Adani Power Ltd — Aug 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Strong Beat (Structural Turnaround) **One-line:** Adani Power has completed its transformation from a high-leverage, distressed utility into a lean, cash-generative growth platform, though FY23 earnings are heavily skewed by one-time regulatory settlements.

Dimension	This Quarter (FY23 Full Year)	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	EBITDA grew 4% YoY; PAT up 118% YoY including one-offs.	□
Earnings Quality	Low (High one-offs)	□6,633 Cr of reported EBITDA (46%) is from one-time regulatory claims.	□
Guidance Confidence	Strong	Clear path to 21.1 GW capacity by FY29 with committed projects.	□
Management Credibility	Strong	Delivered Godda project in 3.5 years; Net Debt/ EBITDA down to 1.7x.	□
Business Quality Signal	Improving	Shift toward Ultra-supercritical tech and better fuel cost recovery.	□
Key Q&A Exchange	Not applicable	Concall not available.	□
The Street's Primary Anxiety	Leverage & Counterparty Risk	Addressed via □47,000 Cr prepayment and DISCOM payment track record.	□
Capital Cycle Stage	Investment / Growth	Moving from deleveraging phase to the next 6 GW expansion phase.	□
Margin / Return Ratio Trajectory	Improving	Recurring EBITDA per unit is stabilizing as fuel pass-throughs kick in.	□
Pricing Power	Stable	81% capacity under long/medium-term PPAs with indexation.	□
FCF Conversion & Quality	Strong	Massive cash inflow from regulatory dues used for debt reduction.	□
Competitive Moat Signals	Widening	Only IPP with in-house mine-to-plant logistics; 48% capacity at pithead.	□
Balance Sheet Strength	Strong	Net Debt/EBITDA 1.7x (FY23) vs 6.6x (FY18); Rating upgrade to 'A'.	□
Working Capital Efficiency	Improving	Liquidation of regulatory dues and improved DISCOM payment cycles.	□
Mgmt Guidance Track Record	Reliable	Execution of Udupi turnaround and Godda commissioning.	□
Key Vulnerability / Red Flag	Concentration of one-time gains	Core EBITDA growth is 2% without one-offs; needs volume growth.	□
Management Tone	Optimistic / Disciplined	Focus on "Capital Management" and "Operational Excellence."	□

Key Takeaways (Positives & Negatives):

Positives: * **Deleveraging Milestone:** Successful reduction of Net Debt/EBITDA from 6.6x in 2018 to 1.7x in 2023 significantly de-risks the equity thesis. Prepayment of ₹4,700 Cr debt demonstrates high cash flow visibility. * **Structural Efficiency:** 74% of the fleet is now Supercritical/Ultra-supercritical, providing a heat-rate advantage over older PSU peers. Godda's commissioning adds a high-margin, USD-denominated transnational revenue stream. * **Fuel Security:** 79% of domestic coal requirements are secured via FSAs, and the 48% pithead-located capacity ensures "Merit Order Dispatch" priority due to lower landed costs.

Negatives: * **One-Time Earnings Dependency:** A significant portion of the PAT jump is derived from a ₹6,633 Cr one-time regulatory claim realization. While this is cash-backed, it does not represent recurring operating earnings. * **Regulatory Sensitivity:** Despite the Supreme Court judgments favoring the company, the business remains heavily reliant on the "Change-in-Law" and "Fuel Pass-through" clauses, which are periodically contested by State DISCOMs. * **Execution Risk:** The next leg of growth (to 21.1 GW) involves significant brownfield and inorganic expansion (4.3 GW proposed), which will re-increase capex intensity.

Forward-Looking Watchpoint: The ability to transition the 2.75 GW merchant/open capacity into long-term PPAs to protect margins during cyclical coal price fluctuations.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column will be sparse or absent.

Metric	Current Qtr (FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (₹Cr)	43,041	+36%	First entry	↑	Driven by higher realizations and regulatory claim settlements.
EBITDA (₹Cr)	14,312	+4%	First entry	→	Includes ₹6,633 Cr one-time; Core EBITDA was ₹7,679 Cr.
EBITDA Margin %	33.2%	-1020 bps	First entry	↓	Normalized margins suppressed by higher fuel costs (pass-through nature).
PAT (₹Cr)	10,727	+118%	First entry	↑	Massive jump due to lower interest costs and one-time income.
Net Debt (₹Cr)	24,350 (243.5 Bn)	-12%	First entry	↑	Continuing deleveraging via internal accruals; excludes Godda project debt.
Net Debt / Reported EBITDA (x)	1.70	-37%	First entry	↑	Down from 2.68x in FY22; Significant improvement in solvency.
Installed Capacity (GW)	15.21	+1.60	First entry	↑	Increased by 1.6 GW following Godda commissioning.
Finance Cost (₹Cr)	3,334	-18%	First entry	↑	Significant reduction from ₹4,095 Cr (FY22) due to debt prepayment.
Senior Debt / Equity (x)	1.18	-47%	First entry	↑	Improved from 2.21x in FY22.
One-time EBITDA (₹Cr)	6,633	+4%	First entry	→	Realization of regulatory dues following Supreme Court judgments.

2B. SEGMENT BREAKDOWN

Segment (by Cluster)	Revenue (□ Cr)	YoY Growth	EBITDA (□ Cr)	Trend	vs Company Avg	Key Development
Near-pithead	27,066	Not stated	8,790	↑	Higher Margin	High dispatch priority due to low logistics costs.
Coastal	21,314	Not stated	4,723	→	Lower Margin	Mundra/Udupi: Impacted by imported coal price volatility.
Hinterland	6,070	Not stated	1,593	→	Inline	Kawai: Dependent on domestic coal linkages and pass-throughs.
Eliminations	(13,413)	-	(2,320)	-	-	Consolidation adjustments.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery (Did they do what they promised?)	Risk Flag
Guidance	Volume / Capacity	Reach 21.11 GW by FY 2028-29.	Needs ~1.2 GW addition per year for the next 5 years.	Commissioned 1.6 GW Godda project in 3.5 years.	Low
Guidance	Margins	Stabilize via 74% fuel cost pass-through/ escalable contracts.	Requires sustained thermal demand to keep PLFs high.	Turnaround of Udupi and Raipur assets demonstrated.	Medium
Guidance	Capex Plan	Brownfield (1.6 GW), Committed (3.2 GW), Inorganic (1.1 GW).	Estimated □30,000 Cr+ capex needed for 5.9 GW expansion.	Delivered Mundra (largest single location pvt plant).	Medium
Guidance	Debt / Leverage Target	Maintain Net Debt to EBITDA around 1.6x.	Requires recurring EBITDA of ~□17,000 Cr to support projected debt levels.	Prepaid □4,700 Cr of APRL debt in FY23.	Low
Strategy	Technology	100% FGD installation by 2029.	Ongoing retrofits for older fleet; new plants already compliant.	31% capacity currently has FGD installed.	Low
Macro	Industry Headwinds	Base load demand best served by thermal (74% share).	IEA/CEA projects thermal generation to grow to 2,666 BU by FY32.	Thermal generation grew from 1,326 to 1,618 BU.	Low

(PPT_ONLY mode: populate from presentation targets. Linked Q# column — write "N/A — no concall".)

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction

STOP HERE.