Adani Power Ltd — Rating update 10 Nov Credit Rating Summary

Section	Details
Agency	ICRA
Rating Change	AA → AA+ (Upgraded by 1 notch)
Outlook (Current vs Previous)	Stable (Current) vs Stable (Previous)
Key Drivers of Change	1. **Deleveraging:** External Debt/OPBDITA improved to 2.5x in FY2026 from 7.0x in FY2020, fueled by □ 6,221 Cr in regulatory receipts. 2. **PPA Security:** Long/medium-term PPA share rose to 94-95% of operational portfolio, ensuring stable two-part tariff revenue. 3. **Improved Collections:** Receivable days dropped to 63 (H1 FY2027) from 165 (FY2021) due to LPS Rules discipline. 4. **Operational Scale:** Capacity increased to 18.33 GW at a competitive cost of ~□6 Cr/MW vs. replacement cost of □10-12 Cr/MW.
Rated Instruments	1. **Term Loans:** □44,961.70 Cr
Key Observations	**Strengths:** - Largest private thermal producer with diversified exposure to 12 state discoms. - High operational efficiency (93% PAF in H1 FY2027). - Strong fuel security with 88% domestic coal tied via FSAs. - Synergies with Adani Group (mining/logistics) lower generation costs. **Concerns:** - **Massive Capex:** □2 lakh Cr planned over 6 years to reach 42 GW, posing execution risk. - **Bangladesh Exposure:** Godda plant receivables ($374.2M) remain a geopolitical/payment monitorable. - **Merchant Exposure:** 40% of under-development capacity lacks long-term PPAs.
Investor Impact	**Growth:** Aggressive 42 GW target by FY2032 signals massive long-term scale-up. **Margins:** Sustained high OPBDIT margins (42.2% in H1 FY2027) due to fuel pass-through and merchant sales. **Leverage:** External debt/OPBDITA expected to stay below 3.0x despite expansion. **Risk:** High reliance on external funding for the □2 lakh Cr capex; execution delays could impact FCF.
Agency / Cross Analysis	**Same Agency:** ICRA upgraded the rating from AA to AA+ within a year (previous review April 2026), reflecting faster-than-expected resolution of regulatory dues and abatement of governance concerns (US SEC/DOJ/SEBI matters concluded). **Conclusion:** Significant **Improvement** in financial profile and operational cash flow visibility.
Final Inference	The upgrade signals a **real fundamental improvement**. APL has successfully transitioned from a high-leverage entity to a cash-generative leader with strong debt metrics (DSCR 6.1x). The primary equity risk has shifted from "survival/governance" to "execution of a massive growth pipeline."