Adani Power Ltd — Rating update 1d Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**CARE AA** → **CARE AA+** (Upgraded 1 notch)
Outlook	**Stable** (Maintained)
Key Drivers of Change	1. **Revenue De-risking:** PPA coverage increased to 95% of capacity (vs 85% in 2024), reducing volatile merchant exposure to <10% for FY27. 2. **Earnings Surge:** EBITDA sustained >₹18,000 Cr (FY24-26) vs <₹10,000 Cr (pre-FY23). Q1 FY27 EBITDA hit ₹8,369 Cr. 3. **Fuel Security:** Domestic coal FSA materialization improved to 91% in FY26 (vs 64% in FY25), protecting margins from spot coal volatility. 4. **Leverage Control:** Net Debt/EBITDA held at 2.7x despite major acquisitions; QIP of ₹15,000 Cr expected to further buffer growth capex.
Rated Instruments	• **Term Loans:** ₹44,961.70 Cr (CARE AA+; Stable) • **Working Capital (LT/ST):** ₹15,050.00 Cr (CARE AA+; Stable / CARE A1+) • **Non-Convertible Debentures:** ₹22,500.00 Cr (CARE AA+; Stable) • **Bank Guarantees:** ₹7,988.30 Cr (CARE AA+; Stable)
Key Observations	• **Scale:** Largest private thermal producer with 18.33 GW operational and ~24 GW under development. • **Efficiency:** Strong Plant Availability Factor (PAF) of 96% in Q1 FY27 ensures full capacity charge recovery. • **M&A Track Record:** Successful turnaround of stressed assets (Raipur, Raigarh, Mahan, etc.). • **Liquidity:** Strong cash balance of ₹10,739 Cr and 2 quarters of debt service reserves. • **Capex Risk:** Massive ₹2.0 Lakh Cr expansion plan through FY33 poses execution and funding risks. • **Counterparty Risk:** Exposure to weak state DISCOMs, though debtor days improved to 80 (FY26). • **Regulatory Overhang:** Pending final tariff orders for Mundra and Tiroda projects remains a monitorable.
Investor Impact	• **Growth:** Massive capacity pipeline (~24 GW) offers long-term scale but requires ₹2.0 Lakh Cr funding. • **Margins:** Higher PPA tie-ups (95%) and fuel security (91% FSA) provide cash flow predictability. • **Leverage:** Management guidance to keep Net Debt/EBITDA <2.75x signals disciplined growth. • **Dilution:** Proposed ₹15,000 Cr QIP will improve solvency but likely dilute existing equity holders.
Agency / Cross Analysis	**Same Agency (CARE):** Rating upgrade reflects a structural shift in APL's business model from merchant-heavy to PPA-protected. Since the last review, EBITDA has doubled, and PPA coverage increased by 10%. The agency shifted its focus from "recovery of dues" to "sustenance of operational excellence" and "leverage management" during a massive capex cycle. **Conclusion: Genuine Improvement** based on fundamental de-risking and strengthened liquidity.
Final Inference	**Fundamental Re-rating:** This is a transition from a turnaround story to a stable utility-like cash generator. While the ₹2 Lakh Cr capex is aggressive, the 95% PPA coverage and improved fuel linkages significantly lower the downside risk for equity investors.