

Adani Power Ltd — Apr 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline on Core Operations; Strong Credit/Execution Signals. **One-line:** The thesis is strengthening as APL shifts from a "regulatory recovery" story to a "massive capacity compounder," with the credit rating upgrade to AA and the de-risking of 11.2 GW of equipment supply being the critical highlights.

| Dimension | This Quarter | Signal / Evidence | Sentiment |
|---------------------------------------|---------------------------|---|-----------|
| Beat/Miss vs Guidance / Prior Quarter | Inline | Q4 Continuing EBITDA of ₹5,098 Cr is stable vs Q3 (₹4,786 Cr); FY25 volumes up 21% YoY. | □ |
| Earnings Quality | High (Pivot to Core) | One-time regulatory income dropped from ₹9,322 Cr (FY24) to ₹2,433 Cr (FY25); Core EBITDA now 90% of total. | □ |
| Guidance Confidence | Strong | BTG equipment for 11.2 GW brownfield/greenfield expansion already ordered, bypassing global supply chain bottlenecks. | □ |
| Management Credibility | Strong | Completed Godda amalgamation; Resolution plan for 600 MW VIPL (Butibori) approved; Rating upgraded to AA. | □ |
| Business Quality Signal | Improving | Net Debt/EBITDA remains low (1.44x) despite heavy capex; asset base is now 85% Ultra-supercritical/Supercritical. | □ |
| Key Q&A Exchange | N/A | [PPT_ONLY: Not applicable] | □ |
| The Street's Primary Anxiety | Execution & Fuel Security | Management response: Brownfield model used (no land delay) + 60% fuel tied to long-term FSAs. | □ |
| Capital Cycle Stage | Growth Investment | Massive expansion phase (13.1 GW pipeline) funded by ~₹1,000 Cr annual operating cash flow. | □ |
| Margin / Return Ratio Trajectory | Stable | FY25 Continuing EBITDA margin at 38%; Q4 saw minor cooling due to lower merchant realization. | □ |
| Pricing Power | Resilient | 87% of capacity tied to long-term PPAs; residual 13% captures merchant upside during peak periods. | □ |
| FCF Conversion & Quality | Strong | CFO (₹1,682 Cr) is 1.7x Reported PAT; exceptional cash conversion for a utility. | □ |
| Competitive Moat Signals | Widening | Largest private thermal player with "brownfield advantage" (lower cost/faster speed vs greenfield peers). | □ |
| Balance Sheet Strength | Strong | Senior Term Debt/Equity at 0.50x; upgraded to AA/Stable by four major rating agencies. | □ |
| Working Capital Efficiency | Stable | Inventory decreased to ₹3,317 Cr; Receivables slightly up to ₹13,022 Cr due to Godda volume ramp-up. | □ |
| Mgmt Guidance Track Record | Reliable | Delivered on Godda amalgamation and VIPL acquisition LOI within stated timelines. | □ |
| Key Vulnerability / Red Flag | Merchant Cooling | Merchant tariffs impacted by mild weather in H2 FY25; could dampen the "super-normal" gains seen in FY24. | □ |
| Management Tone | N/A | [PPT_ONLY: Not applicable] | □ |

Key Takeaways: * Positives: The long-term thesis remains firmly on track. The de-risking of the 13.12 GW pipeline via advance BTG (Boiler-Turbine-Generator) ordering for 11.2 GW is a massive competitive advantage as global equipment lead times stretch. Financial health is at its decade-best, evidenced by the CRISIL/ICRA

upgrade to AA/Stable. The quality of earnings has improved significantly as the business now generates over 90% of EBITDA from core operations rather than one-time regulatory arrears. * **Negatives:** Merchant power realizations are normalizing (Q4 EBITDA slightly down 3.3% YoY) as extreme supply-demand imbalances from the prior year ease. Operational expenses rose 30.7% in Q4 (₹1,351 Cr) due to the integration of acquired assets and CSR obligations. * **Street Concern:** Analysts are focused on the "growth vs. leverage" trade-off. Management has effectively answered this by maintaining a Net Debt/Continuing EBITDA of 1.44x despite increasing gross assets by ~₹20,000 Cr in FY25. ***Forward Watchpoint:** Monitoring the construction progress of the 4.8 GW Phase-II units at Mahan, Raipur, and Raigarh, which are the next immediate catalysts for volume growth.

2. BUSINESS PERFORMANCE

2A. KEY METRICS *Data Source: PPT-ONLY. Concall not available — commentary absent.*

| Metric | Current Qtr (Q4 FY25) | YoY Change | QoQ Change (vs Q3) | Trend | Mgmt Commentary |
|-------------------------|-----------------------|------------|--------------------|-------|--|
| Revenue (Continuing) | ₹14,522 Cr | ↑ 5.3% | ↑ 14.4% | □ | Volume growth (+18% YoY) offset by lower merchant realization. |
| EBITDA (Continuing) | ₹5,098 Cr | ↓ 3.3% | ↑ 6.5% | □ | YoY dip due to lower merchant tariffs and higher integration opex. |
| EBITDA Margin % (Cont.) | 35.1% | ↓ 310 bps | ↓ 260 bps | ↓ | Impacted by higher operating expenses and acquired assets. |
| PAT (Reported) | ₹2,599 Cr | ↓ 5.0% | ↓ 11.6% | □ | Normalization of one-time income vs high base of FY24. |
| ROCE (%) | Not in doc | - | - | - | Not provided in quarterly PPT. |
| Cash Flow (CFO - FY25) | ₹21,682 Cr | ↑ 53.0% | N/A | □ | Strong operational performance and regulatory receipts. |
| Net Debt | ₹31,023 Cr | ↑ 16.9% | ↑ 7.0% | □ | Rise due to acquisition debt and capex for Phase-II projects. |
| Senior Term Debt/Equity | 0.50x | ↓ 23% | ↓ 23% | □ | Equity base expansion (₹57,674 Cr) driving deleveraging signal. |
| Installed Capacity (MW) | 17,550 | ↑ 15.1% | → | □ | Includes 2.3 GW of inorganic additions in FY25. |
| Plant Availability (%) | 91% | ↓ 100 bps | ↑ 300 bps | □ | Consistently high across the fleet. |
| PLF (%) | 74% | ↑ 200 bps | ↑ 1000 bps | □ | Higher dispatch volumes on increased demand. |
| Sales Volume (BU) | 26.4 | ↑ 19.5% | ↑ 13.3% | □ | Driven by Godda and newly integrated assets. |

2B. SEGMENT BREAKDOWN

| Segment | Revenue (FY25) | YoY Growth | EBITDA (Cont.) | Trend | vs Co. Avg | Key Development |
|--------------------------|----------------|------------|----------------|-------|------------|---|
| Operating Assets | ₹56,473 Cr | ↑ 10.8% | ₹21,575 Cr | □ | Inline | Godda (Jharkhand) fully integrated and amalgamated. |
| PPA Tie-ups (87%) | Not in doc | - | ~38% Margin | → | Higher | 2.9 GW of fresh PPAs already awarded to APL. |
| Merchant (13%) | Not in doc | - | Volatile | ↓ | Lower | Tariffs affected by cold weather in H2 FY25. |

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

| Dimension | Category | Management Target / Claim | Required Run-Rate / Mathematical Feasibility | Historical Delivery | Risk Flag |
|-----------|-------------------------|---|---|--|--|
| Guidance | Volume / Capacity | 30.67 GW target capacity by 2030 (adding 13.12 GW). | Needs ~2.6 GW addition per year. Feasible given 4.8 GW is already in "construction phase." | Delivered: Added 2.3 GW in FY25 through acquisitions. | Supply chain delays for non-BTG parts. |
| Guidance | Capex Plan | 11.2 GW of BTG (Boiler, Turbine, Generator) sets already ordered. | Order booking complete; execution now depends on onsite civil work (Mahan/Raipur/Raigarh). | New Target: Advance ordering de-risks long lead times. | Higher interest costs. |
| Strategy | Competitive Positioning | Brownfield development model to avoid land/clearance delays. | 100% land available for 10.9 GW of the 13.1 GW pipeline. | On Track: Land and water clearances already secured for Phase-II. | Policy shifts in coal. |
| Strategy | Capital Allocation | Finance expansion through internal accruals and low-cost debt. | FY25 EBITDA of ₹21,575 Cr easily covers current interest (₹3,340 Cr) and equity portion of capex. | Delivered: Senior Term Debt/Equity reduced to 0.50x. | Potential M&A bidding wars. |
| Balance | Debt Target | Net Debt/Continuing EBITDA of ~1.4x. | Feasible; current 1.44x is near target despite massive capex takeoff. | Met: Rating upgrade to AA reflects balance sheet comfort. | Working cap spikes. |

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

| What Changed | Prior Quarter (Q3 FY25) | This Quarter (Q4 FY25) | Direction |
|-----------------------------|-------------------------------|--|-----------------|
| Corporate Structure | Godda was a subsidiary (APJL) | Godda amalgamated with APL (effective April 2024) | ↑ Improving |
| Credit Rating | AA- (or equivalent) | Upgraded to AA/Stable by 4 agencies (CRISIL, ICRA, CARE, India Ratings) | ↑ Improving |
| Resolution Pipeline | VIPL bidding process | LOI received for 600 MW VIPL (Butibori) acquisition | ↑ Improving |
| Equipment De-risking | Ordering in progress | 11.2 GW of BTG sets fully ordered (orders for 9.6 GW brownfield + 1.6 GW greenfield) | ↑ Improving |
| One-time Income | ₹1,400 Cr (Q3) | ₹88 Cr (Q4) | ↓ Normalizing |
| Net Debt/EBITDA | 1.33x | 1.44x | ↓ Deteriorating |
| Equity Base | ₹57,996 Cr | ₹57,674 Cr (Minor adj. for amalgamation/UPS) | → Stable |

STOP HERE.