Adani Power Ltd — 11 Aug 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	**Reaffirmed** at **CRISIL AA / Stable** (Upgraded from AA- to AA in late 2024)
Outlook (Current vs Previous)	**Stable** vs **Stable**
Key Drivers of Change	1. **Deleveraging:** Net Debt/EBITDA improved to **1.4x** (Mar-25) from 3.3x (Mar-23); target to sustain <2.5x despite capex. 2. **Operational Scale:** 18.1 GW operational capacity; 83% tied under long-term PPAs providing high cash flow visibility. 3. **Regulatory Windfall:** Resolution of past dues (carrying costs/surcharge) bolstered liquidity. 4. **Receivable Recovery:** Bangladesh (BPDB) dues reduced via $411M payment in June 2025; cycle normalized despite regional volatility.
Rated Instruments	• **NCDs:** ₹11,000 Cr (CRISIL AA/Stable) • **Bank Guarantee:** ₹5,226.01 Cr (CRISIL AA/Stable) • **Rupee Term Loans:** ~₹21,000 Cr (Total across tranches) (CRISIL AA/Stable) • **Working Capital:** ₹15,590 Cr (CRISIL AA/Stable)
Key Observations	**Strengths:** • Largest private thermal producer in India (18.1 GW). • Strong fuel security: 57% of total capacity (81% of domestic) backed by FSAs. • Robust profitability: Annual EBITDA expected at ~**₹20,000 Cr**. • Strong liquidity: Cash balance of **₹6,283 Cr** (Mar-25). **Risks:** • **Merchant Risk:** 16% capacity (approx. 2.9 GW) exposed to spot price volatility. • **Counterparty Risk:** Exposure to weak state discoms and geopolitical risk (Bangladesh). • **Execution Risk:** Aggressive target of **30 GW by 2030** requires massive staggered capex.
Investor Impact	**Growth:** Strong roadmap to 30GW; brownfield projects offer higher IRR. **Margins:** High fuel linkage protects margins from global coal spikes. **Leverage:** Massive deleveraging (1.4x) provides significant headroom for debt-funded growth without stressing the balance sheet. **Dilution Risk:** Low; strong cash accruals (>₹15,000 Cr/year) likely to fund equity portion of capex.
Agency / Cross Analysis	**Same Agency:** Reaffirmation confirms that the 2024 upgrade to 'AA' was not a one-off; CRISIL views the Bangladesh recovery and 1.4x leverage as structural improvements. **Key Reasoning:** Focus on the transition from a "stressed/regulatory-heavy" utility to a "cash-rich/growth-ready" entity. Treated ₹9,700 Cr Perpetual Securities as 100% equity, further strengthening ratios.
Final Inference	**Real Credit Improvement.** The shift from 3.3x to 1.4x leverage despite political unrest in Bangladesh signals a highly resilient cash flow model. For equity investors, APL is now a "Self-Funding Growth" story with minimal insolvency or dilution risk.