Adani Power Ltd

A pure play in thermal power space

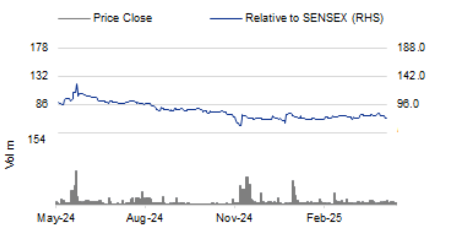
India

ADD *(Initiating coverage)*

Consensus ratings*:	Buy 4	Hold 0	Sell 0

Current price:	Rs551
Target price:	Rs649
Previous target:	NA
Up/downside:	17.8%
EIP Research / Consensus:	2.4%
Reuters:	ADAN.NS
Bloomberg:	ADANI IN
Market cap:	US$24,882m
	Rs2,124,016m
Average daily turnover:	US$50.5m
	Rs4310.5m
Current shares o/s:	3,856.9m
Free float:	0.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(0.4)	15.0	(18.9)
Relative (%)	(1.6)	3.5	(25.7)

Major shareholders	% held
Promoters	75.0
FII	12.4
DII	0.0

- APL targets a 75% capacity growth to 30.67GW by FY30F, aligning with India's 5-6% power demand growth to meet the projected 458GW peak by FY32F.
- As much as 87% of APL's capacity is tied to long-term PPAs with a fuel cost pass-through clause, delivering Rs200bn of recurring EBITDA in FY25.
- 17% of sales volume is from merchant power, capitalizing on high-margin opportunities. Initiate coverage on APL with an ADD rating and a TP of Rs649.

India's largest private thermal IPP stages a turnaround

Adani Power (APL), flagship company of the Adani Group, is India's largest private thermal power producer, operating 17.55GW capacity as of FY25-end. Overcoming past challenges, including a Rs20.93bn net loss in FY18 and a Rs491bn debt burden (8.9x D/E), APL has transformed through regulatory wins, such as the Supreme Court of India's approval in respect of compensatory tariffs for Mundra plant, and operational efficiency, achieving a 71% PLF and Rs564bn in revenue in FY25. Its expertise in reviving stressed assets, as evidenced by the 3.5x EBITDA growth of Mahan Energen post-acquisition, and recent additions like the 1,200MW Mutiara and 600MW Korba plants, strengthens its portfolio as it acquires stressed assets at a low cost and turns them around within a span of 18-24 months.

13.12GW expansion project to meet surging demand

APL's growth strategy targets a 75% capacity increase to 30.67GW by FY30F, adding 13.12 GW through projects like Mahan Phase II (1.6GW, FY27F), Raipur Phase II (1.6GW, FY28F), and Korba Revival (1.32GW, FY26F), outpacing peers like NTPC (ADD), and JSW Energy (NOT RATED). APL ensures execution certainty with equipment orders for 11.2GW from BHEL (NOT RATED) and cost efficiency with the acquisition of four coal mines (14mtpa) securing fuel for 3GW merchant capacity. This aligns with India's projected 5-6% annual power demand growth and 458GW peak demand by FY32F, where the thermal capacity addition lagged at 4.5GW in FY25, as against a 15GW target, boosting the industry PLF to 69%. APL's 6.6GW of inorganic acquisitions and 87% brownfield expansion strategy enhance its role in addressing persistent peak deficits.

Deleveraging with 11% EBITDA CAGR; initiate coverage with ADD

APL's balance mix, with 87% capacity under long-term PPAs featuring the fuel cost pass-through clause, generated Rs200bn of recurring EBITDA in FY25, while 17% merchant sales leveraged IEX prices, averaging Rs5-6/kWh and peaking at Rs10/kWh. We project a 11% EBITDA CAGR over FY25-28F, driven by 70%+ PLF and 10% power generation growth as the pipeline capacity gets commissioned. The capex of Rs1,200bn is expected to be funded via internal accruals, deleveraging the balance sheet to reduce net-debt/EBITDA to 0.9x by FY30F from 1.5x in FY25. We have valued APL at 11x one-year forward EV/EBITDA with a target price of Rs649. The valuation is supported by a projected 9% PAT CAGR and sustained RoE above 15%. Downside risks: Execution delay in the 13.12GW pipeline, lower-than-expected merchant realization and revival of discom payment issue.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	503,513	562,031	625,972	689,041	786,302
Operating EBITDA (Rsm)	181,807	213,054	236,846	255,035	291,664
Net Profit (Rsm)	208,288	127,496	138,414	146,214	165,234
Core EPS (Rs)	54.0	33.1	35.9	37.9	42.8
Core EPS Growth	94.2%	(38.8%)	8.6%	5.6%	13.0%
FD Core P/E (x)	10.20	16.66	15.35	14.53	12.86
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	13.18	11.54	10.31	9.77	8.71
P/FCFE (x)	18.27	27.01	74.40	68.13	74.14
Net Gearing	63.1%	55.9%	42.6%	41.3%	39.4%
P/BV (x)	4.92	3.77	3.03	2.50	2.10
ROE	57.0%	25.6%	21.9%	18.9%	17.8%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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A pure play in thermal power space

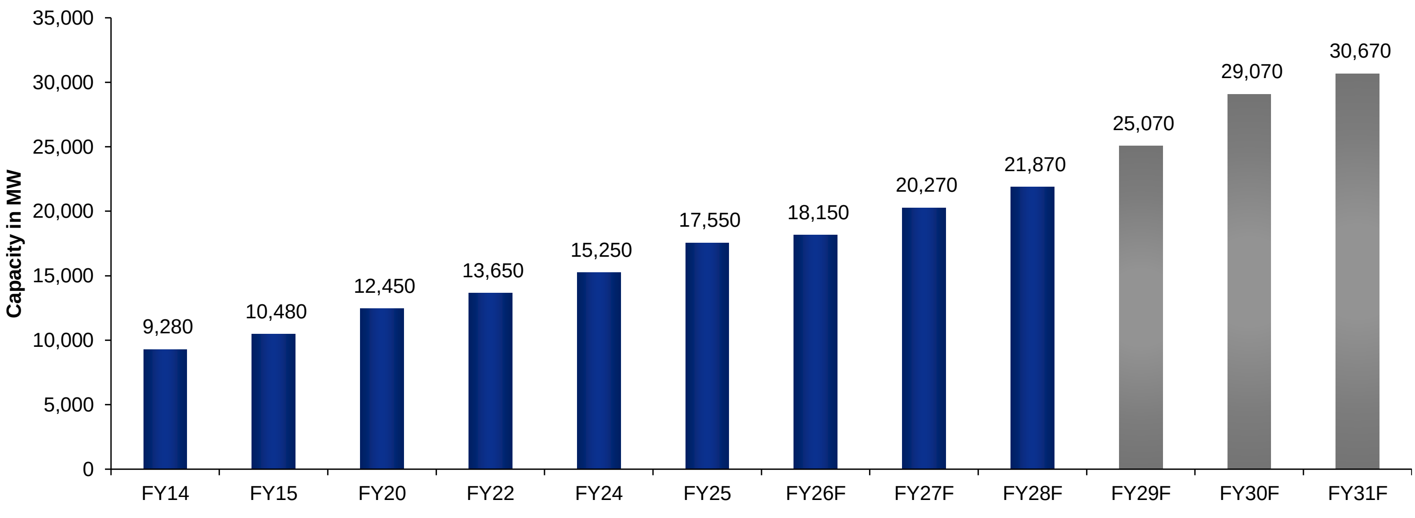
Investment thesis

A transformative journey - from challenges to leadership

Adani Power (APL), India's largest private thermal power producer, stands tall with a 17.55GW capacity and a bold roadmap to expand to 30.67GW by FY30F, aligning seamlessly with India's projected 5-6% annual power demand growth (we expect India's power demand to grow at 1x gross domestic product or GDP growth). APL's journey - from early struggles to a base load energy leader - is a testament to resilience and adaptability, making it a compelling choice for investors seeking exposure to India's energy demand growth.

In the early 2010s, APL went for an ambitious expansion, commissioning mega-plants like Mundra (4.62GW) and Tiroda (3.3GW) to address India's growing energy deficit. However, high imported coal costs, triggered by regulatory changes in Indonesia, and disputes with state distribution companies (discoms) over power purchase agreements (PPAs) led to a Rs20.93bn net loss in FY18 and a Rs491bn debt burden (8.9x debt-to-equity ratio). A pivotal Supreme Court of India's ruling in FY19 granted compensatory tariffs for Mundra plant by allowing fuel cost pass-through, which stabilized the company's earnings and enabled it to deleverage its balance sheet. By FY25, APL's 17.55GW capacity, 71% plant load factor or PLF, and Rs564bn revenue marked its transformation into a base-load power leader, along with the flagship Godda plant (1.6GW) tapping cross-border markets by supplying 100% power to Bangladesh. This transformation shows APL's ability to navigate adversity and seize opportunities, positioning it as a resilient and forward-looking investment. We expect the company to achieve an EBITDA of Rs292bn in FY28F and an EBITDA CAGR of 11% over FY25–28F. We initiate coverage on the stock with an **ADD** rating and a target price of Rs649.

Figure 1: APL's capacity grew at a 7% CAGR over FY20-25; going ahead, due to strong under-construction pipeline capacity, we expect the capacity to rise at a 11% CAGR over FY25-30F with an average 2GW addition per year vs. 1GW/year addition in FY20-25



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Scaling capacity by 75% to meet rising demand

India's power demand is projected to grow at 5-6% annually through FY25-30F, driven by urbanization, industrialization, and government initiatives like 'Make in India.' With peak demand touching 250GW in FY25, exceeding the current thermal capacity of 246GW by 1.4%, APL's 13.12GW expansion pipeline is aligned to bridge this gap. APL aims to nearly double its capacity, targeting a 75% increase in capacity to reach 30.67GW by FY30F, showcasing a more aggressive thermal capacity addition compared to NTPC, which operates 62.8GW of coal-based capacity with 17GW under construction (a 30% increase).

Key projects include Korba Revival (1.32 GW, FY26F completion), Mahan Phase II (1.6GW, 40% complete, FY27F completion) and Raipur (1.6GW, PPA-secured, FY28F completion). Equipment orders for 11.2GW of ultra-supercritical boilers, turbines, and generators have already been placed with Bharat Heavy Electricals (BHEL NOT RATED), ensuring execution visibility and minimizing supply chain risks.

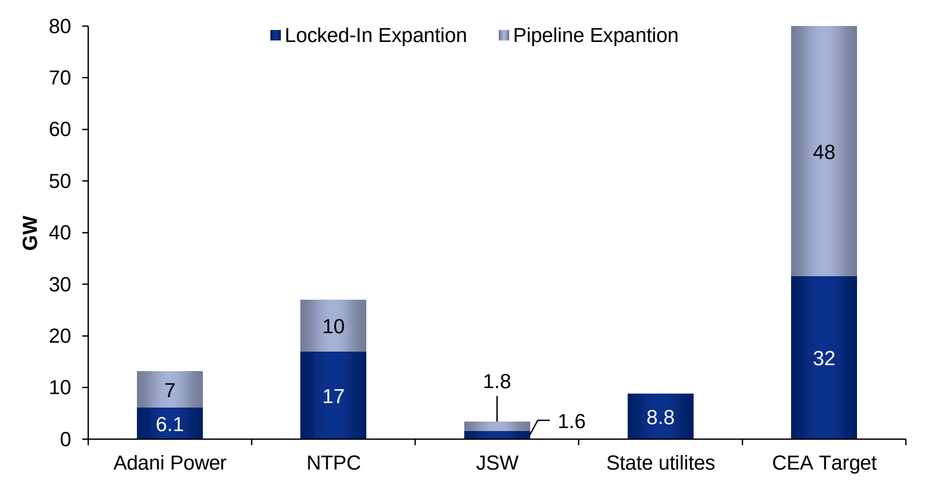
Between FY21 and FY25, India's power demand grew at a 7% CAGR, outpacing total capacity CAGR of 6% and thermal capacity CAGR of just 1%. This imbalance has shifted the power sector from a decade of oversupply to an emerging undersupply scenario. Reflecting this, the Central Electricity Authority (CEA) revised its peak power demand estimates from 366GW to 388GW, and most recently to 458GW by FY32F. Consequently, projected thermal capacity addition needed increased from 60GW under the National Electricity Plan (NEP FY22) to 80GW, and now to 100GW. APL's strategic expansion positions it to capture a significant share of this capacity addition, reinforcing its critical role in India's energy ecosystem.

Figure 2: Capacity expansion pipeline

Plant	Installed Capacity (Gross MW)	PPA Tie-up (Gross MW)	PPA Tie-up %	PPA Counterparty	Fuel cost recovery under PPA	Fuel Type for Plant	Coal required at 80% PLF (mmt)	FSA Tie-up (mmtpa)
Mahan Phase-II	1,600	1,320	83%	Madhya Pradesh discom	Section 63 PPA (fixed charge + escalable energy charge) + change in law recovery	Domestic	5.75	5.75
Korba Phase-II	1,320	-	0%	-	-	Domestic	4.75	4.75
Raipur Phase-II	1,600	1,600	100%	Maharashtra discom	Section 63 PPA (fixed charge + escalable energy charge) + change in law recovery	Domestic	5.75	5.75
Mirzapur	1,600	1,600	100%	Uttar Pradesh discom	Section 63 PPA (fixed charge + escalable energy charge) + change in law recovery	Domestic		
Total Locked-in Capacity	**6,120**	**4,520**	**74%**				**16.25**	**16.25**
Raigarh Phase-II	1,600			Bids ongoing		Domestic		
Kawai	1,600			Bids ongoing		Domestic		
Mahan Phase-III	1,600			Bids ongoing		Domestic		
VIPL	600			Bids ongoing	Commissioned	Domestic		
Korba Phase-II	1,600			Bids ongoing		Domestic		
Target (Locked-in capacity + pipeline)	**13,120**	**4,520**	**34%**				**16.25**	**16.25**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Capacity addition by key players vs. CEA's target addition



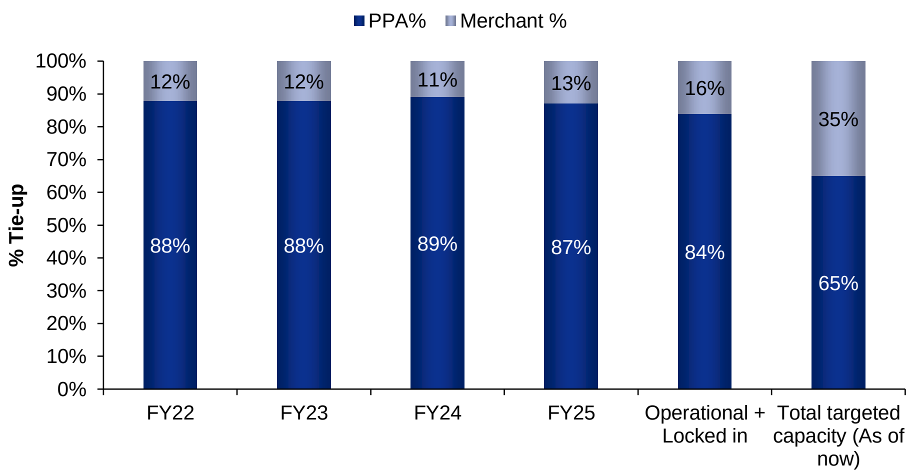
SOURCE: INCRED RESEARCH, COMPANY REPORTS, CEA

The PPA anchor with fuel cost pass-through to generate stable cash flow

APL has 87% of its capacity tied to long-term PPAs, which provides a stable cash flow, generating Rs200bn of recurring EBITDA in FY25. The fuel cost pass-through clause in 90% of PPAs shields margin from coal price volatility, a critical advantage in a sector where fuel costs account for 80-90% of the expenses.

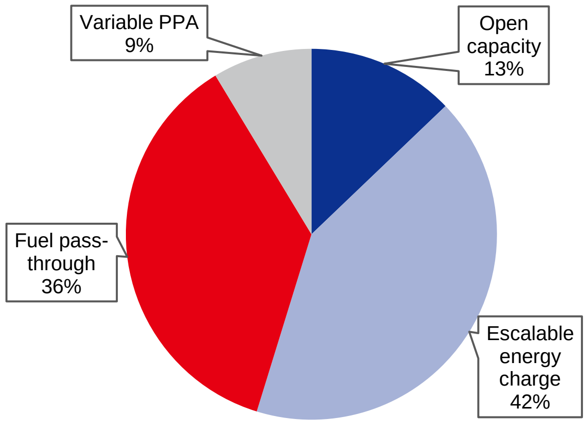
In FY25, APL signed PPAs for 4.52GW under-construction capacity, with 100% fuel supply agreement or FSA tie-ups, and is bidding for over 14GW of new contracts to tie up most of its organic expansion pipeline. Additionally, the acquisition of four coal mines with a 14mtpa capacity, set to commence production in FY26F, can serve coal requirements for 3GW of capacity and will significantly reduce coal transportation costs, particularly for merchant capacity, enhancing profitability. This stability supports APL's Rs1,200bn expansion plan, with FY26F guided capex of Rs133bn funded completely through internal accruals, avoiding equity dilution. Coastal plants like Mundra (4.62GW) and Udupi (1.2GW), reliant on imported coal, benefit from the pass-through mechanism or index-linked price escalation, ensuring cost recovery. Hinterland plants like Kawai (1.32GW) have FSAs covering over 75% of the coal requirement, with the balance sourced efficiently from domestic e-auctions. The Godda plant, also dependent on imported coal, has a fuel cost pass-through in its PPA with Bangladesh, backed by a sovereign guarantee that ensures timely payments and eliminates concerns over receivables.

Figure 4: 87% of APL's capacity tied to PPAs; secures PPAs for 84% of locked-in capacity and 65% of total targeted capacity (30.67GW)



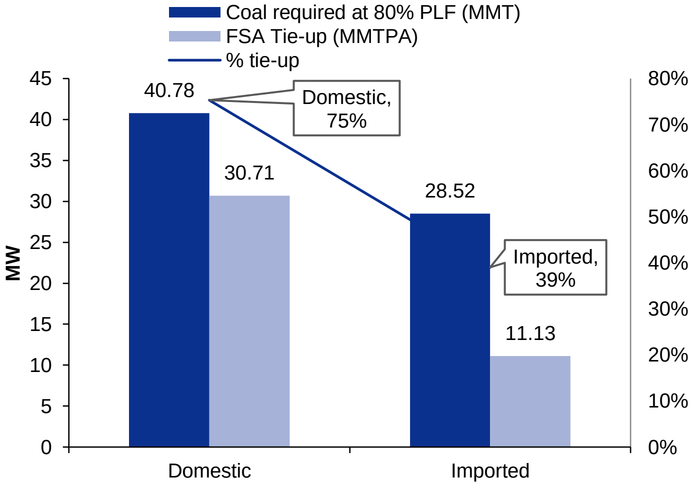
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: 90% of PPA capacity has fuel-pass through or escalable energy clause, protecting APL from fuel price risk



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: APL has an FSA tie-up of 42mmtpa whereas coal requirement for PPA capacity, at 80% PLF, is 69mmtpa

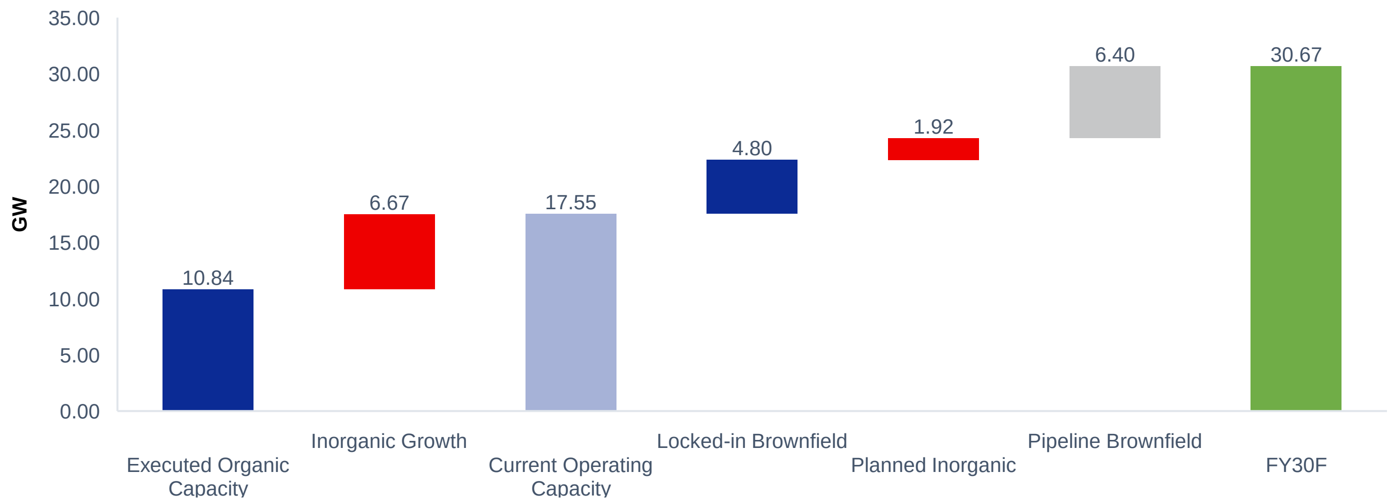


SOURCE: INCRED RESEARCH, COMPANY REPORTS

6.6GW of rapidly turned around inorganic capacity

APL has grown 1.7x in the past 10 years, with 77% of this growth through the inorganic route, that has established its process of acquiring and revitalizing underperforming thermal power assets, significantly enhancing its capacity and profitability. In FY25, APL acquired three key assets: the 1,200MW Mutiara plant in Aug 2024, the 600MW Korba Plant in Sep 2024, and the 500MW Dahanu plant in Sep 2024, with a combined enterprise value of ~Rs65.52bn, suggesting capacity addition at 72% lower cost of Rs28m/MW vs. brownfield expansion cost of Rs100m/MW. These acquisitions align with APL's approach of purchasing assets at attractive valuation and leveraging its operational expertise to boost performance. Notably, the Korba plant includes a stalled 1,320MW expansion project, which APL plans to revive, further augmenting its growth trajectory. APL's track record can be seen by its Mar 2022 acquisition of Mahan Energen, which now generates 3.5x FY22 EBITDA, and the Rs19bn acquisition debt has been fully repaid, demonstrating its ability to transform distressed assets into high-performing ones within a span of 18-24 months. A similar turnaround story can be seen for plants like Raipur, Udupi and Raigarh. APL plans to increase the capacity of these plants with brownfield expansion of its 85% targeted capacity addition.

Figure 7: 38% of APL's current capacity is through inorganic capacity addition; 85% of the expansion is planned through brownfield capex



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Establishes capability in rapidly turning around the acquired assets

Plants	Gross block of organic assets (Rs.m)	Capacity (MW)	GB/MW	FY25 EBITDA (recurring)	FY25 EBITDA/MW
Tiroda	2,06,120	3,300	62	37,770	11.4
Kawai	90,830	1,320	69	12,210	9.3
Mundra	2,57,190	4,620	56	32,480	7.0
Godda	1,56,310	1,600	98	48,200	30.1
	Acquisition cost of inorganic assets (Rs.m)	**Capacity (MW)**	**Acq. / MW**	**FY25 EBITDA (recurring)**	**FY25 EBITDA/MW**
Mahan	19,000	1,200	16	18,940	15.8
Raipur	35,300	1,370	26	23,450	17.1
Raigarh	12,040	600	20	12,600	21.0
Mutiara	33,360	1,200	28	-1,270	-1.1
Korba (has an additional 1,320MW of stalled expansion)	24,010	600	40	1,840	3.1
Dahanu	8,150	500	16	1,180	2.4

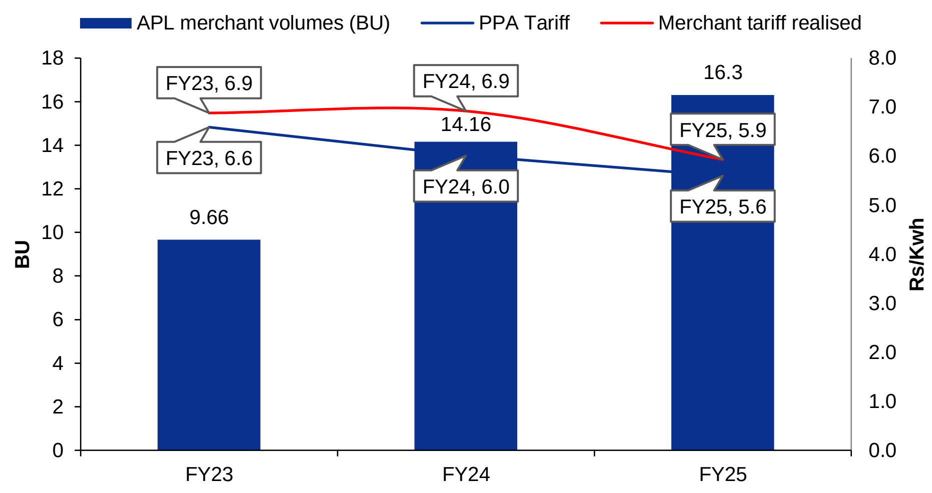
SOURCE: INCRED RESEARCH, COMPANY REPORTS
NOTE: EBITDA FOR MUTIARA AND KORBA PLANTS POST 1ST SEP 2024 & DAHANU PLANT POST 1ST OCT 2024

Merchant power to capture high-margin upside

Merchant sales, comprising 17% of APL's 96BU sales volume (~2.25GW capacity in FY25), provide a high-margin opportunity to capitalize on India's persistent supply-demand imbalance. The shortfall in thermal capacity addition—only 4.5 GW added in FY25 against a target of 15GW, with 12.8GW expected in FY26F and 3GW in FY27F—has tightened the power market, particularly during evening peak hours when renewable power generation is minimal. This lag is likely to sustain high merchant power volume and prices, especially as evening peak demand continues to grow at 6-7% annually.

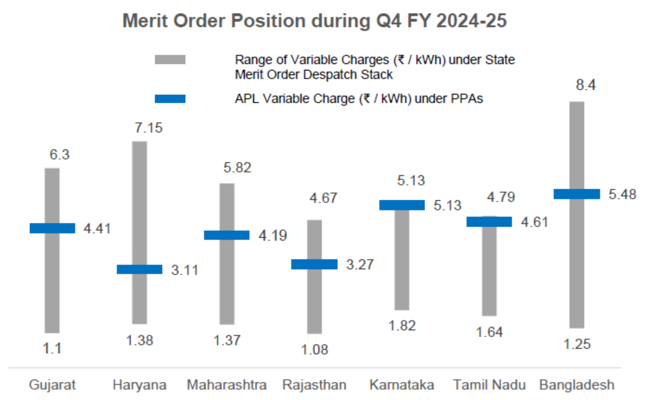
Merchant power prices have been volatile. On the Indian Energy Exchange (IEX) Day-Ahead Market (DAM), prices during non-solar hours often spike to regulatory cap of Rs10/kWh, reflecting tight market conditions, while averaging Rs5-6/kWh annually. APL's significant merchant capacity, the largest among private players, positions it to capture these elevated prices. With 98% of its open capacity located near coal mines, APL benefits from economic coal sourcing, enhancing cost competitiveness. APL's strong merit order position in states like Gujarat and Maharashtra, ensures high dispatch priority, maximizing profitability during peak season.

Figure 9: Better realization in the merchant market contributes 17% to sales volume



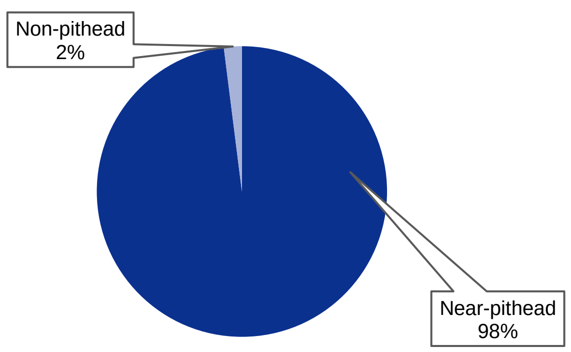
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Long-term PPAs' priority in dispatch



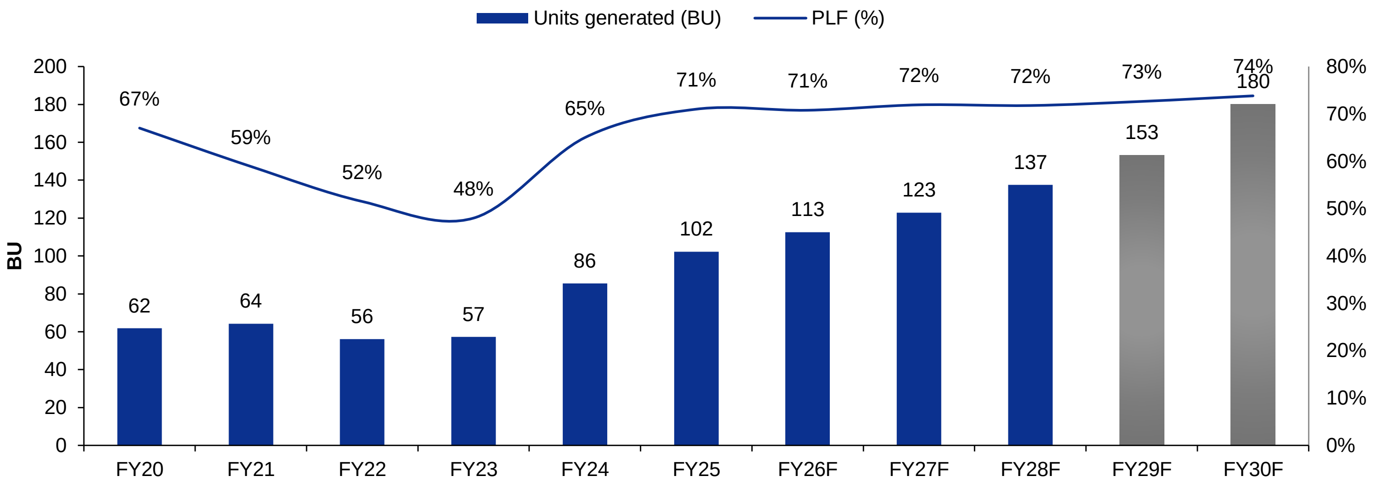
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: 98% open capacity near pithead



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: We expect sales volume to post a 12% CAGR over FY25-30F and PLF to remain high on the back of strong demand

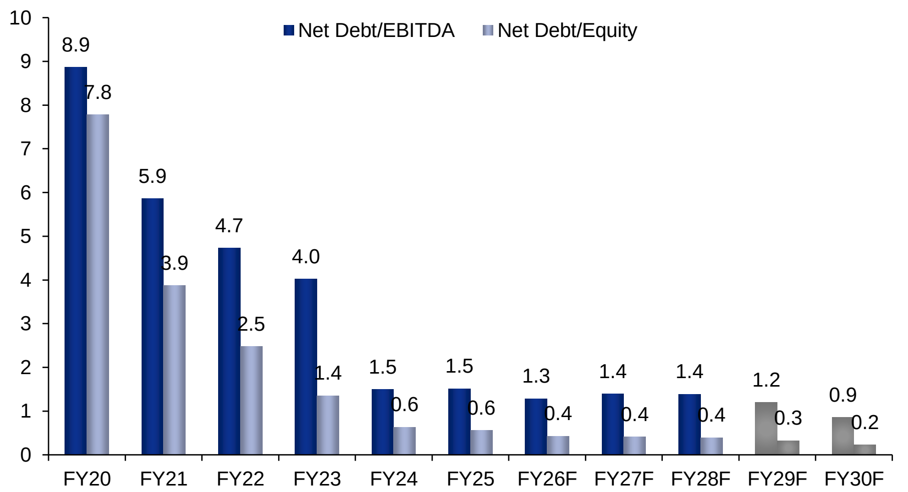


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Deleveraging path to strengthen APL's balance sheet

Despite its ambitious capacity expansion, APL's leverage is expected to improve significantly due to heathy cash flow on the back of capacity addition. The average annual capex requirement of Rs200bn for the 13.12GW pipeline will be largely funded by operational cash flow averaging Rs230bn, with debt peaking at 1.5x net debt-to-EBITDA in FY24-25, which is expected to reduce slightly in the near term with a sharp decline post capacity expansion. In FY25, APL's net debt stood at Rs322bn, with a net debt-to-equity ratio of 0.6x, down from 7.8x in FY18, which is expected to peak at Rs400bn in FY28F. AA/Stable ratings from CRISIL, ICRA, CARE, and India Ratings enhance borrowing access, ensuring cost-effective financing.

Figure 13: We expect net debt/EBITDA to reduce to 0.9x by FY30F

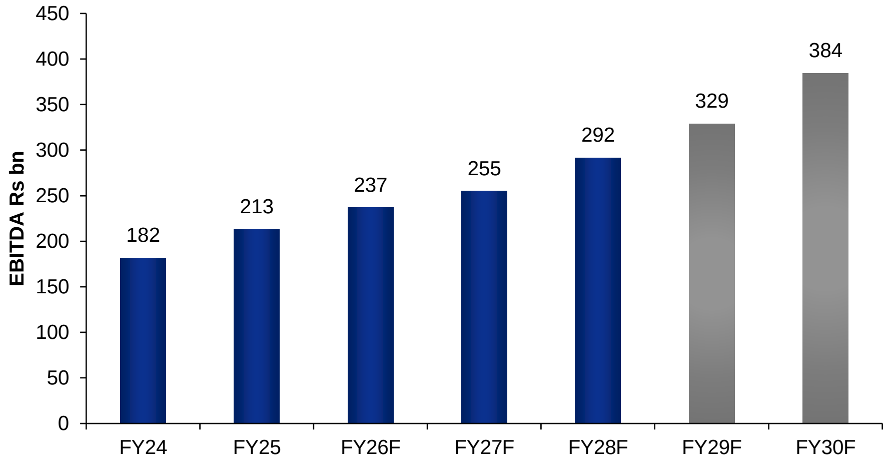


SOURCE: INCRED RESEARCH, COMPANY REPORTS

A long-term value driver with EBITDA growth

APL's expansion plan is set to drive substantial EBITDA growth, positioning it as a long-term value creator. With new capacity getting commissioning, we expect an 1.8x increase in EBITDA over FY25 to FY30F. Over FY25-28F, we project a 11% EBITDA CAGR, touching Rs292bn by FY28F, driven by 70%+ PLF on the back of strong demand leading to a 10% CAGR in power generation. This back-ended growth profile, supported by secured equipment orders and coal mine acquisitions, underscores APL's ability to post sustained earnings growth.

Figure 14: We expect EBITDA to grow by a 11% CAGR over FY25-28F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key assumptions

Figure 15: Key assumptions

	FY24	FY25	FY26F	FY27F	FY28F	FY29F	FY30F
Installed capacity	15,250	17,550	18,150	20,270	21,870	25,070	29,070
PLF (%)	65%	71%	71%	72%	72%	73%	74%
Units sold (MU)	79,274	95,885	1,05,165	1,14,639	1,28,594	1,43,195	1,68,416
PPA units sold	65,862	79,062	87,276	94,039	1,05,554	1,16,119	1,36,171
Merchant units sold	13,411	16,823	17,889	20,601	23,040	27,077	32,245
Realization (Rs. /unit)	6.31	5.85	5.93	5.99	6.10	6.21	6.27
Fuel costs (Rs. /unit)	3.3	3.0	3.0	3.1	3.1	3.2	3.3
EBITDA (Rs. /unit)	2.3	2.2	2.3	2.2	2.3	2.3	2.3

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: Capacity split

MW	FY24	FY25	FY26F	FY27F	FY28F
Installed capacity					
Solar Bitta	40	40	40	40	40
Mundra	4,620	4,620	4,620	4,620	4,620
Udupi	1,200	1,200	1,200	1,200	1,200
Tiroda	3,300	3,300	3,300	3,300	3,300
Kawai	1,370	1,370	1,370	1,370	1,370
Raipur	1,320	1,320	1,320	1,320	1,320
Raigarh	600	600	600	600	1,400
Mahan phase I/II	1,200	1,200	1,200	2,000	2,800
APJL Godda	1,600	1,600	1,600	1,600	1,600
Mutiara (erstwhile Coastal)	-	1,200	1,200	1,200	1,200
Korba (erstwhile Lanco)	-	600	600	1,920	1,920
Dahanu	-	500	500	500	500
Mirzapur	-	-	-	-	-
VIPL			600	600	600
Total reported capacity	**15,250**	**17,550**	**18,150**	**20,270**	**21,870**
Net addition	**1,600**	**2,300**	**600**	**2,120**	**1,600**

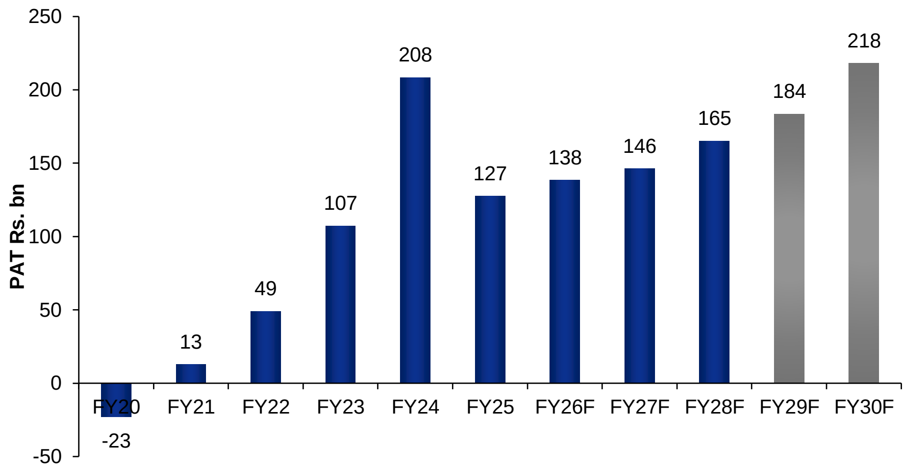
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Earnings and valuation

We forecast a PAT CAGR of 9% over FY25-28F

Interest costs are likely to remain stable whereas depreciation, at 4.3% of gross block, is expected to increase as new capacity starts getting commissioned, leading to a modest PAT CAGR of 9% vs. EBITDA CAGR of 11%.

Figure 17: We forecast a PAT CAGR of 9% with net margin above 20%

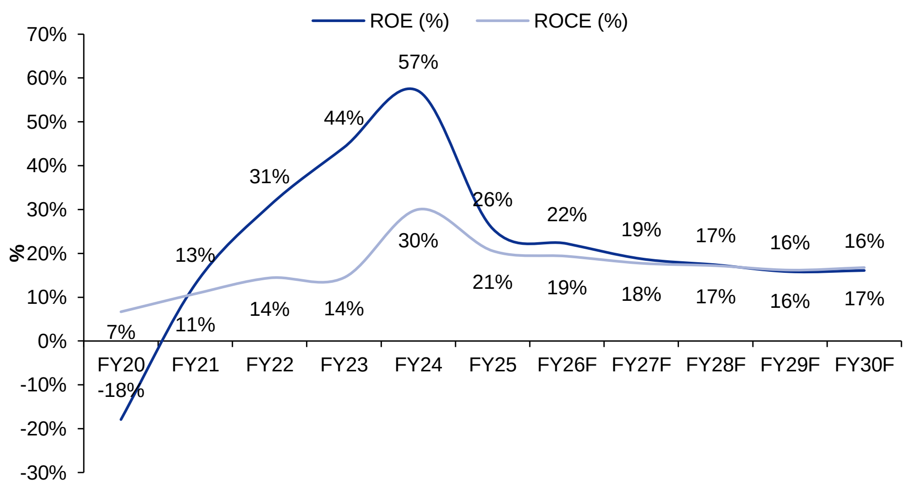


SOURCE: INCRED RESEARCH, COMPANY REPORTS

RoE and RoCE above 15%

APL reported an average 44% RoC during FY22-24 due to regulatory wins and imposition of the late payment surcharge (LPS) rule, 2022 which led to the recovery of past dues from various discoms (Gujarat, Haryana).

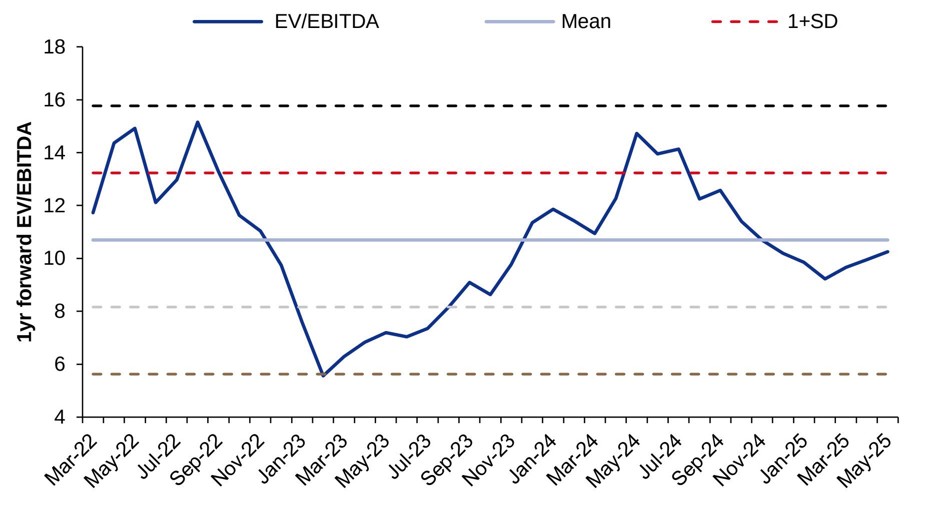
Figure 18: RoE and RoCE likely to decline as the company recovered most of its dues and new capacity expansion is funded mostly through internal accruals



SOURCE: INCRED RESEARCH, COMPANY REPORTS

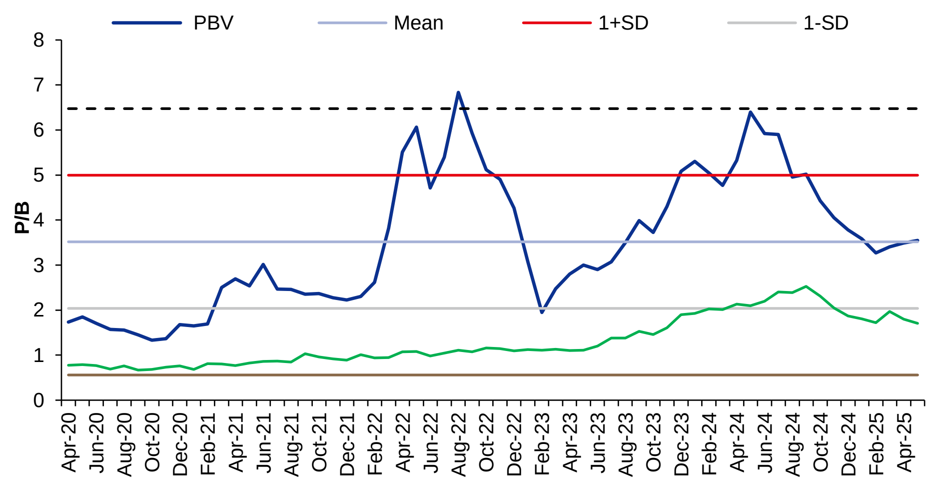
APL trades at 3.5x P/BV and 10.7x EV/EBITDA ➤

Figure 19: APL trades below its three-year mean EV/EBITDA multiple of 10.7x



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 20: On P/BV basis, APL trades close to its five-year mean level of 3.5x vs. NTPC's 1.7x



SOURCE: INCRED RESEARCH, COMPANY REPORTS

We have valued APL at 11x one-year forward EV/EBITDA to arrive at our target price of Rs649 ➤

As India's power demand is expected to grow at 1x real GDP growth, we expect APL to benefit due to its balanced mix of PPA capacity and merchant exposure. Hence, we have valued APL at a slight premium to its three-year mean EV/EBITDA multiple to arrive at a target price of Rs649, which is in line with the valuation of the stock at a five-year mean P/BV multiple of 3.5x FY26F BV.

Figure 21: We have valued APL at 11x one-year forward EV/EBITDA

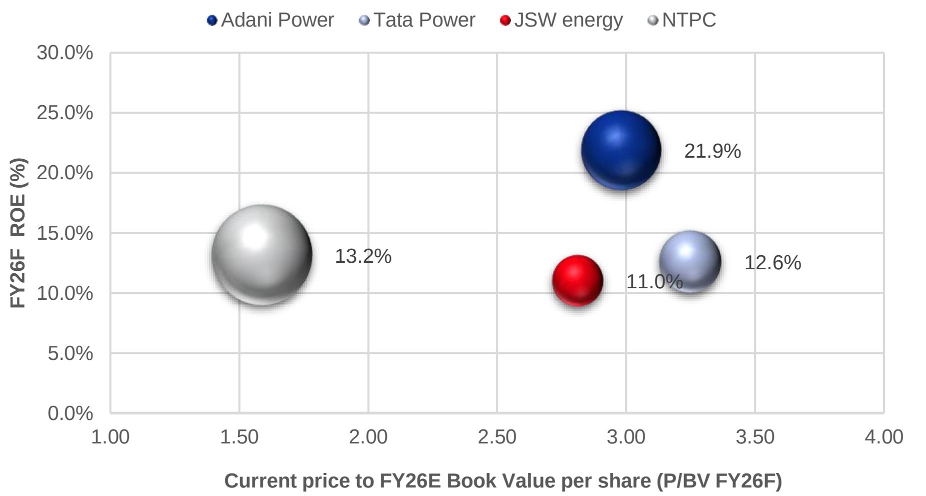
Target price calculation	
FY27F EBITDA (Rs.bn)	255
EV/EBITDA x	11.0
EV (Rs.bn)	2,808
FY26F net debt (Rs.bn)	305
Equity value (Rs.bn)	2,503
One-year target price in Rs. (Mar 2026F)	**649**

SOURCE: INCRED RESEARCH

APL compared with other players in the utilities space

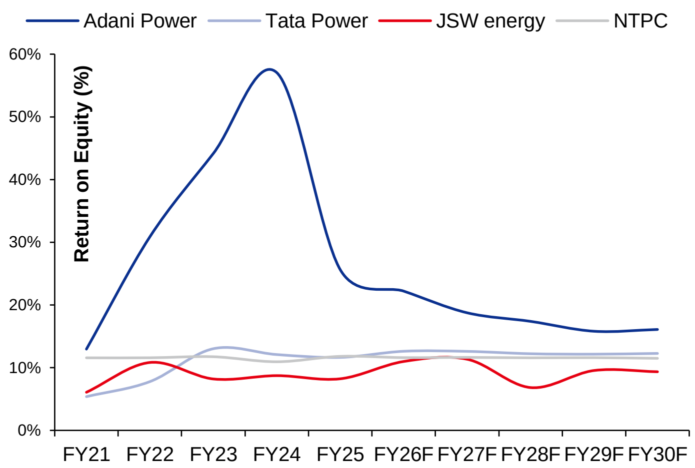
APL's RoE is higher compared to its peers as the company had a low equity base due to historical losses leading to negative reserves in FY18.

Figure 22: P/BV vs. RoE – APL is trading at a higher 3xFY26F BV vs central utility NTPC but fairly valued when it comes to private players



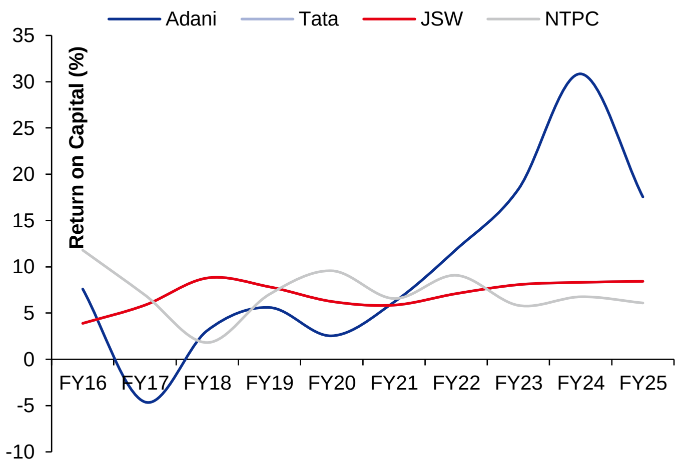
SOURCE: INCRED RESEARCH, BLOOMBERG; SIZE OF BALL REPRESENTS MARKET CAP OF COMPANIES

Figure 23: APL has a superior RoE profile vs peers…



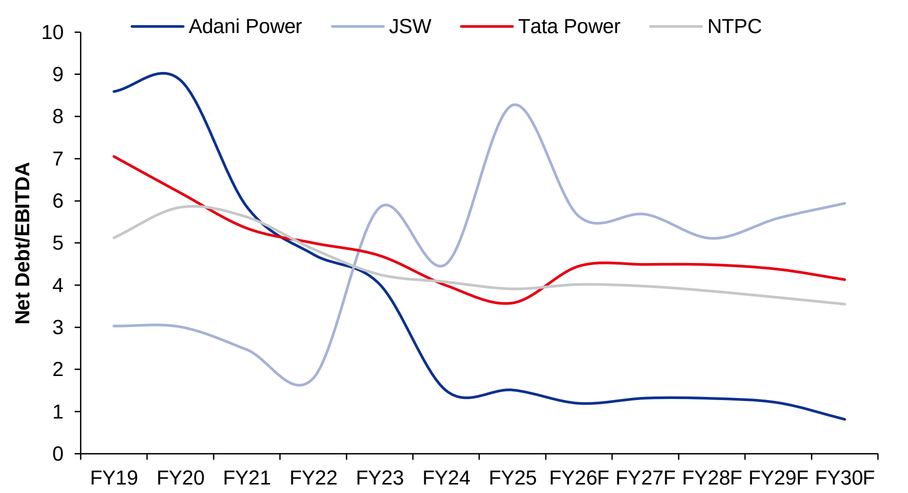
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 24: …as well as RoC



SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 25: APL has the lowest leverage among peers

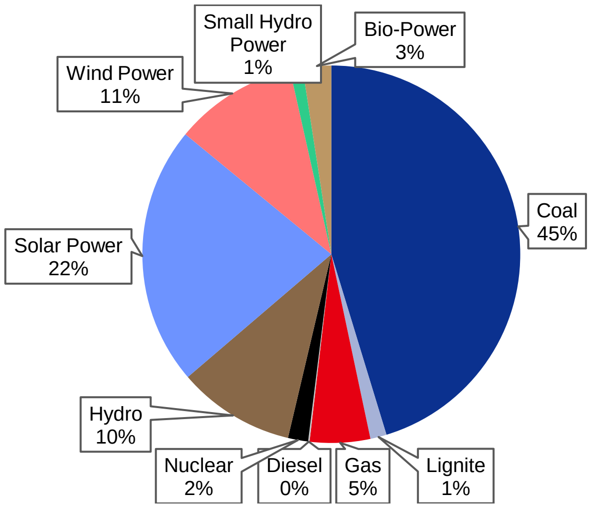


SOURCE: INCRED RESEARCH, BLOOMBERG

Industry analysis

India's power sector, with an installed capacity of 475GW as of FY25-end, is a critical driver of economic growth. The capacity mix includes 52% thermal (247 GW, primarily coal-based), 36% renewables (172GW), 10% hydro, and 2% nuclear. Thermal power accounts for 75% of electricity generation, providing reliable base load and peak power, particularly during non-solar hours when renewable output is limited. The sector is balancing robust demand growth with a transition to cleaner energy, creating opportunities for producers with operational efficiency and strategic fuel sourcing.

Figure 26: All-India installed capacity split of 475GW as of Mar 2025-end

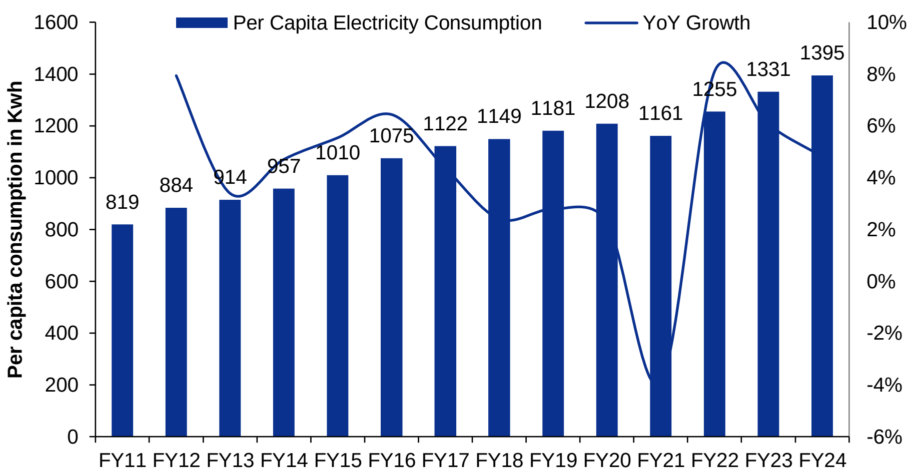


SOURCE: INCRED RESEARCH, COMPANY REPORTS

A structural uptrend in demand growth

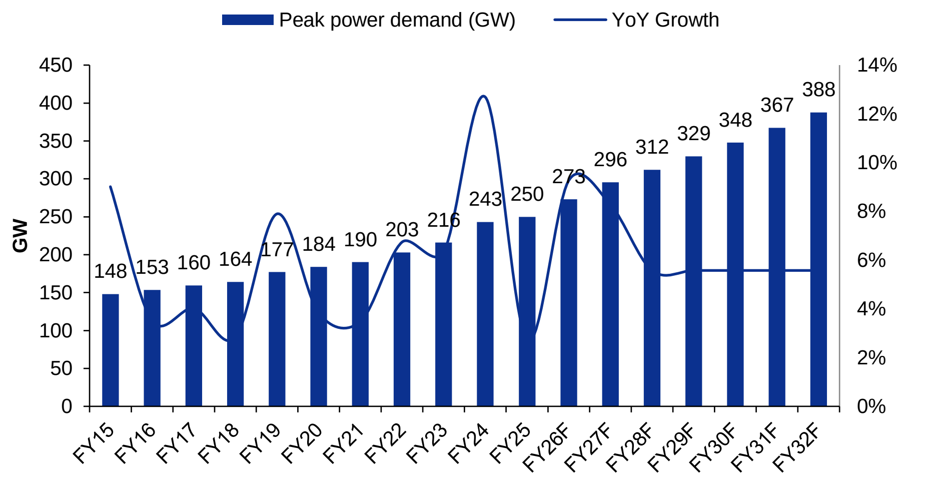
India's power demand posted a 5% CAGR over FY10-20, driven by urbanization, industrialization, and rising per capita consumption, which reached 1,395kWh in FY24 but remains below the global average of 3,600kWh (FY22). Recent years (FY22-24) saw an acceleration to 7-9% year-on-year (YoY) growth, with FY22 at 8.1%, FY23 at 9.6%, and FY24 at 7.6%, reflecting post-Covid economic recovery, increased industrial activity, and weather-driven demand. Peak demand surged to 243GW in FY24 and hit 250GW in May 2024, exceeding thermal capacity by 1.4%, underscoring the need for capacity addition. Peak demand is expected to post a 6.5% CAGR over FY25-32F, touching 273GW in FY26F and 388GW by FY32F, due to manufacturing, residential growth, and emerging sectors like data centres, underscoring the need for capacity addition.

Figure 27: Per capita electricity consumption is expected to double to 3000Kwh by FY40F



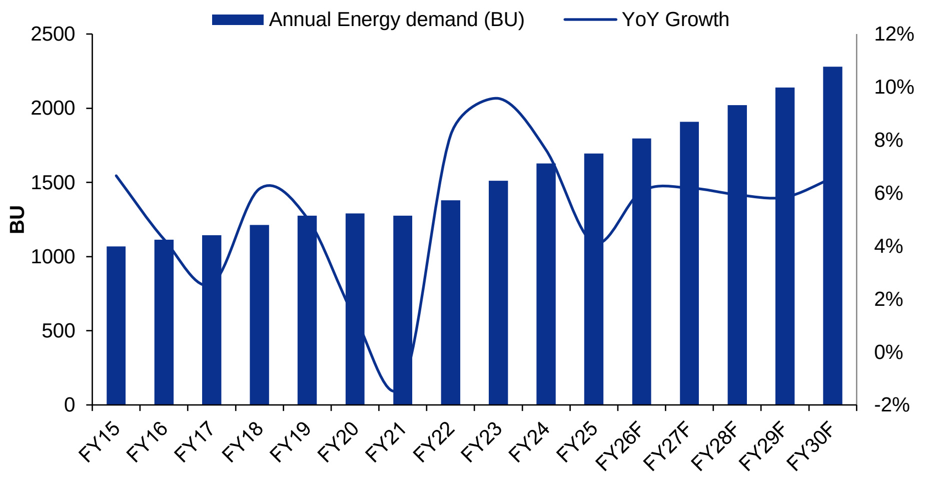
SOURCE: INCRED RESEARCH, CEA

Figure 28: Peak power demand is expected to post a 6.5% CAGR over FY25-32F, making thermal power critical to maintain base load stability



SOURCE: INCRED RESEARCH, CEA

Figure 29: Energy demand posted a 7%CAGR over FY21-25 vs. a 5%CAGR over FY15-25

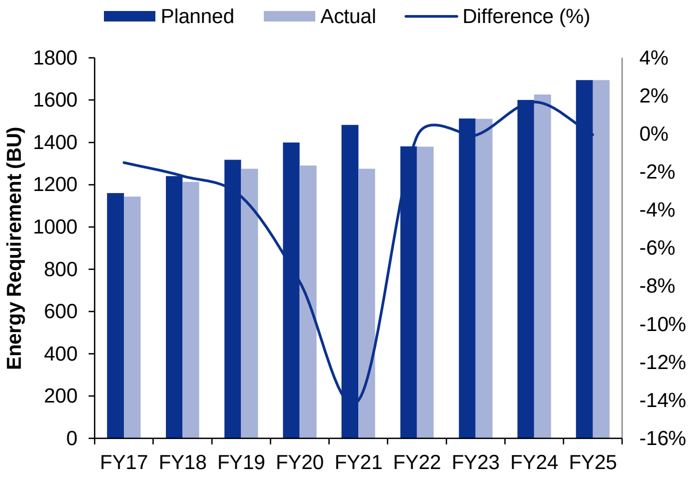


SOURCE: INCRED RESEARCH, CEA

Supply-demand dynamics necessitates high PLF

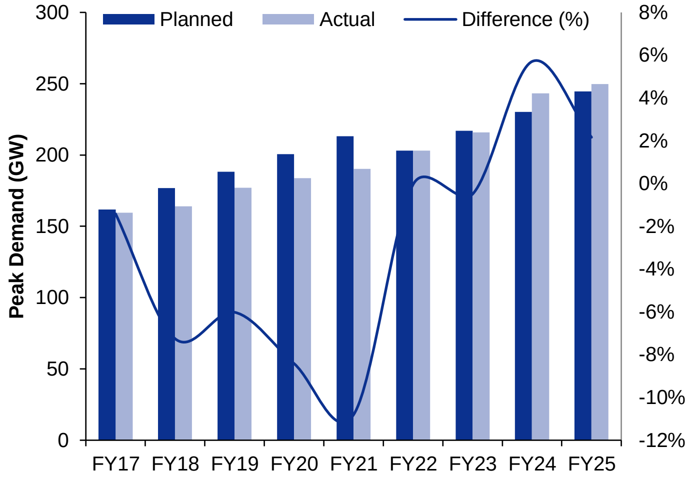
India's power supply struggle to keep pace with demand, with thermal capacity addition lagging targets. The National Electricity Plan aims for 80GW of new thermal capacity by FY30F, but only 4.5GW was added in FY25 against a 15GW target, with 12.8GW and 3GW expected in FY26F and FY27F, respectively. This shortfall, coupled with a decade of under-investment, has tightened the market, boosting industry thermal PLF to 69% in FY25 from 55% in FY21. Coal-based plants are critical for base load and peak demand, especially during evening hours when renewable energy output drops. With a reduced energy deficit of 0.1% in FY25, the demand-supply gap is narrowing. However, peak shortage persists, requiring high utilization of thermal, hydro, and gas capacities to meet rising needs.

Figure 30: Demand was lower than the19th EPS (FY17-21) estimate



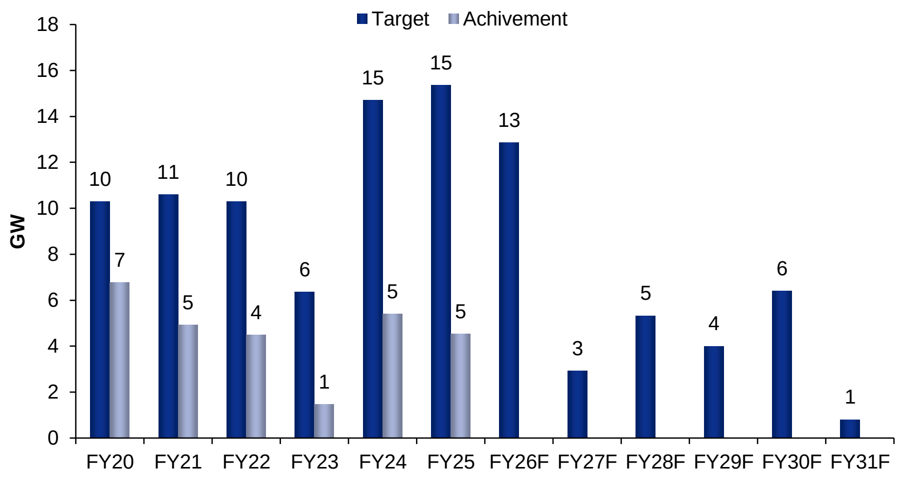
SOURCE: ELECTRIC POWER SURVEY OF INDIA (EPS), INCRED RESEARCH

Figure 31: Uptick in demand surpasses the 20th EPS (FY22-25) estimate



SOURCE: ELECTRIC POWER SURVEY OF INDIA (EPS), INCRED RESEARCH

Figure 32: Thermal capacity grew by a 1% CAGR over FY20-25 due to the delay in addition

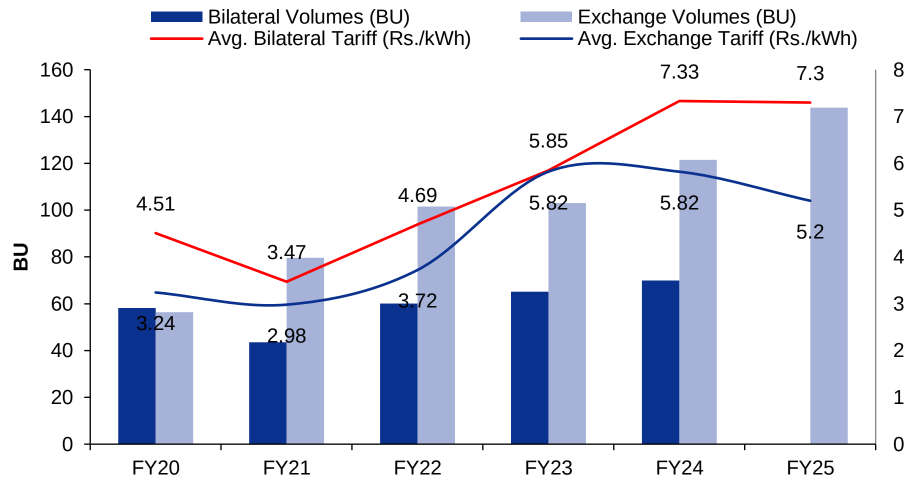


SOURCE: INCRED RESEARCH, THERMAL BROAD STATUS REPORT

Merchant power: High-margin opportunity

The supply-demand imbalance fuelled a vibrant merchant power market, with prices on the Indian Energy Exchange (IEX) hitting Rs10-12/kWh during peak non-solar hours, compared to Rs4-5/kWh for PPAs. Average merchant power prices, while volatile, stabilized at Rs5-6/kWh in FY25, reflecting tight market conditions. This dynamic benefits thermal power producers with merchant exposure, as they can capitalize on elevated prices during peak deficits, which touched 8.6GW in FY23, and down to 2MW in FY25. However, price volatility introduces risks, necessitating a balanced approach with stable PPA-backed revenue.

Figure 33: Rising volume in merchant and bilateral markets



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Scaling for sustainability with renewable energy

India is aggressively pursuing renewable energy, targeting 500GW by 2030F. Currently renewables account for 36% of the installed capacity (176GW), and to achieve its ambitious target India needs to significantly ramp up addition to 67GW/yr from its last three-year average addition of 20GW/year. we expect 48GW/year renewable energy addition, with solar capacity projected to grow from 82GW in FY24 to 364GW by FY32F (20% CAGR) and wind from 43GW to 122GW (14% CAGR). However, renewable energy intermittency poses challenges, particularly during evening peak hours, necessitating robust energy storage solutions.

The role of energy storage

Energy storage is critical to integrating renewables into the grid, addressing intermittency and ensuring stability. The government aims to deploy 47GW of Battery Energy Storage Systems (BESS) and 27GW of Pumped Storage Projects (PSP) by FY32F. BESS, with lithium-ion batteries, is increasingly cost-competitive, with tender tariffs dropping 71% to Rs6.75m/MWh in FY25 from Rs23.5m/MWh in FY24. Pumped storage projects (PSP), with 70-85% efficiency and a 40-year life span, complement BESS for longer-duration storage. These advancements enable renewables to meet peak demand and reduce reliance on thermal power over time, although thermal power remains essential through FY32F.

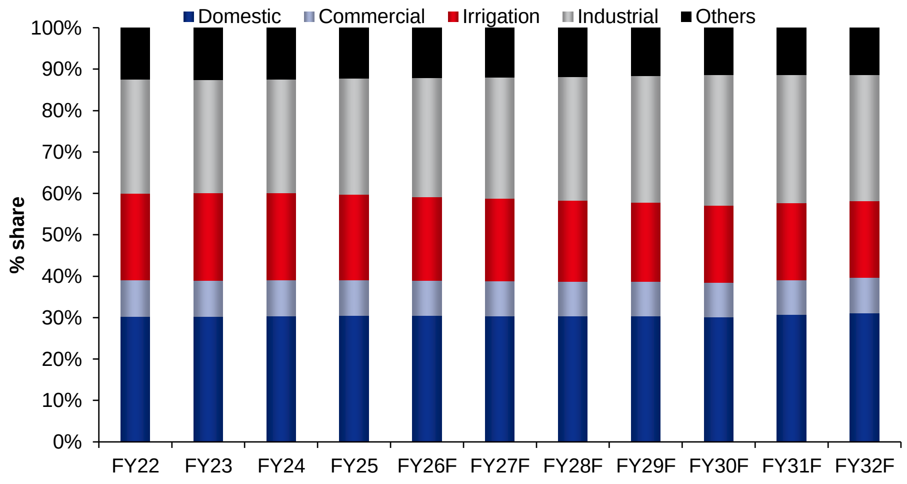
Regulatory landscape ›

India's power sector benefits from a regulatory framework that balances revenue predictability with market-driven opportunities. Long-term PPAs, typically spanning 20-25 years, include fuel cost pass-through clause to shield producers from coal price volatility, ensuring stability for 80-90% of the capacity among major players. The SHAKTI policy prioritizes coal linkage for PPA-backed as well as open plants, enhancing fuel security.

Late payment surcharge (LPS) rules

A significant regulatory advancement is the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, introduced by the Ministry of Power to address delayed payments by distribution companies (discoms). These rules consolidate outstanding dues, as of 3 Jun 2022, into interest-free equated monthly instalments (EMIs), with a maximum of 48 EMIs, and impose penalties for non-payment, such as restricted grid access. The LPS rules have reduced payment cycles, improving liquidity for power producers.

Figure 34: Sector-wise annual energy consumption trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Company description

A decade of transformation ›

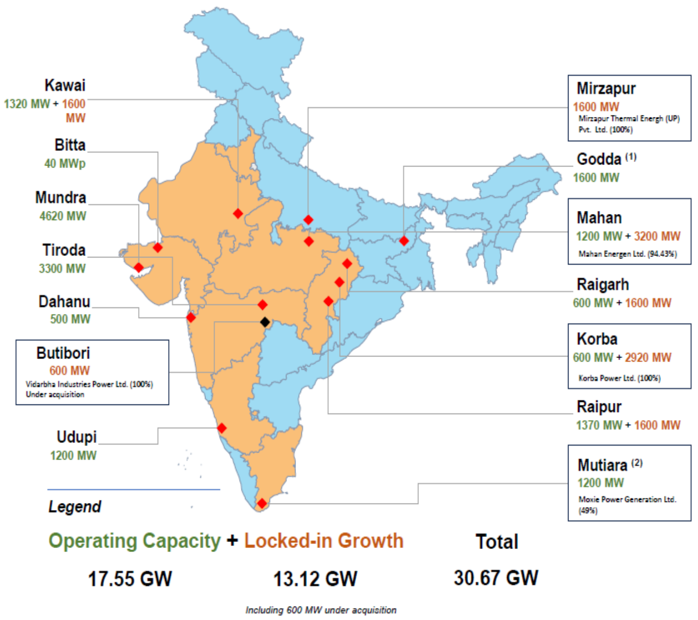
Adani Power (APL), a flagship company of the Adani Group, has evolved from a regional thermal power player into India's largest private producer, commanding a 17.55GW capacity as of FY25-end. Founded in 1996, APL embarked on an ambitious expansion in the late 2000s, commissioning mega plants like Mundra (4.62GW, Gujarat), Tiroda (3.3GW, Maharashtra), and Kawai (1.32GW, Rajasthan). By FY18, its 10.48GW capacity established it as a sector heavyweight, but high imported coal costs, triggered by Indonesian regulatory changes in 2010-11, led to a Rs20.93bn net loss and a Rs491bn debt burden (8.9x debt-to-equity ratio) due to the strain of fuel cost volatility and disputes with state discoms over PPAs, which delayed payments and strained liquidity.

Turning around with regulatory wins

A turning point came when the Supreme Court of India approved compensatory tariffs for the Mundra plant, addressing losses from imported coal price hike. This regulatory win helped stabilized finances, enabling the company to grow and recover its losses. APL secured domestic coal linkage under the SHAKTI policy, boosting PLF to 67% in FY20. The Covid-19 pandemic in FY21 tested APL's 12.45GW capacity, with PLF dipping to 59% but long-term PPAs, covering 80% of capacity, ensured stable earnings and a Rs12.70bn profit despite reduced industrial demand.

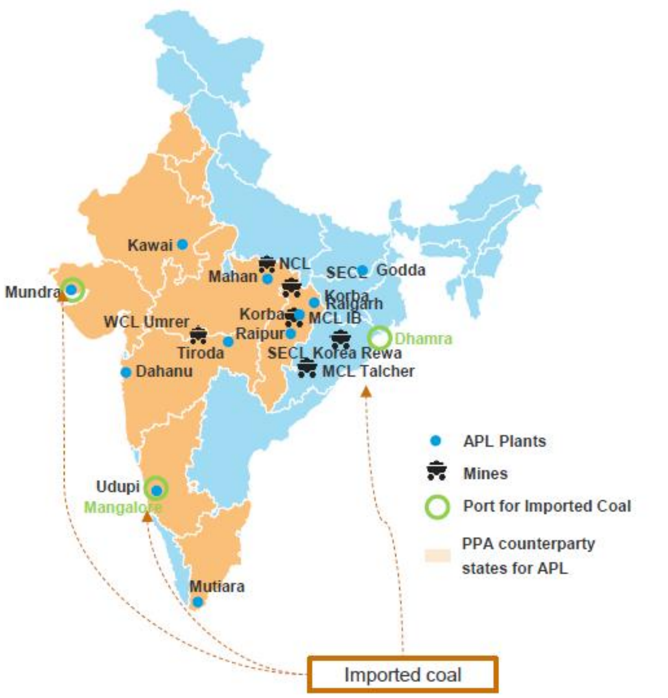
The post-pandemic recovery in FY22 saw APL capitalizing on surging power demand, driven by the turnaround of acquired stressed thermal assets and discom settlements leading to one-time settlements driving PAT CAGR of 154% over FY21-24. In FY25, APL's capacity grew to 17.55GW, with power sales rising by 21% YoY to 96BU, capitalizing on strong demand. Recent acquisitions, including Mutiara (1,200MW), Korba (600MW), and Dahanu (500MW) have boosted its portfolio capacity. The company's ability to integrate and turn around stressed assets within two years with its in-house EPC capabilities ensures project delivery within budget and timeline constraints.

Figure 35: APL's operational + locked-in capacity locations



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 36: Plant and coal mines for APL's asset portfolio



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Business model: Stability meets opportunity

APL operates a hybrid business model that balances the predictability of long-term PPAs with the flexibility of merchant power sales. Approximately 87% of its capacity is tied to PPAs with state discoms, generating stable revenue with a fuel cost pass-through clause that shield margin from coal price volatility. In FY25, PPA-driven revenue touched Rs421bn at an average realization of Rs5.6/kwh supported by improved discom payment cycles. Merchant power sales, comprising 17% of sales volume, capitalizes on peak demand period, with realization averaging Rs5.93/kWh in FY25, down from Rs6.92/kWh in FY24 but is expected to rise with tightening supply-demand dynamics. This model ensures robust cash flow while offering high-margin upside during favourable market conditions.

Geographically, APL's portfolio is strategically positioned: 43% of its capacity is coastal, leveraging imported coal for flexibility, while 57% is in the hinterland, utilizing domestic coal for cost efficiency. Fuel supply agreements (FSAs) with Coal India cover 60% of its coal needs, and is expected to be supplemented by recent coal mine acquisitions (14mtpa capacity) in Maharashtra and Madhya Pradesh, which are set to commence production in FY26F. These mines will reduce logistics costs, particularly for merchant power capacity, enhancing profitability. APL's in-house engineering, procurement, and construction (EPC) capabilities further strengthen cost control and project execution.

APL's 17.55GW powerhouse portfolio

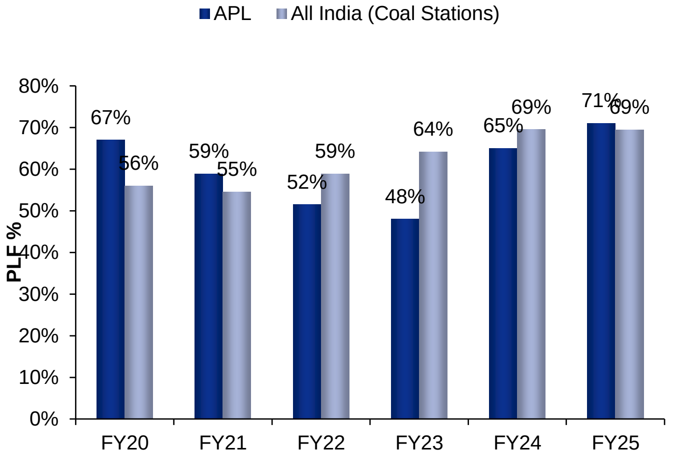
Figure 37: Detailed look at APL's current asset portfolio

Plant	Installed Capacity (Gross MW)	PPA Tie-up (Gross MW)	PPA Tie-up %	PPA Counterparty	PPA Type and Status	PPA Expiry Date	Fuel Type for Plant
Tiroda	3,300	3,300	100%	Maharashtra discom	Long-term & Operational	13-Jun-2038 31-Mar-2039 8-Aug-2039 15-Feb-2042	Domestic
Kawai	1,320	1,270	96%	Rajasthan discom		31-Dec-2038	Domestic
Udupi	1,200	1,080	91%	Karnataka discom		18-Aug-2037	Imported
		11		MPSEZ Utilities		31-Mar-2041	
Mundra	4,620	1,320	95%	Gujarat discom (GUVNL)		19-Dec-2035	Imported
		1,320				1-Feb-2037	
		1,320		Haryana discom		6-Feb-2038	
		43		MPSEZ Utilities		31-Mar-2041	
		391				30-Jun-2038	
Raigarh	600	30	5%	Chhattisgarh discom		Till plant life	Domestic
Raipur Phase-I	1,370	69	70%	Chhattisgarh discom		Till plant life	Domestic
		884		MPSEZ Utilities	Long-term but yet to start	15 years from start of PPA	
Mahan Phase-I	1,200	321	76%	MPSEZ Utilities			Domestic
		60		Madhya Pradesh discom	Long-term & Operational	Till plant life	
		535		Reliance Industries		9-Oct-2044	
Godda	1,600	1,600	100%	Bangladesh Power Development Board (BPDB)		25-Jun-2048	Imported / Domestic
Mutiara (Erst. Coastal)	1,200	600	50%	Tamil Nadu discom		30-Sep-2028	Imported
Korba (Erst. Lanco)	600	15	100%	Chhattisgarh discom		Till plant life	Domestic
		300		PTC - Madhya Pradesh discom		2-Dec-2037	
		285		PTC - Haryana discom		6-May-2036	
Dahanu	500	500	100%	Adani Electricity Mumbai		31-Mar-2030	Domestic
Solar Bitta	40	40	100%	Gujarat discom		26-Dec-2036	Solar
Total Operational Capacity	**17,550**	**15,293**	**87%**				

SOURCE: INCRED RESEARCH, COMPANY REPORTS

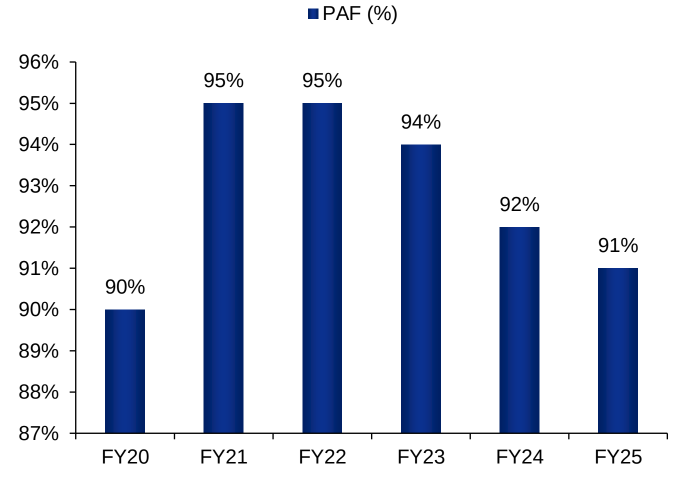
Operational performance

Figure 38: FY25 witnessed industry-leading PLF of 71%



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 39: 90%+ availability ensures PPA cash flow



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key management personnel

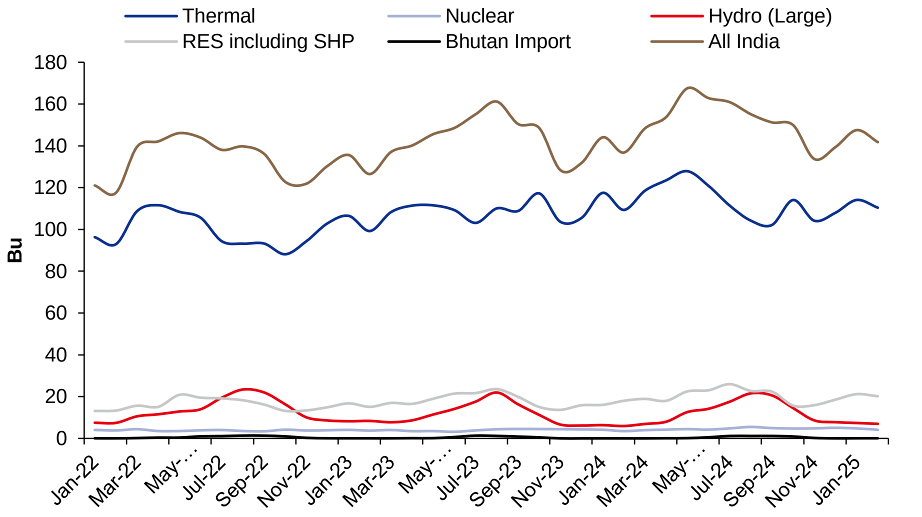
Figure 40: Key management personnel

Name of the Director	Designation	Profile
Gautam Adani	Chairman	With over 33 years of experience, he led the Adani Group to global recognition in resources, logistics, and energy. His success stems from an ambitious vision, relentless drive, and entrepreneurial spirit, shaping a robust business model that fosters India's infrastructure development.
Anil Sardana	Managing Director	With 30+ years' experience in power and infrastructure, he began at NTPC and worked across BSES and the Tata Group, handling generation, power systems, distribution, telecom, and project management. Formerly MD & CEO of Tata Power Group in Mumbai, he now contributes his expertise to the Adani Group.
Chandra Iyer	Independent director	An IAS officer from the 1973 batch, earned her MA from Miranda House, New Delhi. She held pivotal roles in Maharashtra and Indian governments, leading departments including women & child development, higher & technical education, rural development, and health. Notably, as secretary for women & child development in Maharashtra, she spearheaded India's inaugural state policy for women’s empowerment.
Sushil Kumar Roongta	Independent director	An electrical engineer from BITS Pilani and an IIFT graduate, he has extensive experience in public sector enterprises. As the former chairman of SAIL and ICVL, he's been instrumental in steering major PSUs. He has held leadership roles in FICCI, CII, ASSOCHAM, and the World Steel Association, contributing significantly to the steel industry's growth. Additionally, he chaired the Board of Governors at IIT-Bhubaneswar.
Sangeeta Singh	Independent director	With 35+ years of experience, she brings her expertise in taxation and strategy formulation.
Rajesh Adani	Director	Associated with the Adani Group since its inception, he oversees the operations of the group and has been responsible for developing its business relationships. His proactive, personalized approach to the business and competitive spirit has helped towards the growth of the group and its various businesses.
Shrersingh B Khyalia	Chief Executive Officer	A chartered accountant with more than 30 years of experience in managing complex businesses in the power industry, including generation, transmission and distribution. His experience spans across power trading, legal, regulatory and commercial, finance & accounts and PPA management aspects of the power business. Earlier, Mr. Khyalia worked as managing director in Gujarat Power Corporation, where he gained experience in the renewable power sector, especially development of Ultra Mega Renewable Parks.
Dilip Kumar Jha,	Chief Financial Officer	A B.Sc. Chemistry (Hons) first class graduate, qualified chartered accountant and company secretary with more than 25 years of experience in senior leadership and positions with strategic extensive working experience of reputed multinational groups. He has experience in handling project finance, working capital management, business and entity credit ratings, investor relations and financial planning & management. Mr Jha has been associated with the Adani Group since 2010.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Annexures

Figure 41: All-India power generation trend



SOURCE: INCRED RESEARCH, CEA

Figure 42: Power generation capacity (MW)

	FY24	FY25	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
Coal	2,17,589	2,21,813	2,29,133	2,35,133	2,41,290	2,47,608	2,54,092	2,56,852	2,59,643
Gas	25,038	24,533	24,895	24,824	24,824	24,824	24,824	24,824	24,824
Diesel	589	589							
Hydro	46,928	47,728	50,538	52,446	52,913	53,384	53,860	57,870	62,178
Nuclear	8,180	8,180	11,186	13,080	13,836	14,635	15,480	17,454	19,680
Wind	45,887	50,038	62,474	72,896	80,969	89,935	99,895	1,10,348	1,21,895
Solar	81,813	1,05,646	1,41,234	1,85,566	2,15,977	2,51,371	2,92,566	3,26,588	3,64,566
Biomass	10,941	11,583	12,274	13,000	13,482	13,982	14,500	14,992	15,500
Small Hydro	5,003	5,101	5,134	5,200	5,250	5,300	5,350	5,400	5,450
Total	**4,41,968**	**4,75,212**	**5,47,633**	**6,09,591**	**6,60,987**	**7,16,716**	**7,77,144**	**8,36,515**	**9,00,422**

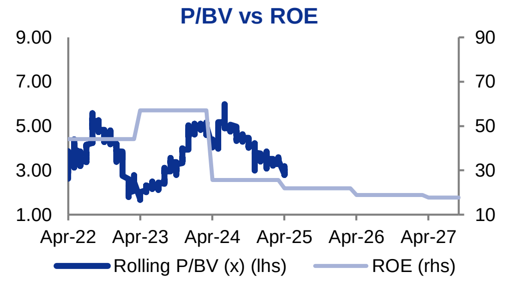
SOURCE: INCRED RESEARCH, CEA

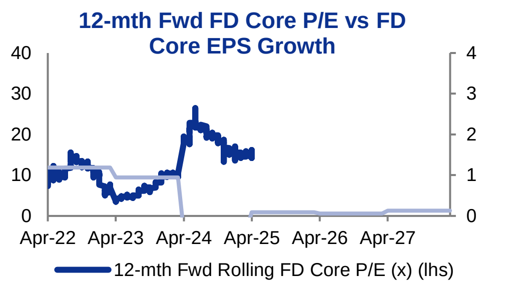
Figure 43: Transmission capacity

Type / Voltage Class		FY20	FY21	FY22	FY23	FY24	FY27F	FY32F
Transmission Lines								
(a) HVDC ± 320kV/500kV/800kV Bipole	ckm	15,556	19,375	19,375	19,375	19,375	19,455	34,887
(b) 765kV	ckm	44,906	46,143	51,076	52,731	54,850	87,581	1,14,719
(c) 400kV	ckm	1,84,238	1,89,627	1,93,695	1,97,467	2,03,555	2,28,596	2,49,585
(d) 230/220kV	ckm	1,80,371	1,86,676	1,92,570	2,01,768	2,07,764	2,35,771	2,48,999
Total: Transmission Lines	**ckm**	**4,25,071**	**4,41,821**	**4,56,716**	**4,71,341**	**4,85,544**	**5,71,403**	**6,48,190**
Sub-stations								
(a) 765kV	MVA	2,32,500	2,40,200	2,58,700	2,78,200	2,96,200	6,00,700	9,20,200
(b) 400kV	MVA	3,35,697	3,60,252	3,91,638	4,24,273	4,56,458	6,78,083	8,13,828
(c) 230/220kV	MVA	3,74,196	3,95,516	4,20,612	4,44,379	4,64,922	5,68,497	6,11,107
Total: Sub-stations	MVA	**9,42,393**	**9,95,968**	**10,70,950**	**11,46,852**	**12,17,580**	**18,47,280**	**23,45,135**
HVDC								
(a) Bi-pole link capacity	MW	24,500	28,500	30,500	30,500	30,500	31,500	63,750
(b) Back-to back capacity	MW	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total- HVDC	**MW**	**27,500**	**31,500**	**33,500**	**33,500**	**33,500**	**34,500**	**66,750**
Total: Transformation Capacity	**MW**	**9,69,893**	**10,27,468**	**11,04,450**	**11,80,352**	**12,51,080**	**18,81,780**	**24,11,885**

SOURCE: CEA, INCRED RESEARCH

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	**503,513**	**562,031**	**625,972**	**689,041**	**786,302**
Gross Profit	**211,724**	**251,138**	**277,017**	**300,489**	**342,828**
Operating EBITDA	**181,807**	**213,054**	**236,846**	**255,035**	**291,664**
Depreciation And Amortisation	(39,313)	(43,089)	(45,647)	(54,685)	(61,505)
Operating EBIT	**142,494**	**169,966**	**191,199**	**200,350**	**230,159**
Financial Income/(Expense)	(33,881)	(33,398)	(32,000)	(34,793)	(36,809)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	99,302	27,027	25,353	29,394	26,959
Profit Before Tax (pre-EI)	**207,915**	**163,595**	**184,552**	**194,951**	**220,307**
Exceptional Items					
Pre-tax Profit	**207,915**	**163,595**	**184,552**	**194,951**	**220,309**
Taxation	373	(36,099)	(46,138)	(48,738)	(55,076)
Exceptional Income - post-tax					1
Profit After Tax	**208,288**	**127,496**	**138,414**	**146,214**	**165,234**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**208,288**	**127,496**	**138,414**	**146,214**	**165,234**
Recurring Net Profit	208,288	127,496	138,414	146,214	165,233
Fully Diluted Recurring Net Profit	**208,288**	**127,496**	**138,414**	**146,214**	**165,233**

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	181,807	213,054	236,846	255,035	291,664
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(44,501)	(4,401)	(18,389)	(3,699)	(6,934)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	4,970	6,441	14,020	15,432	17,611
Net Interest (Paid)/Received					
Tax Paid	(574)	(83)	(46,138)	(48,738)	(55,076)
Cashflow From Operations	**141,702**	**215,011**	**186,339**	**218,030**	**247,265**
Capex	(26,019)	(115,439)	(165,487)	(239,600)	(244,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	60,869	(55,982)	23,741	8,892	1,530
Cash Flow From Investing	**34,850**	**(171,421)**	**(141,746)**	**(230,708)**	**(242,470)**
Debt Raised/(repaid)	(60,298)	35,036	(16,046)	43,854	23,854
Proceeds From Issue Of Shares		500			
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(108,384)	(87,291)	(27,907)	(30,408)	(27,725)
Cash Flow From Financing	**(168,682)**	**(51,754)**	**(43,953)**	**13,446**	**(3,871)**
Total Cash Generated	7,870	(8,164)	640	768	923
Free Cashflow To Equity	**116,254**	**78,627**	**28,547**	**31,176**	**28,648**
Free Cashflow To Firm	**176,552**	**43,590**	**44,593**	**(12,678)**	**4,795**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	72,118	61,199	62,792	55,760	30,712
Total Debtors	116,775	130,221	144,178	157,867	186,813
Inventories	41,421	33,173	50,959	42,720	64,200
Total Other Current Assets	21,817	28,323	31,545	34,724	39,625
Total Current Assets	**252,131**	**252,915**	**289,474**	**291,071**	**321,350**
Fixed Assets	637,504	811,487	931,327	1,116,242	1,298,736
Total Investments	3,735	11,459	12,763	14,049	16,032
Intangible Assets	1,906	2,045	2,045	2,045	2,046
Total Other Non-Current Assets	27,972	51,270	37,558	41,342	47,178
Total Non-current Assets	**671,117**	**876,260**	**983,693**	**1,173,678**	**1,363,992**
Short-term Debt	78,619	106,879	106,879	106,879	106,879
Current Portion of Long-Term Debt					
Total Creditors	36,086	29,777	44,150	38,165	55,785
Other Current Liabilities	42,925	27,052	30,129	33,165	37,846
Total Current Liabilities	**157,630**	**163,708**	**181,158**	**178,210**	**200,510**
Total Long-term Debt	265,950	276,470	260,424	304,278	328,132
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	67,961	111,561	115,653	120,038	129,124
Total Non-current Liabilities	**333,911**	**388,030**	**376,077**	**424,315**	**457,255**
Total Provisions	257	702	782	861	983
Total Liabilities	**491,797**	**552,440**	**558,017**	**603,386**	**658,748**
Shareholders Equity	431,450	563,471	701,885	848,099	1,013,327
Minority Interests		13,265	13,265	13,265	13,265
Total Equity	**431,450**	**576,736**	**715,150**	**861,363**	**1,026,592**

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	29.9%	11.6%	11.4%	10.1%	14.1%
Operating EBITDA Growth	81.0%	17.2%	11.2%	7.7%	14.4%
Operating EBITDA Margin	36.1%	37.9%	37.8%	37.0%	37.1%
Net Cash Per Share (Rs)	(70.64)	(83.52)	(78.95)	(92.14)	(104.82)
BVPS (Rs)	111.86	146.09	181.98	219.89	262.73
Gross Interest Cover	4.21	5.09	5.97	5.76	6.25
Effective Tax Rate		22.1%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio					
Accounts Receivables Days	84.11	80.20	80.00	80.00	80.00
Inventory Days	45.14	43.79	44.00	44.00	44.00
Accounts Payables Days	41.83	38.66	38.66	38.66	38.66
ROIC (%)	18.6%	13.3%	12.8%	11.4%	11.2%
ROCE (%)	19.0%	19.6%	18.7%	17.0%	16.8%
Return On Average Assets	27.2%	15.0%	13.5%	12.6%	12.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.