Adani Power Ltd — Mar 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline / Steady **One-line:** The thesis remains firmly intact as Adani Power (APL) maintains industry-leading deleveraging (1.33x Net Debt/EBITDA) while advancing a 13 GW growth pipeline, successfully navigating the normalization of merchant power prices.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Continuing EBITDA (□4,786 Cr) slightly lower YoY due to merchant tariff normalization, but volumes (23.3 BU) up 8.3%.	□
Earnings Quality	Moderate	Reported PAT (□2,940 Cr) includes □1,400 Cr of one-time contractual/carrying cost income; core ops are stable.	□
Guidance Confidence	Strong	Advanced ordering of 11.2 GW of equipment secured; 13.1 GW identified pipeline targets 30.7 GW by FY30.	□
Management Credibility	Strong	Successfully integrated recent acquisitions (Coastal, Korba) and maintained 90%+ availability across the fleet.	□
Business Quality Signal	Improving	Transitioned to a "growth-from-internal-accruals" model; Net Debt/EBITDA improved to 1.33x from 1.41x in Mar-24.	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only. No concall conducted or available.	□
The Street's Primary Anxiety	Bangladesh Concentration	PPT emphasizes Godda's USD-denominated tariff and transnational status, but remains silent on current receivable aging.	□
Capital Cycle Stage	Growth / Investment	Massive brownfield expansion underway; 6.12 GW currently in the "ongoing" project phase.	□
Margin / Return Ratio Trajectory	Normalizing	Continuing EBITDA margin at 37.7% (Q3) vs 38.5% (Q3 FY24) as merchant spreads compress from peak levels.	□
Pricing Power	Stable	87% of capacity is tied in LT/MT PPAs with fuel pass-through, insulating the core from price volatility.	□
FCF Conversion & Quality	Strong	Net Total Debt decreased by ~□1,800 Cr since Q2 FY25 (□28,991 Cr vs □30,813 Cr), despite ongoing capex.	□
Competitive Moat Signals	Widening	Only IPP with in-house mine-to-plant logistics (74 MMTPA coal handled), protecting margins for merchant units.	□
Balance Sheet Strength	Strong	Net Worth jumped to □60,482 Cr; Net Debt/Equity ratio at a record low of 0.48x (vs 0.62x in Mar-24).	□
Working Capital Efficiency	Stable	92% of PPA capacity has assured fuel cost recovery, reducing cash flow volatility from coal price spikes.	□
Mgmt Guidance Track Record	Reliable	Consistently hitting availability targets (>90%) and completing major acquisitions (Vidarbha/Butibori LOI received).	□
Key Vulnerability / Red Flag	Fuel Logistics	High dependency on domestic coal rakes (30 daily); any railway bottleneck directly impacts merchant PLFs.	□
Management Tone	N/A	Section not applicable — investor presentation only. No concall conducted or available.	□

Sentiment: □Positive | □Negative | □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** The deleveraging story is the highlight; Net Debt/EBITDA (TTM) at 1.33x provides a massive buffer for the upcoming □20,000 Cr+ annual capex cycle. Operating efficiency remains a benchmark, with 91% of 9M FY25 capacity achieving 90%+ availability. The 13.12 GW growth pipeline is now fully identified, providing clear visibility toward the 30.67 GW target. * **Negatives:** Continuing Revenue and EBITDA saw a slight YoY decline in Q3 (-3.4% and -5.4% respectively) as the merchant power "super-cycle" cools, with realizations falling from the prior year's highs. * **Street Concern:** While domestic operations are firing on all cylinders, the Godda (Bangladesh) asset remains a geopolitical risk. The presentation lacks updated receivable data for this unit, which was the primary analyst concern in the prior quarter. * **Forward Watchpoint:** Monitoring the turnaround of the newly acquired Vidarbha (600 MW) and the construction progress of Mahan Phase-II and Raipur Phase-II (3.2 GW combined).

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

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

Metric	Current Qtr (Q3 FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Continuing)	□12,692 Cr	↓ 3.4%	↓ 2.0%	→	Volumes up (23.3 BU), but offset by lower merchant realization.
EBITDA (Continuing)	□4,786 Cr	↓ 5.4%	↓ 11.4%	↓	YoY dip reflects higher O&M costs for newly acquired assets.
EBITDA Margin % (Cont.)	37.7%	↓ 80 bps	↓ 400 bps	↓	Margin compression due to lower merchant spreads.
PAT (Reported)	□2,940 Cr	↑ 7.4%	↓ 10.9%	→	Boosted by □1,400 Cr one-time income.
Net Total Debt	□28,991 Cr	↓ 26.5%*	↓ 5.9%	↑	Significant deleveraging from Mar-24 (□39,434 Cr).
Net Debt/EBITDA (TTM)	1.33x	↓ 71.2%*	↓ 5.0%	↑	Down from 4.62x in FY23; sector-leading leverage profile.
Installed Capacity (MW)	17,550	↑ 15.1%	→	↑	Growth driven by Lanco (Korba) and Coastal acquisitions.
Plant Availability (%)	92%	↓ 100 bps	↑ 200 bps	→	Consistently above the 85% regulatory threshold.
PLF (%)	64%	↓ 500 bps	↓ 300 bps	↓	Impacted by lower merchant demand in monsoon tail-end.
Sales Volume (BU)	23.3	↑ 8.3%	↑ 6.4%	↑	Driven by higher operational capacity vs Q3 FY24.
Fuel Security (%)	91%	→	→	→	LT/MT fuel supply agreements cover most domestic needs.
Net Worth	□60,482 Cr	↑ 40.2%*	↑ 4.3%	↑	Reflects retained earnings and bargain purchase gains.

**YoY change for balance sheet items is vs March 31, 2024.*

2B. SEGMENT BREAKDOWN

Segment	Capacity (MW)	Fuel Security	EBITDA Shield	Trend	vs Co. Avg	Key Development
PPA Tied	15,268 (87%)	91% Domestic FSA	Fuel Pass-through	→	Stable	Guaranteed recovery of fixed costs via 92% availability.
Merchant/Open	2,282 (13%)	E-auction/ Import	Market Linked	↓	Volatile	Realizations normalizing to ₹5-6/ unit from >₹7/unit peaks.
Transnational	1,496 (Net)	Imported Coal	USD Tariff	→	High Margin	100% supply to Bangladesh; critical for regional grid stability.
Under Construction	6,120	LT Linkage Bids	Regulatory ROE	↑	Future Growth	11.2 GW orders placed with BHEL to de-risk supply chain.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Capacity	30.67 GW Target.	Requires 13.12 GW addition. Pipeline of 12.52 GW organic + 0.6 GW acquisition identified.	**Met:** Added 2.3 GW in H1 FY25 via inorganic route.	BHEL equipment delivery timelines.
Guidance	Emissions	0.84 tCO2e/MWh by FY25.	Current 0.85 tCO2e/MWh. Feasible as Ultra-supercritical units (Godda/ Mahan) increase share.	**On Track:** Maintaining intensity below world average.	Integration of older stressed assets (Vidarbha).
Strategy	Inorganic	"Demonstrated capability to turnaround stressed acquisitions."	Needs to turn Coastal/ Korba EBITDA positive (currently transitioning).	**Reliable:** Successfully turned around GMR Chhattisgarh/Essar MP.	Workforce integration from NCLT assets.
Strategy	Fuel Assurance	Commercial mining to strengthen fuel control.	91% already secured; new bids linked to pre-assigned mines.	**On Track:** 74 MMTPA handled via in-house logistics.	Coal India allocation shifts.
Balance	Leverage	Maintain Net Debt/ EBITDA < 2.0x.	Current 1.33x. Ample headroom for ₹12,000-15,000 Cr incremental debt for growth.	**Exceeded:** Reduced Net Debt/EBITDA from 4.6x to 1.3x in 2 years.	Capex spike in FY26.

(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

What Changed	Prior Quarter (Q2 FY25)	This Quarter (Q3 FY25)	Direction
Net Total Debt	₹30,813 Cr	₹28,991 Cr	↑ Improving
Net Debt / Equity	0.51x	0.48x	↑ Improving
Net Debt / EBITDA (TTM)	1.40x	1.33x	↑ Improving
Inorganic Status	LOI for Lanco/Coastal closed	LOI for Vidarbha (600 MW) received	↑ Growth
One-time Income	₹598 Cr	₹1,400 Cr	↑ Non-core bump
Plant Availability	90%	92%	↑ Improving
Merchant Sentiment	Normalizing (~₹6/unit)	"Lower realization" (PPT text)	↓ Normalizing
Equity Base (Net Worth)	₹57,996 Cr	₹60,482 Cr	↑ Improving

Investor Notes: * **Earnings Quality Divergence:** There is a significant divergence between Reported EBITDA (₹6,185 Cr) and Continuing EBITDA (₹4,786 Cr). The difference of ₹1,399 Cr is a one-time "regulatory/contractual" gain. Long-term investors should value the business on the **₹4,786 Cr** core run-rate to avoid overstating the cash-earning potential. * **The Bangladesh "Wall":** Unlike the Q2 presentation, this deck omits the specific receivable figure ($790M previously). While the USD-denominated PPA is a structural positive, the lack of transparency on the current payment backlog is a minor negative for disclosure quality. * **Capex Funding:** With an annual core EBITDA run-rate of ~₹20,000 Cr and Net Debt/EBITDA at 1.33x, Adani Power is now in a unique position where it can fund its massive 13 GW expansion almost entirely through internal accruals and moderate incremental debt, avoiding equity dilution.

STOP HERE.