Adani Power Ltd — Jun 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Strong Beat (Operational & Deleveraging) **One-line:** Adani Power has completed its transformation from a stressed-asset turnaround play into India's most efficient private power platform, exiting FY24 with a fortified balance sheet (0.9x Net Debt/EBITDA) and a clear, funded roadmap to double capacity to 30.7 GW.

Dimension	This Quarter / FY24	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Strong Beat	Net Senior Debt/EBITDA improved to 0.9x from 1.2x in Q3.	☐
Earnings Quality	High (Core driven)	Continuing EBITDA CAGR of 34% (FY19-24) reflects operational scale, not just regulatory wins.	☐
Guidance Confidence	Strong	6.4 GW already under construction/development; Mahan II BHEL orders placed.	☐
Management Credibility	Strong	Delivered Godda (transnational) and successfully integrated Mahan/stressed assets.	☐
Business Quality Signal	Improving	In-house "mine-to-plant" logistics handling 60 MMTPA creates a widening cost moat.	☐
Key Q&A Exchange	N/A — PPT_ONLY	No concall conducted or available.	☐
The Street's Primary Anxiety	Growth vs Leverage	Addressed: Aggressive 15 GW expansion is paired with record-low leverage (0.9x).	☐
Capital Cycle Stage	Growth / Expansion	Transitioning from balance sheet repair to massive brownfield/ inorganic expansion.	☐
Margin Trajectory	Improving	FY24 PLF surged to 65% (vs 48% FY23) on better fuel availability and demand.	☐
Pricing Power	Stable	85% capacity tied in LT/MT PPAs; merchant capacity captures high IEX prices.	☐
FCF Conversion & Quality	Strong	Massive deleveraging confirms cash flow from regulatory settlements is being utilized.	☐
Competitive Moat Signals	Widening	Only IPP with dedicated 8km conveyor systems and in-house logistics fleet.	☐
Balance Sheet Strength	Strong	Senior Term Debt/Equity dropped to 0.7x (vs 1.0x in FY23).	☐
Working Capital Efficiency	Improving	DSO/DPO improved via Govt Late Payment Surcharge (LPS) rules.	☐
Mgmt Guidance Track Record	Reliable	Consistent delivery on capacity milestones (Godda, Mundra expansion).	☐
Key Vulnerability	Counterparty Risk	1,496 MW (Godda) tied to a single sovereign (Bangladesh); requires geopolitical stability.	☐
Management Tone	Confident	Presentation emphasizes "Repeatable, robust & proven transformative model."	☐

Key Takeaways (Positives & Negatives): * **Positives:** The business has achieved "Escape Velocity" on its balance sheet, reducing Net Senior Debt/EBITDA from 4.8x in FY19 to 0.9x in FY24. Operational efficiency is peaking, with average availability at 90% and PLF rising to 65%. The 15 GW growth pipeline is no longer theoretical; 6.4 GW is active, and the 1.2 GW Coastal Energen acquisition is secured at a highly attractive cost (~□2.8 Cr/MW). * **Negatives:** Despite the diversified fleet, the 1.6 GW Godda plant introduces transnational risk given its 100% dependency on the Bangladesh Power Development Board. Merchant realizations, while currently strong (□5.20/kWh 36-month avg), remain the only volatile component of an otherwise regulated/indexed EBITDA stream. * **Forward-Looking Watchpoint:** The execution of the 4.8 GW brownfield expansion at Mahan and Raigarh will be the litmus test for maintaining the low-leverage profile during a heavy capex cycle.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary derived from Investor Presentation trends.

Metric	Current FY (FY24)	YoY Change	QoQ Change (vs Q3)	Trend	Mgmt Commentary
Revenue (□Cr)	60,281	+40.1%	N/A	↑	Growth driven by Godda commissioning and higher Mundra/Udupi volumes.
EBITDA (□Cr)	18,789	+120.0%	N/A	↑	Reflects "Continuing EBITDA" scaling on higher PLFs and lower fuel costs.
EBITDA Margin %	31.1%	+1,100 bps	N/A	↑	Margin expansion via operational leverage and better fuel cost recovery.
PAT (□Cr)	Not in doc	N/A	N/A	→	PPT focuses on EBITDA/Cash flow; 9M PAT was □18,092 Cr (incl. one-time).
Installed Capacity (GW)	15.25	+11.7%	→	↑	Full-year benefit of 1,600 MW Godda plant.
Plant Availability (%)	90%	+700 bps	+100 bps	↑	High uptime maintained to ensure recovery of fixed capacity charges.
PLF (%)	65%	+1,700 bps	-360 bps	↑	Massive YoY jump from 48% due to stronger power demand and coal supply.
Sales Volume (BU)	79.3	+48.8%	N/A	↑	Up from 53.3 BU (FY23) on Godda and higher domestic utilization.
Net Senior Debt/ EBITDA (x)	0.9	-60.8%	-25.0%	↑	Significant deleveraging from 2.3x (FY23) and 1.2x (Q3).
Senior Term Debt/ Equity (x)	0.7	-63.1%	-12.5%	↑	Down from 1.9x (FY22) as retained earnings and debt prepayments flip the ratio.
Debt per MW (Senior - □Cr)	1.25	-24.2%	-24.2%	↑	Industry-leading low debt per unit of capacity.
ESG Score (S&P Global)	48	+41.1%	N/A	↑	Scored 48 vs world electric utility average of 34.

2B. SEGMENT BREAKDOWN

Segment	Capacity (MW)	PPA Tie-up	Fuel Strategy	Trend	vs Company Avg	Key Development
Near-Pithead (Mahan, Tiroda, etc.)	8,070	73% LT/MT	Domestic Linkage	↑	Higher Margin	Phase II Mahan (1.6 GW) under construction.
Coastal Assets (Mundra, Udupi)	5,820	94% LT/MT	Imported / Pass-thru	↑	Lower Margin	Improved dispatch as coal prices stabilized.
Transnational (Godda)	1,600	98% LT	Sovereign PPA	↑	High Margin	USD-denominated tariff; 3.5-year record execution.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume / Capacity	Reach 30,670 MW by FY30.	Needs 15.4 GW addition; 6.4 GW active + 3.1 GW M&A covers 60% of target.	High: Godda delivered ahead of peers.	Low
Guidance	Capex Plan	4.8 GW Brownfield + 4.3 GW Inorganic.	₹3,450 Cr for Coastal Energen (1.2 GW) is ~₹2.8 Cr/MW — highly feasible.	High: Turnaround of Mahan (MEL) is the blueprint.	Medium
Strategy	Capital Allocation	Maintain conservative leverage while expanding.	Current 0.9x Net Debt/EBITDA provides ₹25,000 Cr+ headroom for debt-funded capex.	High: Prepaid ₹2,000 Cr perpetuals in Q3.	Low
Strategy	Competitive Positioning	In-house "Mine-to-Plant" logistics.	Handling 60 MMTPA coal; infrastructure in place to scale to 100 MMTPA.	Reliable: 14,500 rake equivalents handled annually.	Low
Balance	Debt Target	Senior Term Debt/ Equity < 1.0x.	Currently at 0.7x; well ahead of internal targets.	High: Net Debt/ EBITDA halved in 12 months.	Low

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

(Comparison vs Q3 FY24 Context)

What Changed	Prior Quarter (Q3)	This Quarter (FY24)	Direction
Net Senior Debt/ EBITDA	1.2x	0.9x	↑
Senior Term Debt/ Equity	0.8x (Estimated)	0.7x	↑
Capacity Target	21,110 MW	30,670 MW	↑
Inorganic Pipeline	CEPL/LAPL under progress	Ongoing acquisitions expanded to 4,220 MW.	↑
ESG Performance	B Score CDP	88% CSR Hub Rating; constituent in FTSE4Good.	↑
Project Visibility	Mahan II Bidding	Mahan II Construction in full swing (BTG orders with BHEL).	↑

STOP HERE.