

Morgan Stanley India Company
Private Limited+

Parag Gupta
Parag.Gupta@morganstanley.com
+91 22 6118 2230

Satyam Thakur
Satyam.A.Thakur@morganstanley.com
+91 22 6118 2231

August 10, 2011

Stock Rating
Underweight

Industry View
Cautious

Adani Power

Lower Merchant and Higher Coal Cost Remains a Worry

What's Changed

Price Target	Rs101.00 to Rs85.00
F2012 EPS	Down 32%
F2013 EPS	Down 31%

We believe operational weakness in F1Q12 could continue into the rest of F2012 as well, resulting in consensus earnings downgrades. We remain Underweight on the stock despite the 14% YTD underperformance relative to the Sensex.

Adani Power's F1Q12 numbers were operationally weak due to lower generation and lower merchant sales – revenue was 30% lower than our estimate, while earnings were 54% lower. We believe trends in 2Q could be similar, while F2H12 may also reflect higher fuel costs/unit. We cut our earnings estimates to reflect these trends and believe volatility in quarterly earnings could continue to impact stock performance.

Where we differ: Our F2012 and F2013 earnings forecasts are 23% and 27% lower than consensus, respectively. We believe a key reason for this is our assumption of lower merchant volumes, which stems from the weakness in F1Q12 and our belief that 2Q and 3Q may be soft as well given seasonality in demand.

Valuation multiples may look expensive as earnings get downgraded: Given our cut in F2012e earnings, the stock now trades at a 2012e P/E of 13x, which is expensive relative to other IPPs and historically. Further earnings downgrades could make the stock look expensive, thus weighing on performance.

Potential triggers: An improvement in domestic coal availability or a cooling of imported coal prices could help earnings. Allotment of the Lohara captive coal block could be a significant trigger for the stock.

Key Ratios and Statistics

Reuters: ADAN.BO Bloomberg: ADANI IN

India Utilities

Price target	Rs85.00
Up/downside to price target (%)	(9)
Shr price, close (Aug 10, 2011)	Rs93.85
52-Week Range	Rs144.55-85.10
Sh out, dil, curr (mn)	2,180
Mkt cap, curr (mn)	US\$4,526
Avg daily trading value (mn)	US\$4

Fiscal Year ending	03/10	03/11	03/12e	03/13e
ModelWare EPS (Rs)	0.82	2.36	7.21	9.54
Prior ModelWare EPS (Rs)	0.82	2.35	10.53	13.87
Consensus EPS (Rs)§	0.80	2.49	8.98	12.74
Revenue, net (Rs mn)	4,349	21,218	63,812	125,038
EBITDA (Rs mn)	2,438	12,204	37,154	67,332
ModelWare net inc (Rs mn)	1,702	5,136	15,712	20,788
P/E	141.1	47.9	13.0	9.8
P/BV	4.4	3.9	2.6	2.1
EV/EBITDA	142.8	39.9	13.9	8.0
Div yld (%)	-	-	-	-

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).

§ = Consensus data is provided by FactSet Estimates.

e = Morgan Stanley Research estimates

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

+ = Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to NASD/NYSE restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

August 10, 2011
Adani Power

Financial Summary

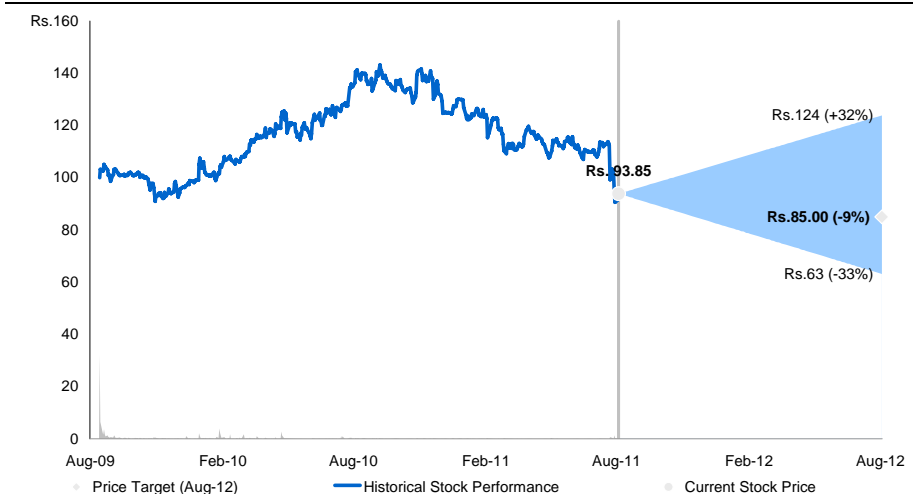
Profit and loss statement							Balance Sheet						
Rs Mn (Year-end March 31)	F2010	F2011	F2012e	F2013e	F2014e	F2015e	Rs Mn (Year-end March 31)	F2010	F2011	F2012e	F2013e	F2014e	F2015e
Revenue	4,349	21,218	63,812	125,038	165,195	190,537	Liabilities						
Long Term Revenue	2,580	16,657	32,367	73,306	117,876	149,621	Share Capital	21,800	21,800	21,800	21,800	21,800	21,800
Merchant Revenue	1,769	4,274	31,445	51,733	47,319	40,916	Share Premium	29,858	29,815	29,815	29,815	29,815	29,815
Fleet revenue	-	288	-	-	-	-	Reserves and Others	6,122	11,257	26,969	47,757	81,562	120,518
Expenses	1,911	9,014	26,658	57,706	72,265	83,517	Miscellaneous Expenditure	-	-	-	-	-	-
Coal Charges	1,667	7,042	23,431	51,312	64,283	74,174	Shareholders funds	57,780	62,873	78,585	99,373	133,178	172,134
O&M Expenses	244	1,803	3,226	6,394	7,982	9,343	Total Debt	105,855	245,027	302,811	321,601	301,467	265,902
Rebate	-	-	-	-	-	-	Minority Interest	1,143	8,783	7,832	10,652	13,268	16,577
General expenses	-	-	-	-	-	-	Total Liabilities	164,778	316,683	389,228	431,626	447,913	454,613
Fleet expenses	-	170	-	-	-	-	Assets						
EBITDA	2,438	12,204	37,154	67,332	92,930	107,020	Gross Block	28,328	89,870	240,606	306,602	446,988	446,988
Depreciation	353	1,885	5,919	13,957	17,778	20,735	Acc Dep	457	2,342	8,260	22,217	39,995	60,730
EBIT	2,084	10,319	31,236	53,376	75,152	86,285	Net Block	27,871	87,528	232,345	284,385	406,993	386,258
Interest on Principal Loan	377	2,360	10,521	23,592	28,470	31,119	CWIP	127,700	220,137	150,083	132,314	19,615	19,615
Interest on Working Capital	-	1	487	1,494	1,989	2,381	Investments	0	0	0	0	0	0
Other Income	308	173	-	-	-	-	Cash and bank	11,644	12,633	625	931	3,224	27,093
PBT	2,015	8,132	20,228	28,289	44,693	52,785	Working Capital	(2,438)	(3,616)	6,174	13,995	18,082	21,647
Income Tax Payable	324	3,000	4,032	5,638	8,907	10,520	Total assets	164,778	316,683	389,228	431,626	447,913	454,613
Tax rate (%)	16.1%	36.9%	19.9%	19.9%	19.9%	19.9%	Ratio Analysis						
PAT	1,691	5,132	16,196	22,651	35,785	42,265	(Year-end March)	F2010	F2011	F2012e	F2013e	F2014e	F2015e
Minority Interest	(11)	(4)	485	1,863	1,980	3,309	Growth (%)						
PAT after Minority Interest	1,702	5,136	15,712	20,788	33,805	38,956	Revenues	NM	388%	201%	96%	32%	15%
EPS (Rs)	0.82	2.36	7.21	9.54	15.51	17.87	EBITDA	NM	401%	204%	81%	38%	15%
DPS (Rs)	-	-	-	-	-	-	EBIT	NM	395%	203%	71%	41%	15%
							Net Profit	NM	202%	206%	32%	63%	15%
							EPS	NM	187%	206%	32%	63%	15%
							Margins (%)						
							EBITDA	56%	58%	58%	54%	56%	56%
							EBIT	48%	49%	49%	43%	45%	45%
							EBT	46%	38%	32%	23%	27%	28%
							Net Profit	39%	24%	25%	17%	20%	20%
							Return (%)						
							ROE	4%	9%	22%	23%	29%	26%
							ROCE	2%	4%	9%	13%	17%	19%
							ROA	2%	4%	9%	13%	17%	19%
							Gearing						
							Debt/Equity	1.83	3.90	3.85	3.24	2.26	1.54
							Net Debt/Equity	1.63	3.70	3.85	3.23	2.24	1.39
							Valuations						
							EV/EBITDA	118.4	35.8	13.6	7.8	5.4	4.1
							P/E	114.2	39.8	13.0	9.8	6.1	5.3
							P/BV	3.4	3.3	2.6	2.1	1.5	1.2
							Dividend Yield (%)	0%	0%	0%	0%	0%	0%

e= Morgan Stanley Research Estimates; Source: Company data, Morgan Stanley Research

Source: Company data, Morgan Stanley Research

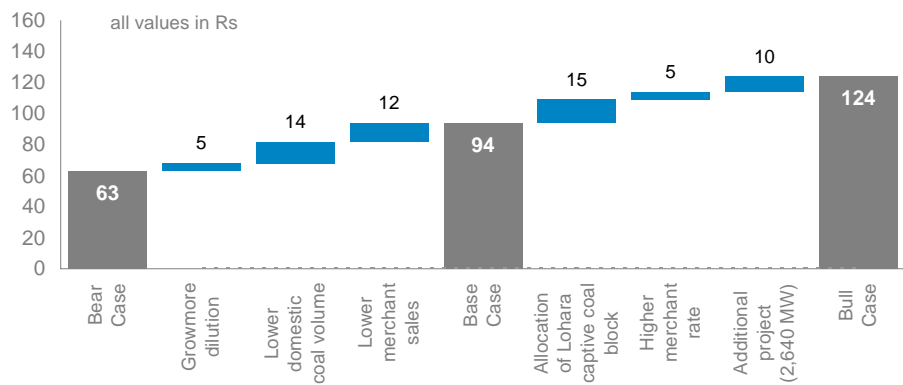
Risk-Reward Snapshot: Adani Power (ADAN.BO, Rs94, UW, PT Rs85)

Risk-Reward View: Lower Merchant and Higher Fuel Cost to Hurt Earnings



Price Target Rs85	Probability weighted: 70% base case (80% previously) and 30% bear case (20% previously).	
Bull Case Rs124	Implies 17x bull-case F12E P/E	Higher capacity and higher merchant tariffs: This scenario values the 2,640 MW Dahej plant, 5% higher spot tariff and possible allotment of Lohara captive coal block.
Base Case Rs94	Implies 13x base-case F12E P/E	Capacity of 9,240 MW by F2014: Healthy mix of PPA and short-term sales. Generation business valued at Rs94/share (Rs100/sh previously). 15% (14%) COE and 2% terminal growth.
Bear Case Rs63	Implies 10x bear-case F12E P/E	Lower merchant sales and higher proportion of imported coal: We assume 10% lower merchant rates and lower merchant volumes, higher proportion of imported coal than in base case and dilution impact due to merger of Growmore.

Bear to Bull



Source: Morgan Stanley, FactSet

Investment Thesis

- F1Q12 numbers were operationally weak due to lower generation and lower merchant sales – revenue was 30% lower than our estimate while earnings were 54% lower.
- We have cut F2012e and F2013e EPS by 32% and 31%, respectively, to reflect weaker operational trends stemming from F1Q12.
- Our earnings for F2012e and F2013e are 23% and 27% lower than consensus, respectively. We believe a key reason for this is our assumption of lower merchant volumes.
- Stock is trading at a P/E of 13x, which is expensive relative to other IPPs and its own history.

Key Value Drivers

- Capacity and commissioning timelines.
- PPA sales and merchant tariffs.
- Coal costs.

Potential Catalysts

- Equipment ordering for Dahej, Chhindwara and Bhadrashwar projects.
- Possible resolution on allocation of Lohara coal mines for the Tiroda power plant.
- Clarity on captive coal supplies from Australia and Sumatra.

Risks

Upside: Improvement in fuel security, positive news flow on execution, better operational efficiencies, positive developments on projects in development phase
Downside: Change in regulations, execution delays, slowdown in capex, further deterioration in financial health of SEBs

Investment Case

Adani Power's F1Q12 numbers showed reasonable operational weakness on three fronts:

1. Overall generation was low due to shutdowns (planned as in the case of unit 1/unplanned as in the case of unit 5) and lower demand from SEBs due to the early onset of monsoon.
2. Diversion of merchant units into the PPA market to make good the shortfall on account of the shutdown and more importantly due to lower demand in the merchant market.
3. Lower merchant realization as almost 50% of the merchant units were sold in the UI market where rates are lower than in bilateral contracts.

As a result, profits were significantly lower than our estimate. In our view, we could possibly see similar operating weakness in Q2 as well due to lower merchant demand (monsoon) and planned shutdown of units 2 and 3. In addition, Q3 and Q4 are likely to be impacted due to the purchase of higher priced coal from the e-auction or imported market.

F2012 and F2013 were supposed to be dominated by merchant volumes, however, looking at F1Q12 performance, we have lowered our merchant volumes for these years by about 40% and 32%, respectively. These, along with some commissioning delays, are the key reasons for a cut in our earning estimates.

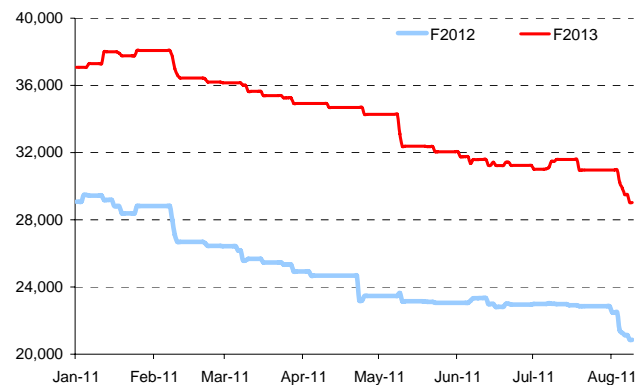
The stock is down 16% since mid-June compared to the Sensex, which has fallen 6% and has underperformed the market 14% YTD. However, we maintain our Underweight rating for the following reasons:

1. We believe headwinds continue to remain strong for Adani Power on account of lower merchant sales, possible increase in fuel costs due to blending of e-auction and imported coal and delays in commissioning.
2. Our earning estimates are 23% and 27% lower than consensus for F2012e and F2013e, respectively. We believe potential downgrades will weigh on stock performance.
3. Consensus still remains very positive on the stock with 13 rating it a "buy", 13 with "hold" and 10 with "sell".

4. The stock is trading at 13x F2012e P/E which is expensive relative to other IPPs.

Exhibit 1

Consensus Has Downgraded F2012 Earnings by 28% since Jan 2011...More May Follow (Rs mn)



Source: Bloomberg, Morgan Stanley Research

Weak Operational Performance in F1Q12

Adani Power reported F1Q12 revenue of Rs8.2bn (30% below our estimate), EBITDA of Rs4.1bn (41% below our estimate) and PAT of Rs1.8bn (54% below our estimate). Gross generation at 3.19bn units was 12% lower than our estimate due to the following:

1. Planned maintenance shutdown of unit 1 for 20 days
2. Shutdown of unit 5 for 20 days (in order to synchronize unit 6).
3. Lower demand resulting in lower PLF in the month of June.

Average realization was down 10% QoQ as the company diverted a large part of merchant units into the PPA market – only 9% of total volumes were sold in the merchant market which was almost equally divided in the bilateral (Rs4.4/unit) and UI market (Rs3/unit) resulting in an average merchant rate of about Rs3.75/unit.

Fuel costs/unit trended up to Rs1.15/unit as against Rs0.95/unit in F4Q11. While coal was entirely procured from the Bunyu mines, consumption was higher due to operational inefficiencies such as higher heat rate, possibly lower calorific value of coal and higher auxiliary consumption due to the shutdowns.

The second supercritical unit was synchronized during the quarter and is likely to go commercial soon.

Two units of 330 MW each are likely to be shut for 20 days in F2Q12 for planned maintenance while we have assumed the fourth unit of 330 MW to be under planned shutdown in Q3 and the fifth unit of 660 MW to be under planned shutdown in Q4.

Exhibit 2

Adani Power: F1Q12 Standalone Results

Rs mn	F1Q11	F1Q12	QoQ	YoY
Gross Generation (MU)	1,153	3,190	3%	177%
Net Generation (MU)	1,030	2,898	6%	181%
Total Revenues	3531	8187	-4%	132%
Total Expenditure	1399	4085	19%	192%
Material cost	1098	3333	29%	203%
<i>per unit cost</i>	<i>1.07</i>	<i>1.15</i>	22%	8%
Employee cost	65	119	37%	82%
Other Expenditure	236	633	-17%	169%
EBITDA	2132	4102	-20%	92%
<i>EBITDA margin</i>	<i>60%</i>	<i>50%</i>	<i>-980 bps</i>	<i>-1027 bps</i>
Depreciation	279	1040	46%	273%
EBIT	1853	3062	-31%	65%
Other income	79	81	35%	2%
Interest and finance charges	433	886	-8%	105%
PBT	1499	2256	-36%	51%
Taxation	354	488	-72%	38%
<i>Tax rate (%)</i>	<i>24%</i>	<i>22%</i>	<i>-2874 bps</i>	<i>-200 bps</i>
PAT	1145	1769	1%	54%

Source: Company data, Morgan Stanley Research

Lowered Merchant Volumes in F2012/13

During F1Q12 the company only sold 9% of its net volumes (270mn units) in the merchant market as against our expectation of about 45% of total volumes. While some part of this reduction was attributable to sales to GUVNL to make good the shortfall of PPA units due to the maintenance shutdown, we believe a large part of the diversion was due to lower demand in the merchant market which probably was due to the early onset of monsoon.

The company has tied up a 1 year contract with Uttar Pradesh SEB for the supply of 600 MW (net) capacity at Rs4.7/unit (including transmission charges) which commenced in early July 2011. Further, the company is expected to shortly sign a one year contract with MSEDCL for the supply of 475 MW (net)

at Rs4.1/unit. We have assumed the MSEDCL supply to start from September 1. Both these contracts should aggregate to 5.3bn-5.5bn units of merchant units in F2012.

Since 2Q (monsoon) and 3Q (winter) may be seasonally weaker for merchant volumes, we have taken down our overall merchant volumes for F2012 from 12.8bn units earlier to about 7.5bn units now. Similarly, we have reduced our merchant volume estimate for F2013 from 19bn units earlier to about 13bn units now. As can be seen in Exhibit 3, we are expecting a large proportion of merchant volumes (other than UP and MSEDCL) in Q4 which is usually a stronger quarter for merchant rates. Our average merchant rate for F2012 remains unchanged at Rs4.2/unit.

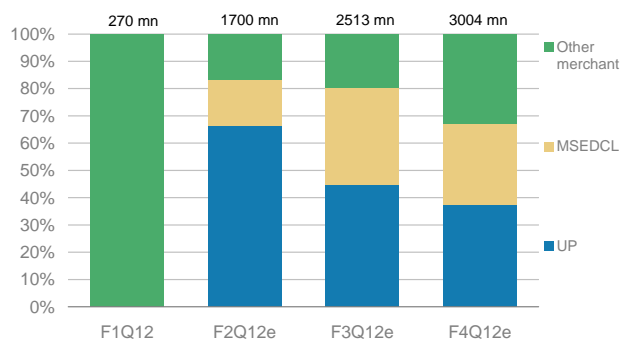
August 10, 2011

Adani Power

Adani Power's earnings will be sensitive to merchant sales going forward. For example, a 10% change in merchant rates could impact F2012 and F2013 earnings by 15% and 17%, respectively. Similarly, a 10% change in merchant volumes could impact F2012 and F2013 earnings by 5% and 8%, respectively.

Exhibit 3

Adani Power: Quarterly Mix of Merchant Units



Source: Company data, Morgan Stanley Research; e = Morgan Stanley Research estimates

Exhibit 4

Earnings Sensitivity to Change in Merchant Assumptions

	F2012e	F2013e
10% lower volumes	-5.2%	-8.1%
10% lower realizations	-15.1%	-17.1%

Source: Morgan Stanley Research

Impact due to Proposed Reset of Indonesian Coal Prices

Adani Power's Mundra power plants have a coal supply agreement with Adani Enterprises (AEL) under which coal will be supplied from the Bunyu mines (Indonesia) at a fixed price of US\$36/ton (landed at Indian port) and will escalate at 10% every five years. We have assumed 6 mt of coal supplies in F2012 and 11 mt of coal thereafter.

There have been reports citing a possible increase in FOB prices of coal as Indonesian authorities may reset all coal supply contracts to a benchmark price that is indexed to Newcastle, Platts and Global Coal, as well as the domestic price (ICI). This is proposed to be effective from September 23, 2011. Such a change could have an impact on the price at which AEL sells the coal from the Bunyu mine resulting in higher landed price for Adani Power. However, given that there is a contractual obligation for AEL to supply at a certain price,

we believe any impact due to the upward revision may be entirely borne by AEL. Further, this seems logical as Adani Power's tariffs are fixed and do not allow a pass-through of incremental costs, unless they manage to re-negotiate the PPA with the beneficiary states which we believe holds low probability. Hence, we have not factored in higher coal cost from Bunyu due to a possible reset subsequent to a change in Indonesian regulations.

However, if coal prices were to increase by US\$10/t, it could dent our F2013e earnings by 19% and impact Base Case fair value by 13%.

Impact of Growmore Merger

In July 2011, the board approved a merger with Growmore Trade & Investment Private Limited (Mauritius). Growmore holds 26% in Adani Power Maharashtra Limited (APML) which is setting up the Tiroda capacities of 3,300 MW. As a result of this merger, Adani Power will hold 100% in APML and will issue 213.2mn shares to Growmore. This transaction has been valued at Rs23.6bn implying an equity value of about US\$2bn for APML. This transaction, once approved, will be effective retroactively from April 1, 2011.

The company believes it's an opportune time to buy the stake as Tiroda units getting commissioned and a possibility of receiving a captive coal block in the near future could be value accretive going forward.

However, in our view, this transaction is dilutive – our F2012e EPS would be impacted by 6% and F2013e by 1%. Negative impact on fair value is about 4%.

We will build the impact of the merger in our Base Case scenario once the company receives shareholder and other regulatory approvals.

Valuation

We have cut our F2012e EPS estimate by 32% and F2013e by 31% due to lower merchant volumes, some adjustments to commissioning timelines and a US\$10/t increase in imported coal prices other than that from Bunyu.

We continue to use an FCFe model to determine our scenario values which in our view, is a good measure of the intrinsic value of the company's generation business, as it takes into account long-term free cash flows after factoring in capex phasing, debt build-up/repayment, and working capital requirements. Our price target of Rs85 is probability weighted – 70% for the base case and 30% for the bear case. We have

revised our target from Rs101 to Rs85 to account for the following:

- Cut in F2012e and F2013e earnings.
- Increasing the probability of the Bear Case to 30% (20% earlier) which primarily factors lower upside from merchant and lower availability of domestic coal.

- An increase in cost of equity from 14% to 15% due to increase in project risk premium.
- Roll over of FCFe model to F2013e.

Exhibit 5

Adani Power: FCFe Model

FCFe - Rs mn	F2012e	F2013e	F2014e	F2015e	F2016e	F2017e	F2018e	F2019e	F2020e	F2021e	F2022e	F2023e	F2024e	F2025e	F2026e	F2027e	F2028e
Mundra I and II	-582	7,054	7,108	6,674	6,883	7,127	7,423	7,478	4,888	5,037	8,460	8,705	8,840	3,559	3,094	2,973	2,849
Mundra III	5,384	3,308	3,666	4,032	3,730	4,057	4,419	4,541	4,873	3,501	3,759	7,856	8,195	8,160	7,458	2,144	1,505
Mundra IV	-348	-976	4,533	5,664	5,910	5,848	6,175	4,709	4,824	5,153	3,721	12,300	12,089	11,889	11,357	8,575	4,953
Tiroda	739	808	1,009	916	1,087	1,246	1,540	1,486	1,677	1,957	1,494	4,367	7,029	6,094	5,762	5,721	5,682
Tiroda Expansion	-2,534	-1,957	-1,085	2,538	4,900	5,089	5,286	5,468	5,677	5,902	6,138	6,385	6,082	8,476	8,577	8,660	8,747
Kawai	-6,761	-4,158	-845	3,660	4,512	4,730	4,958	5,160	5,404	5,665	5,938	6,225	7,871	9,470	9,546	9,589	9,641
Total	-4,101	4,079	14,386	23,482	27,021	28,097	29,801	28,841	27,344	27,215	29,510	45,838	50,105	47,647	45,794	37,663	33,377
Years		0.0	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0
Discounting factor		1.0	0.9	0.8	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1
Discounted FCFe		4,079	12,515	17,771	17,790	16,093	14,849	12,501	10,311	8,927	8,421	11,380	10,821	8,952	7,485	5,355	4,129

Sum of forecast horizon (Rs mn) - F2013e-F2028e	171,381
Terminal Value (Rs mn)	32,519
Total Equity Value (Rs mn)	203,900
Value per share (Power Business) - a	94
Cash balance (F2012e) - Rs mn	625
Cash per share - F2012e - b	0
Total value/share (a+b)	94

E = Morgan Stanley Research estimates
Source: Company data, Morgan Stanley Research

Risks to Our Target Price

The key upside risks to our target price are:

- Positive news flow on execution and better operational efficiencies.
- Improvement in domestic coal availability or possibility of obtaining captive coal blocks
- Higher merchant realizations.
- Positive developments on projects in development phase.

The key downside risks to our target price are:

- A significant change in regulations or political intervention in India and Indonesia.
- Delays in execution of power projects or any negative news flow on the existing project portfolio.
- Significant increase in coal prices.
- Slowdown in capex spending or credit freeze.

August 10, 2011
Adani Power

Exhibit 6

Indian Utility Valuation Comparison

Company Name	Market Price (Rs/Share)	Adjusted Price (Rs/Share)	Implied Mkt Cap (US\$ mn)	EV/MW - US\$ mn			Mkt Cap/MW - US\$ mn			EV/EBITDA (x)			
				F2010	F2011e	F2012e	F2010	F2011e	F2012e	F2010	F2011e	F2012e	F2013e
Reliance Power	91	91	5,640	15.4	12.8	6.6	18.8	9.4	2.6	NM	78.1	79.5	40.4
NTPC	175	175	31,962	1.3	1.2	1.2	1.1	1.0	0.9	14.8	14.0	12.3	10.9
Lanco Infratech	18	18	937	2.8	2.9	1.7	0.7	0.4	0.2	10.5	12.1	8.6	7.1
Tata Power	1,174	1,174	6,163	3.1	3.5	1.9	2.1	2.1	1.1	13.9	13.2	9.3	6.8
Reliance Infrastructure	472	472	2,792	4.0	3.9	3.8	3.1	3.6	3.6	15.5	15.8	8.2	6.1
Adani Power	94	94	4,525	9.7	4.9	2.1	6.5	2.3	0.9	118.4	35.8	13.6	7.8
Indiabulls Power	16	16	778	NA	NA	NA	NA	NA	NA	NM	NM	NM	33.1
Jindal Steel and Power - @ MS Power Business FV	363	363	7,503	7.7	6.6	4.0	7.5	5.9	3.3	10.3	13.0	10.7	9.1
Jindal Steel and Power - implied	524	131	2,714	2.9	2.8	1.9	2.7	2.1	1.2	3.9	5.6	5.2	4.8
JSW Energy	62	62	2,265	3.3	2.4	1.5	2.0	1.3	0.7	12.4	12.4	7.1	7.9

Company Name	Market Price (Rs/Share)	Adjusted Price (Rs/Share)	Implied Mkt Cap (US\$ mn)	P/B (x)			ROE (%)			P/E (x)			
				F2010	F2011e	F2012e	F2010	F2011e	F2012e	F2010	F2011e	F2012e	F2013e
Reliance Power	91	91	5,640	1.8	1.6	1.6	4.8%	3.6%	3.2%	36.5	45.3	49.0	NM
NTPC	175	175	31,962	2.3	2.1	2.0	13.4%	13.1%	13.4%	17.1	16.4	15.0	13.6
Lanco Infratech	18	18	937	1.0	0.8	0.7	19.7%	15.0%	19.9%	5.3	5.2	3.7	2.6
Tata Power	1,174	1,174	6,163	2.4	2.2	1.9	11.7%	12.2%	16.3%	20.8	18.1	11.7	10.9
Reliance Infrastructure	472	472	2,792	0.5	0.5	0.5	4.7%	6.0%	4.4%	11.1	8.1	10.7	10.9
Adani Power	94	94	4,525	3.4	3.3	2.6	2.9%	8.2%	20.0%	114.2	39.8	13.0	9.8
Indiabulls Power	16	16	778	0.8	0.8	0.9	1.0%	0.1%	-0.1%	76.9	643.3	NM	15.0
Jindal Steel and Power - @ MS Power Business FV	363	363	7,503	7.2	5.1	3.7	48.0%	28.4%	28.9%	14.9	18.1	12.6	9.9
Jindal Steel and Power - implied	524	131	2,714	2.6	1.9	1.3	48.0%	28.4%	28.9%	5.4	6.5	4.6	3.6
JSW Energy	62	62	2,265	1.9	1.9	1.6	14.8%	14.7%	14.9%	12.8	12.7	10.7	10.2

Notes:
 Stock Prices are as of 8/10/11
 Jindal Steel and Power @ MS FV is Morgan Stanley Research estimates for the company's power business @ Rs 363/share (power business + JSPL's 1350 MW plant)
 Jindal Steel and Power implied is adjusted for steel business at Rs 393/share
 Exchange Rate of INR/USD = 45.21
 NA = Not Available; NM = Not Meaningful
 Source: Factset, Morgan Stanley Research

Exhibit 7

Global Utility Valuations

Company Name	MS Rating	Currency	Stock Price	52 Week Range*	PT	Mkt Cap (US\$mn)	EPS			P/E			EV/EBITDA			P/B		
							F10e/C09e	F11e/C10e	F12e/C11e	F10e/C09e	F11e/C10e	F12e/C11e	F10e/C09e	F11e/C10e	F12e/C11e	F10e/C09e	F11e/C10e	F12e/C11e
European Companies																		
Drax	UW	GBP	470	308-541	405	2795	68.1	68.2	52.0	6.1	5.4	9.0	4.4	3.0	4.9	1.4	1.4	1.7
EDF	OW	EUR	21	21-35	34	55732	2.3	2.7	2.1	18.3	11.4	9.9	8.0	6.2	6.2	2.5	1.7	1.1
ENEL	OW	EUR	4	4-5	5	48745	0.5	0.5	0.5	8.3	7.0	7.0	6.7	5.8	5.6	1.2	1.0	0.9
Scottish & Southern	EW	GBP	1203	1103-1430	1215	18115	106.5	107.3	126.9	10.3	11.9	9.5	8.3	9.5	NA	3.0	3.3	2.8
Essar Energy Plc	EW	GBP	300	280-638	420	6377	0.2	0.2	0.5	52.9	22.7	10.6	23.4	13.3	NA	2.8	1.4	1.2
Average										19.2 x	11.7 x	9.2 x	10.4 x	7.6 x	5.6 x	2.2 x	1.8 x	1.5 x
Asia-Pacific Companies																		
Cheung Kong Infra.	EW	HKD	45	29-47	46	12922	1.8	2.2	3.3	16.0	16.4	13.4	14.7	15.3	11.2	1.7	1.5	1.7
China Resources Power	OW	HKD	14	12-18	19	8787	1.2	0.8	1.2	12.9	17.4	12.2	11.3	11.7	9.4	1.9	1.6	1.4
CLP Holdings	EW	HKD	68	57-73	64	20882	3.3	3.8	4.2	15.7	16.6	16.0	9.2	9.7	9.4	1.8	1.9	1.9
Power Assets Holdings Ltd	EW	HKD	57	47-65	58	15610	3.1	3.4	4.3	13.4	14.5	13.2	10.9	13.3	12.1	1.7	1.9	2.0
Huadian Power Intl	EW	HKD	1	1-2	2	1067	0.2	0.0	0.0	9.8	60.5	33.1	9.2	11.7	10.2	0.8	0.5	0.4
Huaneng Power	EW	HKD	3	3-5	5	5941	0.4	0.3	0.3	9.5	12.6	9.1	9.3	8.9	8.8	1.1	0.9	0.7
Korea Electric Power	EW	KRW	21000	20100-32900	30100	12417	754.9	-153.6	654.8	45.2	NM	32.1	9.2	9.6	9.3	0.5	0.5	0.3
Yangtze Power	OW	CNY	6	6-9	11	16422	0.3	0.5	0.5	32.1	15.5	12.6	24.4	10.9	9.6	2.4	1.9	1.5
Tokyo Electric Power	EW	JPY	449	148-2495	NA	9335	-111.0	-170.0	-73.0	NM	NM	NM	6.4	15.6	NA	0.5	0.8	1.0
Tenaga Nasional Bhd	OW	MYR	6	6-7	7	10414	0.2	0.6	0.6	37.9	11.1	9.1	8.0	7.2	5.9	1.3	1.4	1.0
Average										21.4 x	20.6 x	16.7 x	11.3 x	11.4 x	9.5 x	1.4 x	1.3 x	1.2 x
India Companies																		
Adani Power	UW	INR	94	85-145	85	4526	0.8	2.4	7.2	114.2	39.8	13.0	118.4	35.8	13.6	3.4	3.3	2.6
Indiabulls Power Limited	UW	INR	16	15-32	18	865	0.2	0.0	0.0	147.8	906.7	NM	NM	NM	NM	1.6	1.2	0.9
JSW Energy Limited	UW	INR	62	58-136	61	2266	4.9	4.9	5.9	22.9	14.6	10.7	19.8	13.2	7.1	3.8	2.1	1.6
Jindal Steel & Power	OW	INR	524	501-755	757	10836	39.1	40.7	51.9	18.0	17.2	10.1	12.6	12.3	NA	6.3	4.6	2.6
LANCO Infratech Ltd	EW	INR	18	16-75	32	937	3.3	3.4	4.8	15.8	11.7	3.7	15.8	14.4	8.6	3.3	1.8	0.7
NTPC	OW	INR	175	165-222	196	31966	10.2	10.7	11.7	20.2	18.0	15.0	17.0	15.2	12.3	2.7	2.4	2.0
Reliance Infrastructure Limited	EW	INR	472	453-1134	625	2792	29.8	26.5	31.9	33.5	26.0	14.8	23.0	18.2	9.1	1.5	1.0	0.7
Tata Power Co	EW	INR	1174	1100-1465	1221	6163	33.8	44.4	37.7	40.6	30.0	31.1	23.0	24.0	22.1	3.1	2.8	2.3
Average										51.6 x	133.0 x	14.1 x	32.8 x	19.0 x	12.1 x	3.2 x	2.4 x	1.7 x

For valuation methodology and risks associated with any price targets above, please email morganstanley.research@morganstanley.com with a request for valuation methodology and risks on a particular stock.
 e = Morgan Stanley Research estimates
 Source: Morgan Stanley Research
 Data for Indian companies is for Fiscal Year End March 31.
 Stock Prices are as of August 10, 2011 for Asian companies and as of August 09, 2011 for the others
 NA = Not Available; NM = Not Meaningful
 UW = Under Weight, EW = Equal Weight, OW = Over Weight

August 10, 2011
Adani Power



Morgan Stanley ModelWare is a proprietary analytic framework that helps clients uncover value, adjusting for distortions and ambiguities created by local accounting regulations. For example, ModelWare EPS adjusts for one-time events, capitalizes operating leases (where their use is significant), and converts inventory from LIFO costing to a FIFO basis. ModelWare also emphasizes the separation of operating performance of a company from its financing for a more complete view of how a company generates earnings.

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared or are disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International plc, Seoul Branch, and/or Morgan Stanley Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or Morgan Stanley Smith Barney Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents), and/or Morgan Stanley India Company Private Limited and their affiliates (collectively, "Morgan Stanley"). For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Parag Gupta.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictolicies.

Important US Regulatory Disclosures on Subject Companies

A household member of the following analyst or strategist is an employee, officer, director or has another position at a company named within the research: Parag Gupta; Indiabulls Power Limited.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Indiabulls Power Limited.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Adani Power, JSW Energy Limited, LANCO Infratech Ltd, Tata Power Co.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Adani Power, Indiabulls Power Limited, JSW Energy Limited, LANCO Infratech Ltd, Tata Power Co.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: Tata Power Co.

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity and specialized trading, risk arbitrage and other proprietary trading, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of July 31, 2011)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

August 10, 2011

Adani Power

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	1107	40%	451	48%	41%
Equal-weight/Hold	1136	41%	372	40%	33%
Not-Rated/Hold	114	4%	20	2%	18%
Underweight/Sell	384	14%	97	10%	25%
Total	2,741		940		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Not-Rated (NR) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country MSCI Index on a risk-adjusted basis, over the next 12-18 months.

Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

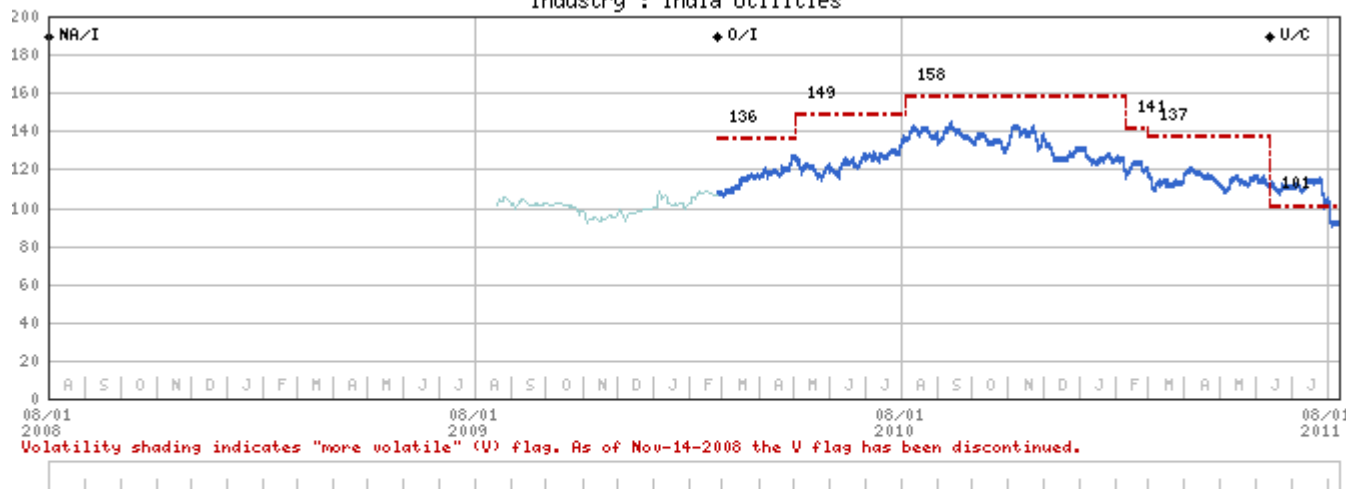
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Adani Power (ADAN.BO) - As of 8/10/11 in INR
Industry : India Utilities



Stock Rating History: 8/1/08 : NA/I; 2/25/10 : O/I; 6/13/11 : U/C

Price Target History: 2/25/10 : 136; 5/3/10 : 149; 8/5/10 : 158; 2/9/11 : 141; 3/1/11 : 137; 6/13/11 : 101

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) --- Stock Price (Covered by Current Analyst) ---
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) More Volatile (U) No Rating Available (NA)
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

August 10, 2011
Adani Power

Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Citi Investment Research & Analysis (CIRA) research reports may be available about the companies or topics that are the subject of Morgan Stanley Research. Ask your Financial Advisor or use Research Center to view any available CIRA research reports in addition to Morgan Stanley research reports.

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC, Morgan Stanley and Citigroup Global Markets Inc. or any of their affiliates, are available on the Morgan Stanley Smith Barney disclosure website at www.morganstanleysmithbarney.com/researchdisclosures.

For Morgan Stanley and Citigroup Global Markets, Inc. specific disclosures, you may refer to www.morganstanley.com/researchdisclosures and https://www.citigroupgeo.com/geopublic/Disclosures/index_a.html.

Each Morgan Stanley Equity Research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the Equity Research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of NTPC, Reliance Infrastructure Limited, Tata Power Co. Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Client Link at www.morganstanley.com.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The "Important US Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

Morgan Stanley may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

To our readers in Taiwan: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. Information on any securities/instruments issued by a company owned by the government of or incorporated in the PRC and listed in on the Stock Exchange of Hong Kong ("SEHK"), namely the H-shares, including the component company stocks of the Stock Exchange of Hong Kong ("SEHK")'s Hang Seng China Enterprise Index is distributed only to Taiwan Securities Investment Trust Enterprises ("SITE"). The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

To our readers in Hong Kong: Information is distributed in Hong Kong by and on behalf of, and is attributable to, Morgan Stanley Asia Limited as part of its regulated activities in Hong Kong. If you have any queries concerning Morgan Stanley Research, please contact our Hong Kong sales representatives.

Certain information in Morgan Stanley Research was sourced by employees of the Shanghai Representative Office of Morgan Stanley Asia Limited for the use of Morgan Stanley Asia Limited.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A.; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents); in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Smith Barney Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of, and has agreed to take responsibility for, the contents of Morgan Stanley Research in Canada; in Germany by Morgan Stanley Bank AG, Frankfurt am Main and Morgan Stanley Private Wealth Management Limited, Niederlassung Deutschland, regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin); in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and states that Morgan Stanley Research has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations; in the United States by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized and regulated by the Financial Services Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. Morgan Stanley Private Wealth Management Limited, authorized and regulated by the Financial Services Authority, also disseminates Morgan Stanley Research in the UK. Private U.K. investors should obtain the advice of their Morgan Stanley & Co. International plc or Morgan Stanley Private Wealth Management representative about the investments concerned. RMB Morgan Stanley (Proprietary) Limited is a member of the JSE Limited and regulated by the Financial Services Board in South Africa. RMB Morgan Stanley (Proprietary) Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited.

August 10, 2011

Adani Power

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided in accordance with a contract of engagement on investment advisory concluded between brokerage houses, portfolio management companies, non-deposit banks and clients. Comments and recommendations stated here rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley has based its projections, opinions, forecasts and trading strategies regarding the MSCI Country Index Series solely on publicly available information. MSCI has not reviewed, approved or endorsed the projections, opinions, forecasts and trading strategies contained herein. Morgan Stanley has no influence on or control over MSCI's index compilation decisions.

Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Morgan Stanley Research is disseminated and available primarily electronically, and, in some cases, in printed form.

Additional information on recommended securities/instruments is available on request.

The Americas

1585 Broadway
New York, NY 10036-8293
United States
Tel: +1 (1) 212 761 4000

Europe

20 Bank Street, Canary Wharf
London E14 4AD
United Kingdom
Tel: +44 (0) 20 7 425 8000

Japan

4-20-3 Ebisu, Shibuya-ku
Tokyo 150-6008
Japan
Tel: +81 (0) 3 5424 5000

Asia/Pacific

1 Austin Road West
Kowloon
Hong Kong
Tel: +852 2848 5200

Industry Coverage: India Utilities

Company (Ticker)	Rating (as of)	Price* (08/10/2011)
Parag Gupta		
Adani Power (ADAN.BO)	U (06/13/2011)	Rs93.85
Indiabulls Power Limited (INDP.BO)	U (06/13/2011)	Rs16
JSW Energy Limited (JSWE.BO)	U (08/27/2010)	Rs62.45
LANCO Infratech Ltd (LAIN.BO)	E (06/13/2011)	Rs17.6
NTPC (NTPC.BO)	O (06/13/2011)	Rs175.25
Reliance Infrastructure Limited (RLIN.BO)	E (06/13/2011)	Rs471.95
Tata Power Co (TTPW.BO)	E (11/30/2009)	Rs1,173.95

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.