector

## Private Sector Participation on the Rise



(000' ckm)



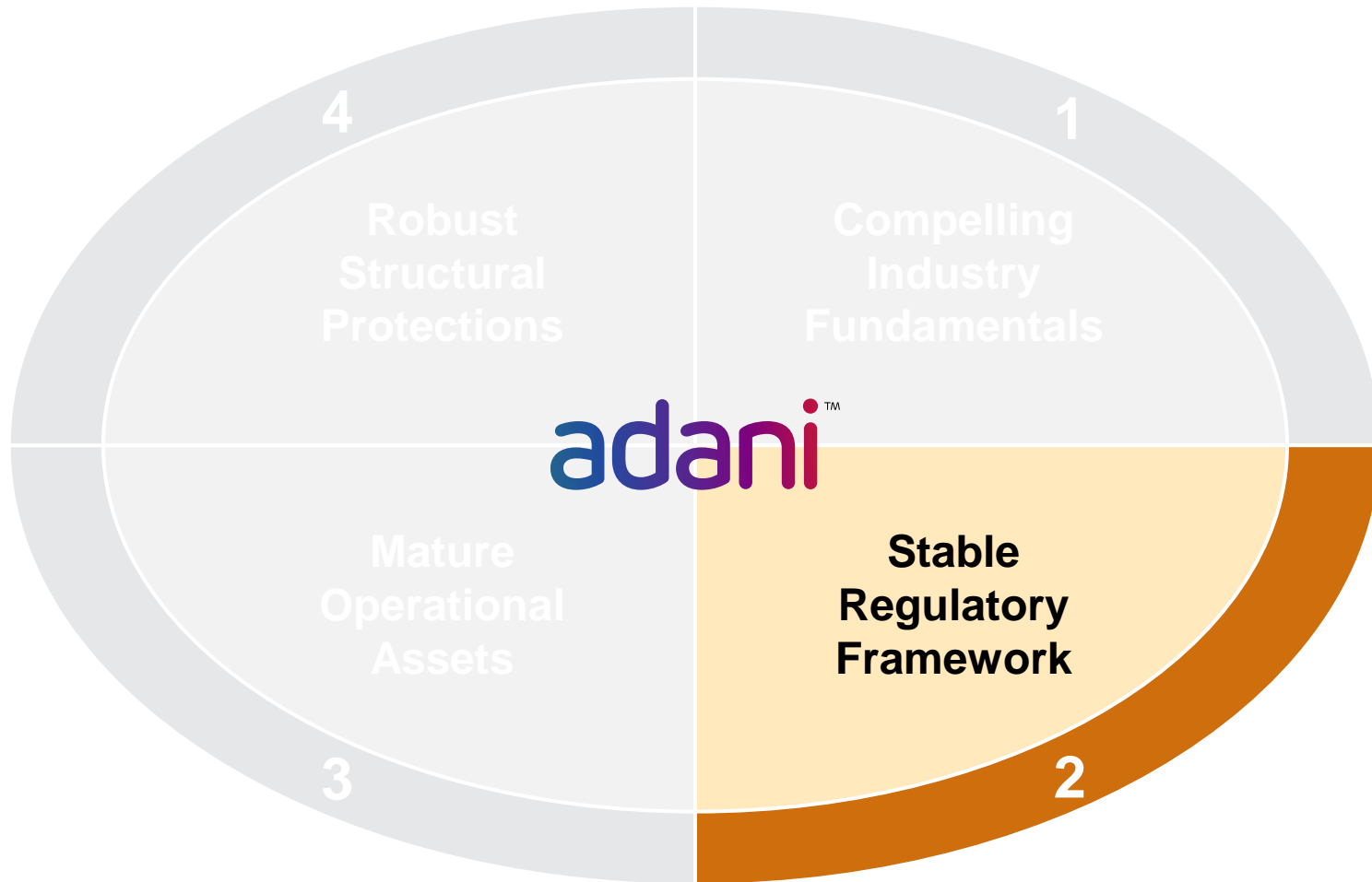
## ...Resulting In Sustained Growth Potential

- Robust transmission infrastructure required for
  - seamless and efficient power availability across regions; and
  - grid and system security
- Inter-state links required to connect power deficit and power surplus regions
- Intra-state links required to provide last mile connectivity to rural areas not yet connected to the Grid
- High voltage transmission lines (765 kV & HVDC) to see higher growth going forward

Note: Plans represent 5 year plans released by the Indian government 6th (1980-85), 7th (1985-90), 8th (1992-97), 9th (1997-2002), 10th (2002-07), 11th (2007-12), 12th (2012-17)

1. 12th Plan upto Jan 2016

# ATL – Investment & Credit Highlights



# Well Defined Regulatory Framework



## Overview of Regulatory Bodies Governing the Sector

### Ministry of Power (MoP)

Planning, policy formulation, processing of projects for investment decisions, monitoring implementation of projects, and enactment of legislation in regard to power generation, transmission and distribution

### Central Electricity Authority of India (CEA)

Advisory arm of MoP on matters relating to the National Electricity Plan and formulating plans for the development of the sector

### Central Electricity Regulatory Commission (CERC)

Regulates tariff and grant of licenses

### State Electricity Regulatory Commission (SERC)

Regulates tariff; formulates policies regarding subsidies, and grant of licenses

### Central Transmission Utility (CTU)

- Ensures development of an efficient, coordinated and economical system of inter-State transmission lines

### Private / PPP

- The Sector has opened for Private participation in both Inter state and intra state

### State Transmission Utility (STU)

- Ensures development of an efficient, coordinated and economical system of intra-State transmission lines
- Undertakes intra-state transmission

### National Load Dispatch Center (NLDC) / Regional Load Dispatch Center (RLDC)

Apex body ensuring integrated operations of power system at the regional level

### State Load Dispatch Center (SLDC)

Apex body ensuring integrated operations of power system at the state level



# Established & Predictable Tariff Policy Framework

## CERC and MERC have a Long Standing History of Maintaining and Defining Tariffs

- CERC and state regulatory body (e.g., MERC) determines
  - return on assets (ROA)
  - the framework for operations & maintenance costs
  - Obligor Group assets fall under this mechanism

### CERC – 18 years track record

- Regulatory determinations commenced 1998
- Current tariff period is from **April 1, 2014 to March 31, 2019. (5 Years)**

### MERC – 17 years track record

- Regulatory determinations commenced 1999
- Current tariff period for MERC is from **April 1, 2016 to March 31, 2020. (4 Years)**

## Methods for Tariff Determination

### Building Block – Multi Year (4-5 year) Reset Basis

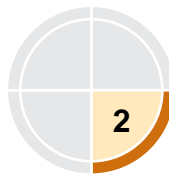
- Return on equity set by CERC / MERC
- Establishes norms for capital and operating costs, operating standards and performance indicators
- Additional cost pass through via true up mechanism
- Obligor Group assets fall under this mechanism

### Competitive Bidding– Licence Period Basis

- Annual transmission charge for a 35-year period is set through the bidding process
- Projects are bid either on **BOOM model** (for inter-state projects) or **DBFOT model** (for intra-state projects) <sup>(1)</sup>
- All SPV under development assets fall under this mechanism

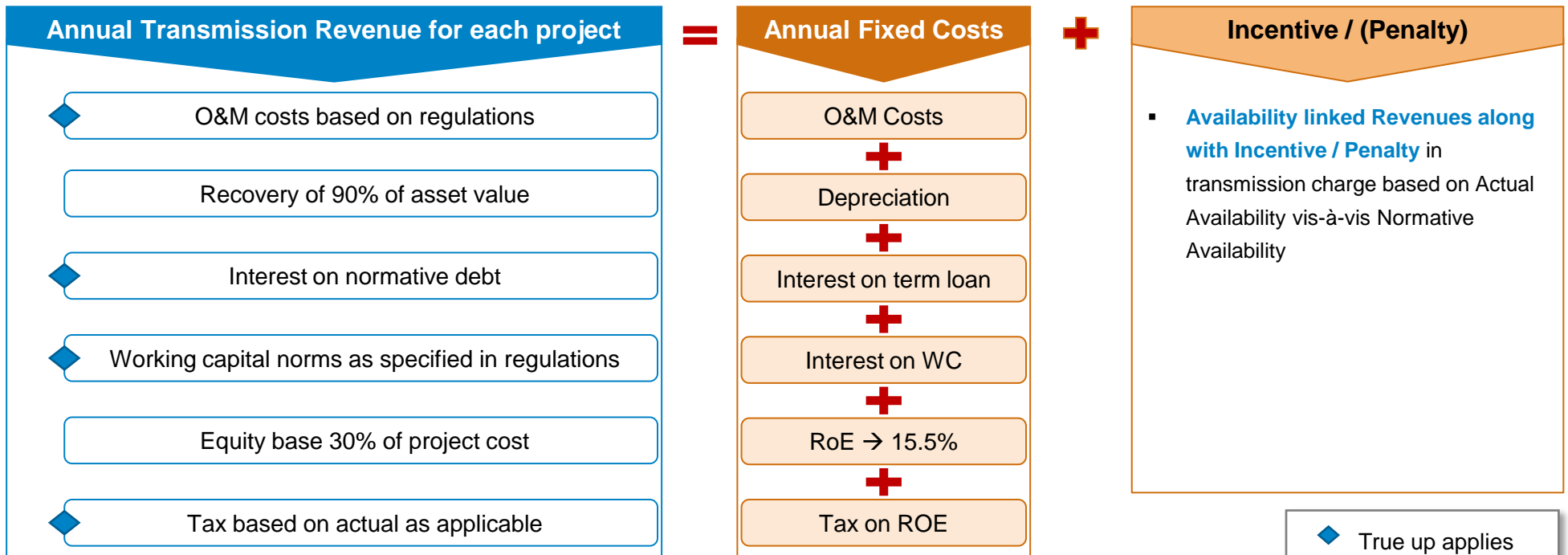
Note: BOOM - Build own operate and maintain; DBFOT - Design build finance operate and transfer  
 1. Gol's Tariff Policy dated January 28, 2016; competitive bidding is subject to certain exceptions

# Fixed Return With Full Cost Pass-through for Building Block Assets



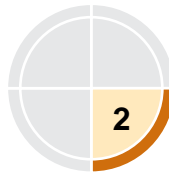
- **Asset Life** of more than 35 years and license validity of 25 years with license renewal option of 10 years
- Project cost has to be approved by the regulator to calculate the tariff
- Obligor Group assets fall under this mechanism

## Known inputs with a record of open and transparent application



**Cost pass-through model with ROE (on equity base fixed for license period) ensures high EBITDA margins  
Even after expansion completion fixed return model will contribute to 72.5% of the total lines (by ckms)**

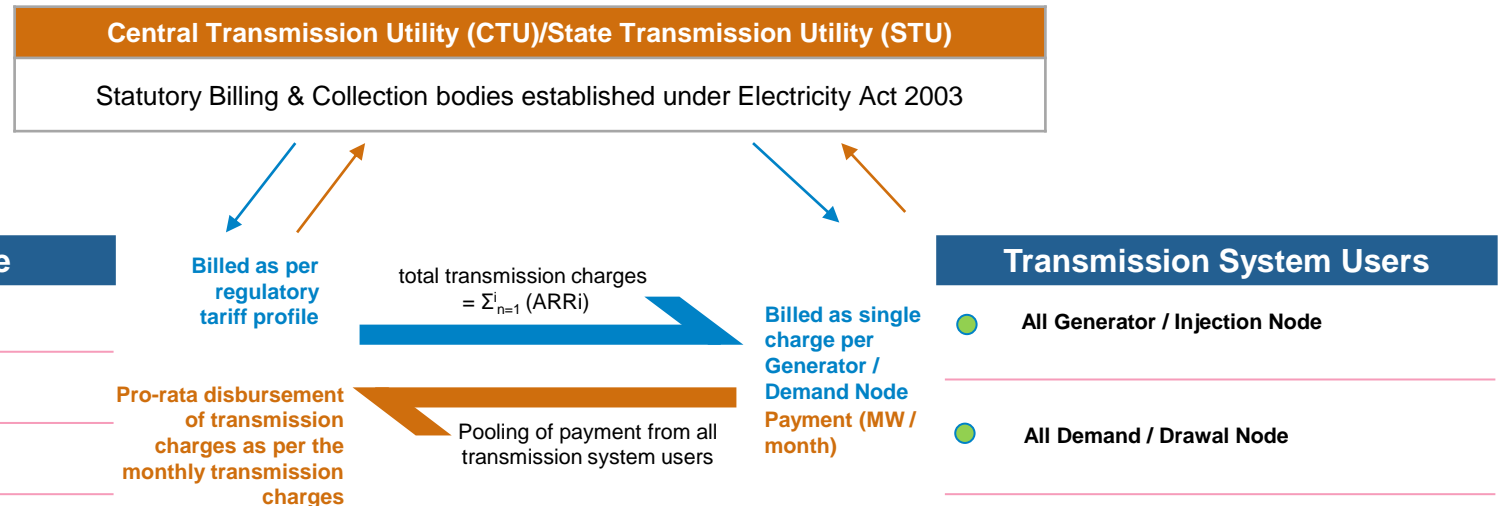
# Payment Pooling Mechanism Reduces Counterparty Risk



Payment pooling mechanism substantially reduces any counter party default risk

## Payment Pooling Mechanism

- Tariffs for all transmission licensees are collected by either the CTU (for Inter-state Transmission System) or the STU (for Intra-state System)
  - All collections have to be mandatorily distributed in proportion to respectively yearly ARR of each licensee
  - No discretion to CTU/STU to withhold payments
- Pooling mechanism ensures no stranded asset risk i.e. no bilateral counterparty/user



Note: ARR – Annual revenue requirement

# Credit Protection Mechanism in License



## Embedded Credit Support Mechanism in Transmission License

### Built in Credit Support Mechanism

#### Letter of credit & bank guarantee to CTU/STU

- CERC Assets: Revolving L/C for 105%/210% of average monthly billing by State/ private utilities
- MERC Assets: Revolving L/C for 100% and BG for 300% of average monthly billing by TSU

#### Network restriction

- Access of customers to network can be curtailed in case of payment default or default in providing letter of credit

#### Third party sale of power

- Regulated quantum of power can be sold by relevant generating company also suffering a default and proceeds of such power sale can be shared by the generating company and transmission licensee pro-rata, after adjustment of energy charges and incidental expenses by generating company

## Regulatory Determination Encourage Timely Payments

### Regulatory Structure Supports Timely Payment

#### Penal interest provision

- Delayed payment charge of 15% to 18% pa for any late payment by TSUs

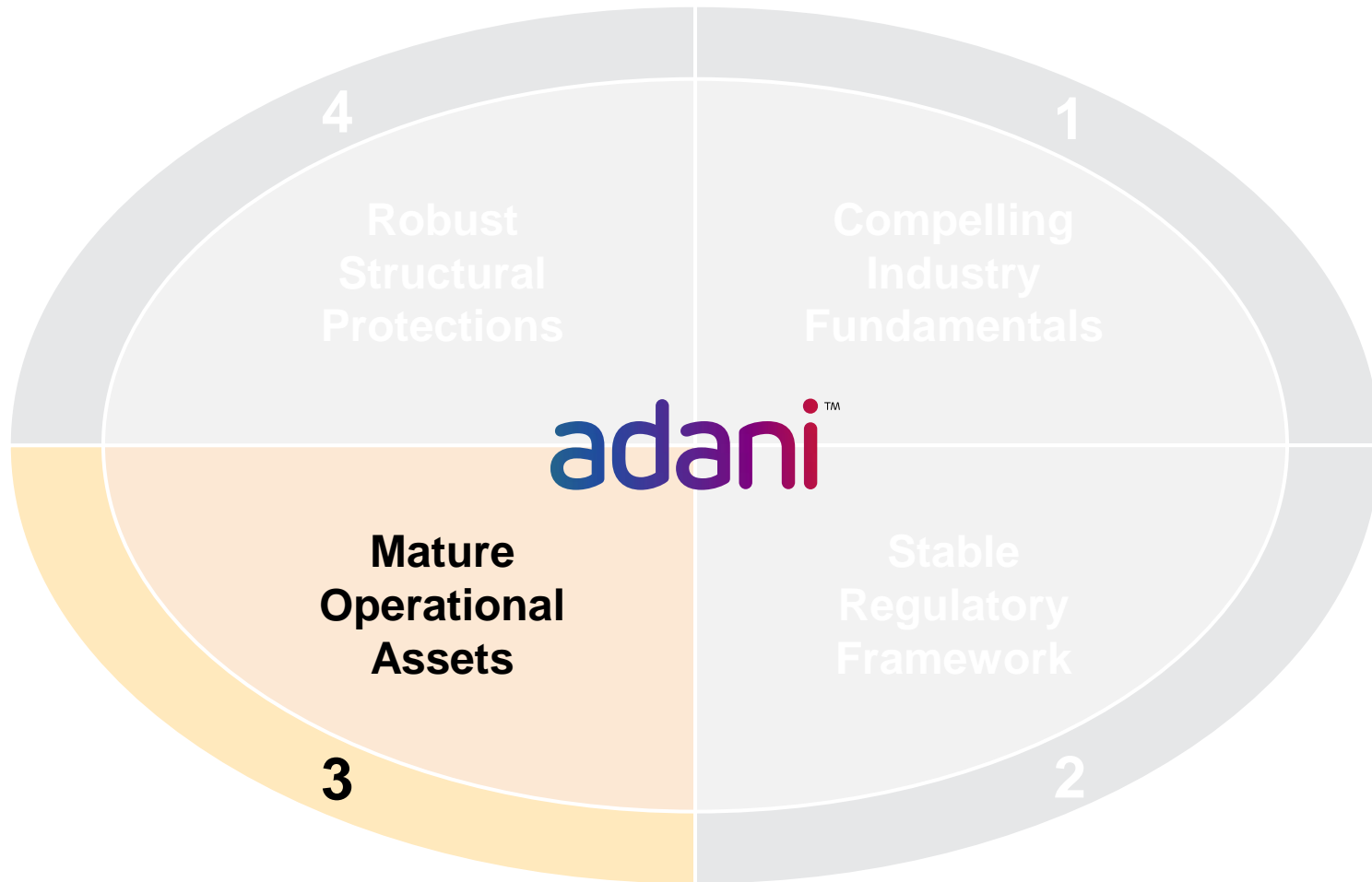
#### Penal interest pass-through restrictions

- Limitation on TSUs to pass on the additional cost on account of penal interest to end-users

Transmission expenses constitute a small proportion of total state DISCOMs cost incurrence

Note: TSU: Transmission System User; L/C: Letter of Credit; BG: Bank Guarantee

# ATL – Investment & Credit Highlights



# Mature Operational Assets



Long Life of Assets and Contracts

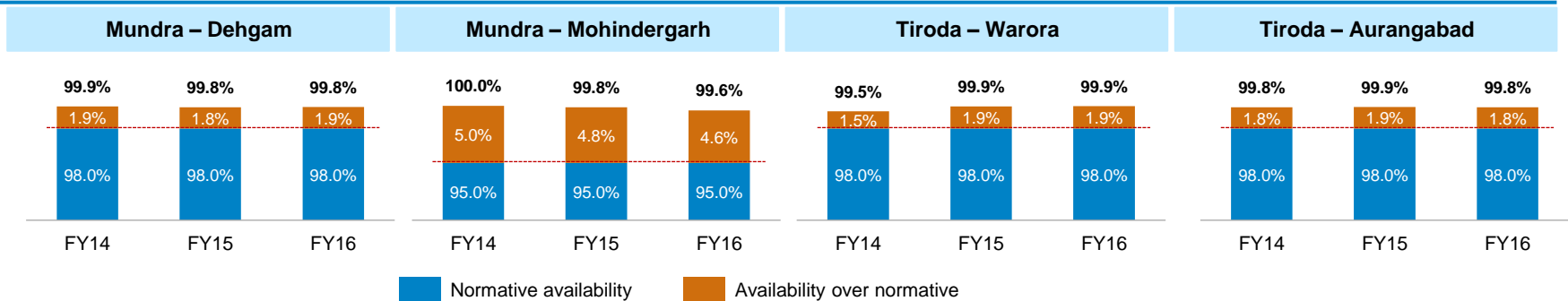
## 1 Completed Assets with Minimal Ongoing Maintainance

	Mundra – Dehgam	Mundra – Mohindergarh	Tiroda – Warora	Tiroda – Aurangabad
Regulator	CERC	CERC	MERC	MERC
License Period	25 years + 10 years	25 years + 10 years	25 years + 10 years	25 years + 10 years
COD	Jul-2009	Oct-2012	Aug-2012	Feb-2014; Apr-2014; Mar-2015 <sup>(1)</sup>
License Date	Jul - 2013	Jul - 2013	Jul - 2009	Sep - 2010
Remaining Life	~22 years	~22 years	~18 years	~20 years

~21 years of current weighted average license period remaining for the four operational Transmission Systems

Excellent Operating History

## 2 Efficient Operating History



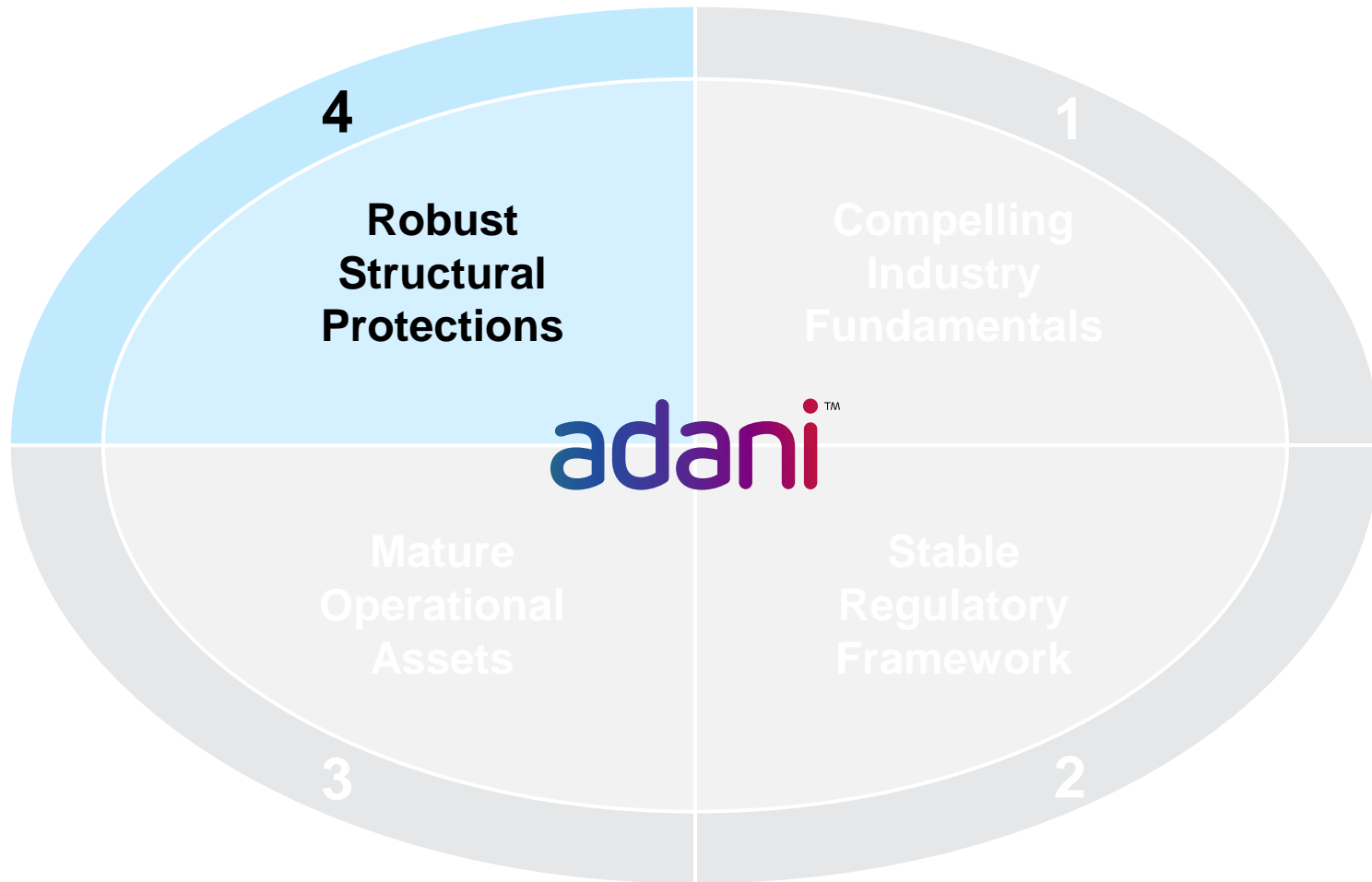
Track record of receiving incentive payments for maintaining availability above regulatory requirements (98% / 95%) <sup>(2)</sup>

**New assets can be brought into the Obligor Group only after completion and commencement of operations**

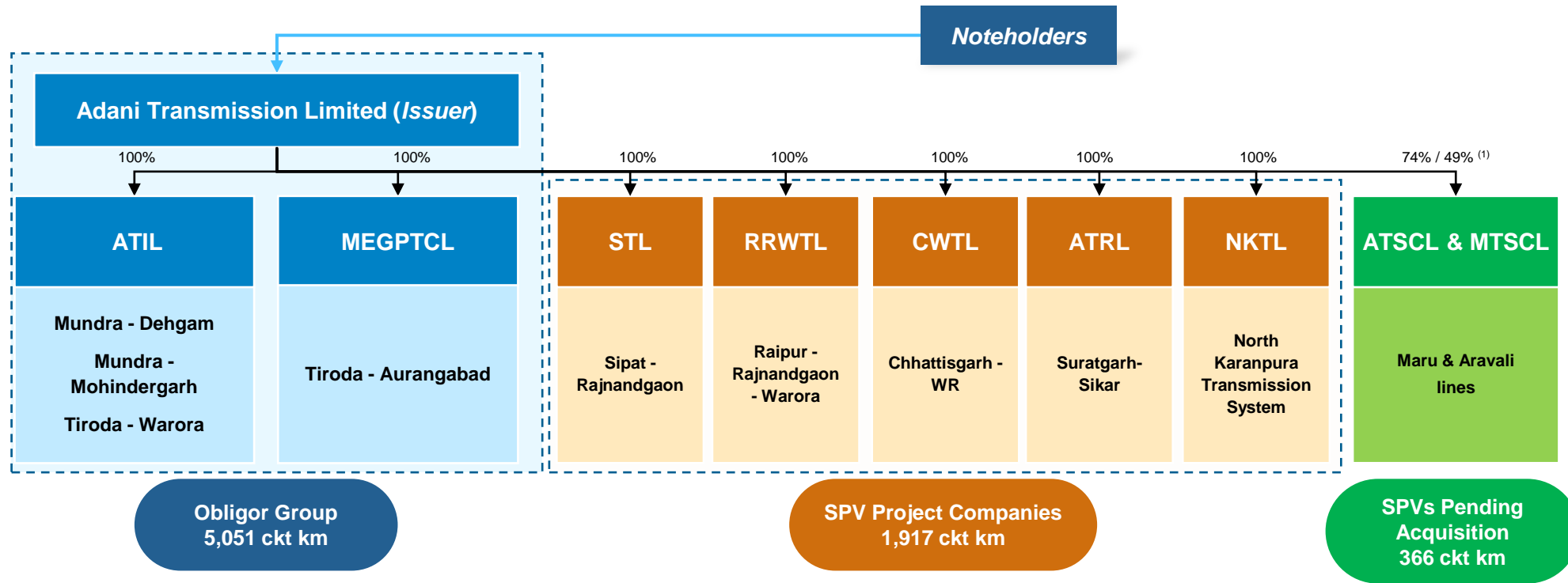
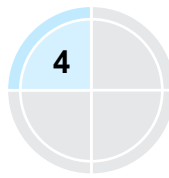
1. Set 1 and 2A commissioned on February 23, 2014; Set 2B commissioned on April 8, 2014; Set 3 commissioned on March 31, 2015

2. 98% for AC systems and 95% for HVDC systems

# ATL – Investment & Credit Highlights



# Ring-fenced Obligor Group With Documented Accession Framework



- No construction risk of greenfield developments (documented accession framework for SPV Project Companies)
  - Further limitation on capital expenditure for SPV projects (Liquidity Reserve Account undertakings)
- Debt structure linked to operating life of underlying assets (built in amortization)
  - Change in operating parameters captured by Senior Debt Redemption Account undertakings - Cash Sweep mechanism for shortfall amount in compliance with Backstop Calculation
- Cash-flow ring fencing and associated protections (baked in cash-flow waterfall mechanism)

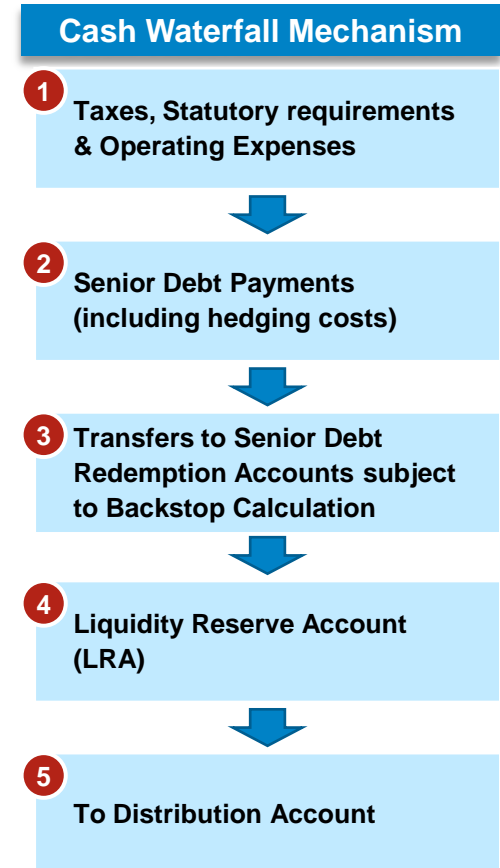
Note: ATIL - Adani Transmission (India) Limited; MEGPTCL - Maharashtra Eastern Grid Power Transmission Co. Ltd. ; STL - Sipat Transmission Limited; RRWTL - Raipur Rajnandgaon Warora Transmission Limited; CWTL - Chhattisgarh WR Transmission Limited; ATRL - Adani Transmission (Rajasthan) Limited; NKTL - North Karanpura Transco Limited; ATSC - Aravali Transmission Service Company Limited; MTSC - Maru Transmission Service Company Limited

1. 74% stake to be acquired in Maru and 49% stake in Aravali lines



# Structural Protection to Debt Investors

<b>No Greenfield Risk</b>	<ul style="list-style-type: none"> <li>No capex for new projects to be undertaken in the Obligor Group</li> <li>Capex outside of Obligor Group limited by LRA provisions</li> <li>New projects can be added to Obligor Group only after they become operational, thus eliminating construction risk</li> </ul>
<b>Standard Project Finance Features</b>	<ul style="list-style-type: none"> <li>Detailed information &amp; compliance certificates</li> <li>Cashflow waterfall mechanism applies to Obligor Group</li> <li>Senior Debt Redemption Account with Cash Sweep mechanism for shortfall amount in compliance with Backstop Calculation</li> </ul>
<b>Covenants/ Undertaking</b>	<ul style="list-style-type: none"> <li>DSCR test : minimum DSCR of 1.1x (distribution lock-up at DSCR of less than 1.2x)</li> <li>Liquidity Reserve Account (“LRA”) for funding SPV projects</li> <li>Limitation on transfer to Distributions Account subject to no default subsists, fully funded ISRA and LRA, compliance with Backstop Calculation</li> <li>Restriction on transaction with sponsor affiliates</li> </ul>
<b>License Period linked Amortisation Mechanism</b>	<ul style="list-style-type: none"> <li>Senior Debt Redemption account (forward looking)             <ul style="list-style-type: none"> <li>Yearly calculation linked to operating parameters (EBITDA) determines debt capacity</li> <li>Cash Sweep mechanism for shortfall amount in compliance with backstop calculation</li> </ul> </li> </ul>
<b>Standard Security and Collateral Package</b>	<ul style="list-style-type: none"> <li>Common security package &amp; sharing with other creditors of the Obligor Group</li> <li>Security structure enables protections under license for designated lenders</li> </ul>



# ATL – An Excellent Investment Opportunity

## Compelling Industry Fundamentals

- Strategically important sector in one of the world's fastest growing economies
- Significant generation capacity addition expected to drive sustained growth

## Stable Regulatory Framework

- Well defined regulatory framework with established & predictable tariff policy framework
- Fixed returns with full cost pass through for building block assets
- Payment pooling mechanism and credit protection mechanism in the license reduces counterparty risk

## Mature Operational Assets

- Completed assets with minimal ongoing maintenance requirements; long license period of 25 years with 10 year renewal option
- Consistently maintained availability & operating performance above regulatory requirements
- Stable and predictable cash flows

## Robust Structural Protections

- Ring-fenced Obligor Group with documented accession framework for completed assets
- Structural Protection to Debt Investors

## Investment Grade Rating

- Rated investment grade with stable outlook by Standard & Poor's, Fitch Ratings and Moody's

A

Adani Group and Company Overview

B

ATL – Investment & Credit Highlights

**C**

**Investment Grade Rating**

D

Appendix

# C. Investment Grade Rating

*Picture : Mundra – Mohindergarh Transmission Line*

# Investment Grade Rating

STANDARD  
& POOR'S

FitchRatings

MOODY'S

Ratings	BBB- / Stable	BBB- / Stable	Baa3/ Stable
Key Strengths	<ul style="list-style-type: none"> <li>Stable cash flows driven by a favorable regulatory environment, the company's power transmission business, and its good operating record.</li> <li>We have a favorable view of the central regulator CERC (Central Electricity Regulatory Commission) and Maharashtra state regulator MERC (Maharashtra Electricity Regulatory Commission) that administer the tariff for the company's current portfolio of transmission assets.</li> <li>We believe ATL benefits from a predictable tariff-setting mechanism, which results in stable cash flows.</li> <li>Tariff recovery is linked to network availability and is independent of volumes, protecting ATL from volume risk. It allows the company to recover its fixed costs and earn assured return on equity.</li> <li>ATL has adequate liquidity. We expect the company's sources of liquidity to exceed its uses by more than 1.2x over the next 12 months.</li> <li>ATL will continue to register stable operating performance without any significant adverse regulatory developments</li> </ul>	<ul style="list-style-type: none"> <li>ATL's credit profile benefits from a stable and favourable regulatory environment. Revenues for all its existing transmission assets are based on a cost-plus tariff, which provides long-term cash flow certainty and stability.</li> <li>India's regulators – both at national and state level – have a long track record of delivering predictable outcomes, including tariff formulas.</li> <li>Transmission companies do not face risks associated with transmission volumes because they are guaranteed revenue, which is determined by the regulator, as long as they hit certain availability benchmarks.</li> <li>ATL's financial profile benefits from the stable revenue from its operating transmission assets and will be supported by the successful commissioning of three committed greenfield transmission projects over the medium term.</li> <li>ATL's proposed bonds benefit from structural enhancements, which are achieved through various restrictions, such as limitations on incurrence on additional indebtedness, and features such as a defined cash waterfall.</li> <li>Fitch expects ATL to maintain an adequate financial profile for its ratings over the medium term, after factoring in some additional capex.</li> </ul>	<ul style="list-style-type: none"> <li>ATL's regulated transmission business is underpinned by stable and predictable cash flows that are generated based on pre-determined regulated returns.</li> <li>The well-developed regulatory framework for power transmission in India allows for recovery of costs and returns and has periodic resets, which further enhances the credit profile of ATL.</li> <li>Rating also reflects ATL's moderate financial leverage, combined with its active capex program to expand its transmission network</li> <li>While ATL's record of operations is short, the company has outperformed regulatory expectations, with a very high transmission line availability relative to regulatory norms.</li> <li>Counterparty risk is partly mitigated by the pooling mechanism under which any under-recovery is socialized across all transmission licensees</li> <li>The rating outlook is stable, reflecting the predictable operating cash flows from existing transmission lines, and our expectation that financial performance will be in line with rating tolerance metrics.</li> </ul>

**Rated investment grade with stable outlook by major international rating agencies**



A

B

C

**D**

- Adani Group and Company Overview
- ATL – Investment & Credit Highlights
- Investment Grade Rating
- Appendix**

# D. Appendix

India's First Private HVDC Utility

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# A. Financial Statements Summary

# Detailed Profit and Loss Summary

(US\$ mm) YE March 31	FY16	FY15	FY14
<b>Revenue from Operations</b>	<b>336</b>	<b>225</b>	<b>81</b>
Other Income	11	1	1
Finance Costs	148	120	35
Depreciation & Amortization	86	65	48
Operating and Other Expenses	41	18	11
<b>Profit (Loss) Before Tax</b>	<b>72</b>	<b>22</b>	<b>(12)</b>
Tax Expense	17	8	0
<b>Net Profit (Loss)</b>	<b>55</b>	<b>15</b>	<b>(12)</b>
<b>EBITDA <sup>(1)</sup></b>	<b>306</b>	<b>208</b>	<b>71</b>
<b>EBITDA Margin <sup>(1)</sup></b>	<b>88.3%</b>	<b>92.2%</b>	<b>86.5%</b>

Comments
<ul style="list-style-type: none"> <li>Revenue from operations increased by 59.8% for FY16 primarily as a result of Set 3 of MEGPTCL starting commercial operations in March 2015 and an increase in incentives and carrying costs</li> <li>Other income increase driven by an increase in interest income on fixed deposits and delayed payment charges and income from mutual funds</li> <li>Employee expense increased by 4.8% primarily as a result of hiring additional technically qualified employees to strengthen in-house transmission operations and annual increments. This was offset partially by gains on actuarial valuation</li> <li>Operating, administration and selling expenses increased by 10.9% in FY16 due to an increase in crop compensation</li> <li>In FY16, we started incurring expenses on purchasing and selling certain agricultural commodities on a limited basis for regulatory purposes, resulting in recognition of US\$23mm compared to no such expense in FY15</li> </ul>

Note: Average RBI Reference Rates of 60.496, 61.147 and 65.461 used for FY14, FY15 and FY16 respectively

FY14, and FY15 financials are on an aggregated basis as if ATIL and MEGPTCL and the Transmission Systems currently owned and operated by them were part of ATL with effect from April 1, 2013 to allow for comparison with consolidated financials for FY16

1. EBITDA is defined for any period as Total Revenue, deducting Purchase of Traded Goods, Employee Benefit Expense and Operating and Other Expenses for such period. We define EBITDA Margin for any period as the ratio of EBITDA to Total Revenue for such period

# Detailed Balance Sheet Summary

(US\$ mm) YE March 31	FY16	FY15	FY14
Fixed Assets	1,532	1,679	1,585
Long-Term Loans and Advances	15	2	275
Other Non-current Assets	52	54	0
Cash and Bank Balances	26	2	4
Other Current Assets	181	142	60
<b>Total Assets</b>	<b>1,806</b>	<b>1,879</b>	<b>1,924</b>
Shareholders' Funds	408	177	108
Long Term Borrowings	782	869	1,156
Other Long Term Liabilities	1	2	180
Short Term Borrowings	441	586	134
Trade Payables	1	8	1
Other Current Liabilities	172	237	344
<b>Total Equity and Liabilities</b>	<b>1,806</b>	<b>1,879</b>	<b>1,924</b>

## Comments

- Obtained a loan of ~US\$31mm in April 2016 from Aditya Birla Finance Limited and issued 2 sets of Non-convertible debentures (NCDs) in May 2016 and June 2016, the proceeds of which were used to repay existing indebtedness, create a coupon service reserve, fund expenses in relation to the issuance of these debentures and for general corporate purposes
- Separately in May 2016, raised: (i) a short term loan of ~US\$15mm, having a tenor of 180 days from HDFC Bank; and (ii) cash credit/working capital demand loans of ~US\$15mm from HDFC Bank which remain undrawn
- Other current assets primarily comprises unbilled revenue & trade receivables

Note: Average RBI Reference Rates of 60.496, 61.147 and 65.461 used for FY14, FY15 and FY16 respectively

FY14, and FY15 financials are on an aggregated basis as if ATIL and MEGPTCL and the Transmission Systems currently owned and operated by them were part of ATL with effect from April 1, 2013 to allow for comparison with consolidated financials for FY16



# Detailed Cash Flow Summary

(US\$ mm) YE March 31	FY16	FY15	FY14
Net cash flow from operating activities	236.0	121.9	40.0
Net cash flow used in investing activities	(124.8)	(362.0)	(791.1)
Net cash flow from / (used in) financing activities	(110.2)	239.8	746.0
<b>Net increase / (decrease) in cash and bank balance</b>	<b>0.9</b>	<b>(0.4)</b>	<b>(5.1)</b>

Comments
<ul style="list-style-type: none"> <li>Net cash from operating activities increased in FY16 primarily as a result of an increase in operating profit before working capital changes, increases in working capital and taxes paid</li> <li>Decrease in investments in subsidiaries and in the purchase of transmission businesses led to a decrease in net cash used in investing activities</li> </ul>

Note: Average RBI Reference Rates of 60.496, 61.147 and 65.461 used for FY14, FY15 and FY16 respectively

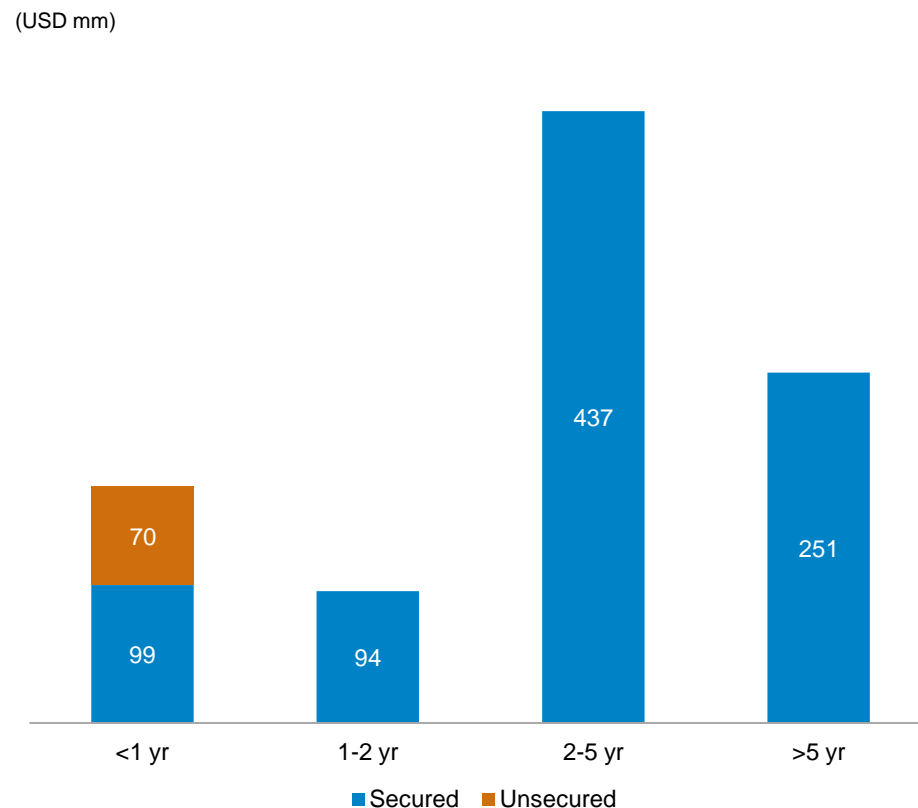
FY14, and FY15 financials are on an aggregated basis as if ATIL and MEGPTCL and the Transmission Systems currently owned and operated by them were part of ATL with effect from April 1, 2013 to allow for comparison with consolidated financials for FY16

# Capitalization and Debt Maturity Profile

## Capitalization as on 31-Mar-2016

(US\$ mm)	As on 31-Mar-2016
Equity Share capital	168.0
Reserves and surplus	240.0
<b>Total shareholders' funds</b>	<b>408.0</b>
Long-term Borrowings <sup>(1)</sup>	880.9
Short-term Borrowings	441.1
<b>Total Debt</b>	<b>1,322.0</b>
<b>Total Capitalization<sup>(2)</sup></b>	<b>1,730.0</b>
<i>Total Capitalization<sup>(2)</sup> (in INR mm)</i>	113,249

## Debt Maturity Schedule as on 31-Mar-2016 <sup>(3)</sup>



Note: Average RBI Reference Rates of 65.461 used for FY16

1. Includes current maturities of long-term borrowings

2. Total capitalization is the sum of total shareholders' funds and total debt

3. Excluding US\$142mm of short-term unsecured borrowings from the Promoters and/or the Adani Group Companies and US\$229mm of short-term commercial paper borrowings, both due in less than 1 year

# adani<sup>TM</sup>



**Resources**



**Logistics**



**Energy**