

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat on Operational Volumes; Normalization on Margins. **One-line:** The thesis is intact: APL is successfully pivoting from a "regulatory turnaround" story to a "thermal growth compounding" story, with the 2.3 GW acquisition integration and 1.5 GW Maharashtra PPA signing outweighing the expected normalization in merchant power prices.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Operational Beat / Financial Inline	Sales volumes grew 8% YoY to 23.3 BU, but continuing EBITDA fell 5.4% due to merchant tariff normalization.	□
Earnings Quality	High (Core focus)	9M FY25 Continuing EBITDA grew 22% YoY; the reliance on one-time regulatory income is structurally declining.	□
Guidance Confidence	Strong	Management confirmed BTG orders for 11.2 GW are fully placed, de-risking the FY30 target of 30.67 GW.	□
Management Credibility	Strong	Successfully integrated Coastal Energen, Korba, and Dahanu; signed the definitive PPA with Maharashtra for 1,496 MW.	□
Business Quality Signal	Improving	Vertical integration into coal (Stratatech acquisition) and high plant availability (93% 9M avg) protect the core moat.	□
Key Q&A Exchange	Q# 9 - Merchant Realization	Realization dropped from ₹6.86 to ₹4.54/unit; management clarified this is seasonal/weather-led and doesn't break the model.	□
The Street's Primary Anxiety	Bangladesh Receivables	Receivables stand at ~\$700M; management noted payment velocity is increasing, liquidating old dues.	□
Capital Cycle Stage	Growth Investment	Massive brownfield expansion (13.12 GW pipeline) funded primarily through internal accruals (~₹10,000 Cr 9M PAT).	□
Margin / Return Ratio Trajectory	Normalizing	Merchant margins are cooling from extreme FY24 highs, but asset utilization remains high (64% PLF despite low demand).	□
Pricing Power	Resilient (PPA)	87% of capacity is tied to long-term PPAs with fuel pass-through, insulating the business from coal price volatility.	□
FCF Conversion & Quality	Strong	Strong internal accruals are sufficient to fund capex without immediate project-specific debt.	□
Competitive Moat Signals	Widening	Logistics edge and brownfield land availability make APL the lowest-cost bidder for new state thermal tenders.	□
Balance Sheet Strength	Strong	Net Debt/EBITDA (TTM) at 1.33x; Senior Term Debt/Equity at 0.48x provides immense headroom for growth.	□
Working Capital Efficiency	Improving	Haryana PPA dues starting to flow (₹782 Cr recognized); Bangladesh collections are active.	□
Mgmt Guidance Track Record	Reliable	Delivered on the promise of capacity growth and PPA tie-ups (MSEDCL).	□
Key Vulnerability / Red Flag	Merchant Pricing	Sustained lower merchant prices could dampen the "upside" kicker that historically boosted APL's ROEs.	□
Management Tone	Confident & Systematic	Focused on "baseload indispensability" and thermal-solar technical minimums.	□

Key Takeaways: * Positives: The long-term thesis is de-risked by (1) the signing of the 1.5 GW Maharashtra PPA, (2) the full ordering of BTG equipment for 11.2 GW to bypass supply chain bottlenecks, and (3) a balance sheet that is now structurally deleveraged (1.33x Net Debt/EBITDA). The 9M FY25 performance shows a 33% growth in core PBT, proving the business is larger and more profitable than it was 12 months ago. *** Negatives:** Merchant power realizations have "normalized" faster than some models anticipated (down 33% YoY), driven by an unusually mild winter and lower agricultural demand. Bangladesh receivables (~₹5,800 Cr) remain a concentration risk, though cash flows are currently flowing. *** Street Concern:** Analysts pressed hard on the "Solar vs Thermal" conflict. Management's response was robust: thermal is the only viable baseload for 16-hour nightly demand and cloudy periods, and APL is already preparing plants to run at 40% technical minimums to

coexist with solar must-run status. * **Forward Watchpoint:** Monitoring the turnaround of the newly acquired 2,300 MW assets (Coastal, Korba, Dahanu) from the current low base to APL's fleet-average EBITDA/MW.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Continuing)	₹12,692 Cr	↓ 3.4%	↓ 2.0%	□	Volume growth (+8%) offset by lower merchant tariffs and lower fuel-linked PPA realizations.
EBITDA (Continuing)	₹4,786 Cr	↓ 5.4%	↓ 11.4%	□	YoY dip due to merchant realization falling from ₹6.86 to ₹4.54/unit.
EBITDA Margin % (Cont.)	37.7%	↓ 80 bps	↓ 400 bps	□	Impacted by higher overhauling expenses and integration of newly acquired assets.
PAT (Reported)	₹2,940 Cr	↑ 7.4%	↓ 10.8%	□	Growth driven by one-time income (₹1,400 Cr) despite lower operating EBITDA.
Net Total Debt	₹28,991 Cr	↑ 9.2%	↓ 5.9%	□	Debt rose vs Mar-24 due to acquisitions but remains well-covered (1.33x EBITDA).
Installed Capacity	17,550 MW	↑ 15.1%	→	□	Increase due to acquisition of Moxie (Coastal), Korba (Lanco), and Dahanu.
Plant Availability	88%	↓ 500 bps	↓ 200 bps	□	Seasonality and maintenance; however, 100% availability achieved at Godda, Mahan, Udipi in Oct.
PLF (%)	64%	↓ 500 bps	↓ 300 bps	□	Lower demand due to mild weather/extended monsoon vs high base of Q3 FY24.
Sales Volume (BU)	23.3	↑ 8.4%	↓ 5.7%	□	Higher operating capacity drove volume growth despite lower national demand.
Net Fixed Assets / Debt	2.84x	↑ (from 2.41x)	↑	□	Strong asset backing for every rupee of debt.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹Cr)*	YoY Growth	EBITDA Margin*	Trend	vs Co. Avg	Key Development
Long-Term PPA (87%)	~₹11,042 Cr	Stable	~40%	→	Inline	92% of PPAs have assured fuel cost recovery; MSEDCL PPA (1.5 GW) signed.
Merchant / Open (13%)	~₹1,650 Cr	↑ Volume	~25%	↓	Lower	Realization fell 33% YoY to ₹4.54/unit; volumes grew >50% on 9M basis.
Transnational (Godda)	Not Stated	N/A	High	→	Higher	100% Availability in Oct; old dues being liquidated by Bangladesh.
New Acquisitions	In transition	N/A	Low	↑	Lower	Moxie and Korba consolidated; turnaround through APL O&M standards underway.

*Segment revenue and margin estimated based on total volume mix and PPA/Merchant commentary.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Capacity	30.67 GW by FY30.	Needs ~2.1 GW addition p.a. Feasible; 11.2 GW BTG orders already placed.	Met: Added 2.3 GW in FY25 YTD.	Equipment supply chain.
Guidance	PPA Tie-up	Tie up entire 12.5 GW pipeline under LT PPAs.	Needs 11 GW more. Feasible; UP, MP, Assam, and Karnataka tenders expected.	Met: Signed 1.5 GW Maharashtra PPA.	Aggressive bidding by NTPC.
Guidance	Fuel Security	Acquire mines near plants (e.g., Stratatech).	Targeting 5 MTPA from Dhirauli mine in 2 years for Mahan plant.	On Track: Amalgamated Stratatech into Mahan.	Mining regulatory delays.
Strategy	Funding	Finance expansion through internal accruals.	9M PAT of ₹10,150 Cr supports ~₹13,500 Cr annual run-rate; covers most equity capex.	On Track: Prepaid UPS by ₹3,049 Cr YTD.	High interest rates on interim debt.
Strategy	Tech Min	Achieve 40% technical minimum operation.	Required for 2 units next year per govt trajectory. Feasible with plant upgrades.	New Target: Working with CEA trajectory.	Grid stability during ramp-up.

4. ANALYST Q&A

Q#	Rel.	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
1	4.5	Mohit Kumar / ICICI Sec	Timelines	Capex	"What are the timelines for the 1.4 GW PPA signed at MSEDCL?"	Management confirmed the PPA allows 60 months, but their internal target is 48 months for commissioning. This accelerated timeline implies earlier cash flow generation than the market currently models.	None	5.0	Clear and quantified
2	4.0	Mohit Kumar / ICICI Sec	Acquisitions	Capex	"When do you expect the 1.3 GW Korba (Lanco) to be operational?"	Management expects balance work to take 30 months from today to reach commissioning. This adds a tangible ~₹2,000 Cr+ EBITDA potential to the FY28-29 horizon.	None	5.0	Specific timeline
3	4.0	Mohit Kumar / ICICI Sec	Accounting	Financials	"Explain the one-time booking of ₹1,400 Cr... and Note 7 (Haryana)."	Management detailed ₹782 Cr from Haryana (50% of claim recognized), ₹422 Cr from Tiroda DSM, and the rest from LPS (mainly Bangladesh). This confirms that while one-offs were high, they are linked to cash recoveries (e.g., Haryana paid the ₹782 Cr).	None	5.0	Quantified
4	4.5	Puneet Gulati / HSBC	Accounting	Financials	"Haryana recognition... why now?"	Management waited for consistency in payments (received 50% in Q1 and Q2) before recognizing the ₹782 Cr on a recurring basis. This conservatism	None	4.5	Evidence based

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						in revenue recognition enhances management credibility regarding "one-time" items.			
5	5.0	Puneet Gulati / HSBC	Receivables	Financials	"Status of your Bangladesh power plant?"	Management stated they are receiving slightly more than the regular bill, liquidating old outstanding dues. Payment velocity improvement de-risks the most sensitive part of the APL valuation bridge.	None	4.0	Directional
6	4.0	Bharat Shah / ASK	Profitability	Financials	"Continuing EBITDA declined 5%... what is the robustness?"	Management clarified that the "robustness" refers to volume growth (+8%) and PLF, but the EBITDA dip is purely a function of merchant prices falling from ₹6.86 to ₹4.54/unit. This separates operational efficiency (high) from market price volatility (low).	None	5.0	Clear and quantified
7	4.5	Vinod / PhillipCap	Policy	Strategy	"Impact of bringing down technical minimum to 40%?"	Management is indifferent as revenue is availability-linked; they are already upgrading 2 units to meet the govt's 40% target by next year. APL is technically prepared for the Renewables-Thermal hybrid grid of 2030.	None	4.0	Strategic clarity

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8	4.5	Nikhil / Bernstein	Financing	Capex	"Have we achieved financial closure for the 12.5 GW pipeline?"	Management stated they do not foresee a need for project-specific financial closure; internal accruals are sufficient to cover most needs. This signal of "self-funded growth" is a massive differentiator versus the debt-heavy thermal cycles of the past.	None	5.0	High Credibility
9	4.0	Bharanidhar / Spark	Demand	Macro	"If demand growth is 5% instead of 7%, is thermal still needed?"	Management argued that even in CEA's most conservative scenarios, thermal remains the only "resource adequacy" solution for baseload. This protects the 12.5 GW expansion from risks of a moderate demand slowdown.	None	4.0	Systematic defense
10	5.0	Bharat Shah / ASK	Cash Usage	Strategy	"How do you propose to utilize the significant surplus cash?"	Management hinted that surplus cash beyond expansion will be used for "best-in-industry returns," implying potential for dividends or further strategic M&A. This confirms APL has transitioned from a cash-starved to a cash-rich entity.	None	3.5	Tone signal

PATTERN FLAGS & SENTIMENT * Merchant Realization Anxiety: Multiple analysts (Bharat Shah, Vinod, Puneet) questioned the profitability dip. Management was transparent about the ₹2.32/unit drop in merchant tariffs. The posture was confident, framing this as a seasonal "aberration" and highlighting that even at lower tariffs, volumes are expanding, protecting absolute EBITDA. * **Expansion & Funding Confidence:** A clear

pattern emerged regarding how APL will fund 12.5 GW. Management's pivot away from "project-to-project financial closure" to "internal accrual funding" was a major signal that changed the room's tone from "execution risk" to "capital allocation opportunity." * **Analyst Sentiment Verdict: Very Positive.** Analysts were initially skeptical of the YoY EBITDA decline, but the CFO's detailed breakdown of merchant pricing vs. volume growth resolved the concern. The revelation that internal accruals are sufficient for the massive expansion plan without straining the balance sheet was the primary "aha moment" of the call. Management's credibility is at an all-time high following the MSEDCL PPA win and the successful consolidation of 2.3 GW of assets.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2 FY25)	This Quarter (Q3 FY25)	Direction
PPA Tie-ups	Bidding for MSEDCL	Signed definitive PPA for 1,496 MW	↑ Improving
Merchant Realization	~₹6.00 / unit (Q2)	₹4.54 / unit	↓ Normalizing
Installed Capacity	17,550 MW (Consolidating)	17,550 MW (Fully Integrated)	→ Stable
Regulatory Income	Focused on Godda/LPS	Haryana Coal Shortfall (₹782 Cr) flows	↑ Improving
Coal Security	Third-party/Linkage	Stratatech (Dhirauli Mine) integrated	↑ Improving
Equity Base	₹57,996 Cr (H1)	₹60,482 Cr	↑ Improving
ESG Rating	48/100 (S&P Global)	67/100 (S&P Global)	↑ Improving
Internal Accruals	Monitoring CFO	Management explicitly guiding for self-funded growth	↑ Improving

STOP HERE.