Adani Power Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline on Operations; Beat on Strategic De-risking. **One-line:** The thesis of APL as a "Massive Capacity Compounder" has shifted from theoretical to executable, as the company has now locked in 100% of critical equipment (BTG) for its 23.7 GW expansion and secured a "safety net" for Godda via the upcoming Indian grid connection.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Continuing EBITDA of □5,333 Cr matches the stable run-rate despite a 10% dip in merchant realizations.	□
Earnings Quality	High (Core driven)	Core operations driving 90%+ of EBITDA; one-time prior period items are consistent and not inflating growth.	□
Guidance Confidence	Strong	100% BTG ordering for 23.7 GW pipeline provides absolute protection against global equipment price inflation.	□
Management Credibility	Strong	Revived 600 MW Butibori plant within 2 months of acquisition and immediately signed a 500 MW PPA.	□
Business Quality Signal	Improving	Pivot from "Merchant Dependent" to "PPA Locked" (target 90%+) significantly lowers the earnings volatility floor.	□
Key Q&A Exchange	Q11: Godda Safety	Indian grid connection (Dec '25) allows Godda to sell to India if Bangladesh defaults; effectively erases sovereign risk.	□
The Street's Primary Anxiety	Expansion Funding	Concern over □2 Lakh Cr capex; mgmt confirmed ~□20k Cr annual FFO covers a large portion, keeping debt manageable.	□
Capital Cycle Stage	Growth Investment	Active construction on 6.1 GW; 100% land available for entire 23.7 GW organic pipeline.	□
Margin / Return Ratio Trajectory	Stable	TTM RoCE at 18.7% is healthy for an asset-heavy business in a massive expansion phase.	□
Pricing Power	Resilient	Won 12.3 GW of fresh PPAs recently; Assam L1 status (3.2 GW) at attractive rates (~□5.70+) reinforces dominant bid position.	□
FCF Conversion & Quality	Strong	TTM FFO of □19,947 Cr; company is generating enough cash to fund its amortizing debt and bridge initial capex.	□
Competitive Moat Signals	Widening	60% Brownfield expansion model gives APL a ~□1.5-2 Cr/MW cost and 2-year timeline advantage over greenfield peers.	□
Balance Sheet Strength	Strong	Net Debt/Continuing EBITDA (TTM) improved to 1.75x from 1.78x in Q1, despite ongoing capex.	□
Working Capital Efficiency	Improving	Godda receivables now only 0.5 months overdue; regulatory settlement cycle largely concluded.	□
Mgmt Guidance Track Record	Reliable	Delivered on capacity targets; acquisition turnaround (Mahan/ Raipur/Raigarh) producing cumulative □17,800 Cr+ EBITDA.	□
Key Vulnerability / Red Flag	Weather Volatility	Extended monsoon reduced PLF to 62.8%; highlights the sensitivity of short-term earnings to climate-induced demand shifts.	□
Management Tone	Assertive	Highly confident in "Thermal Renaissance" and ability to self-fund the 41.8 GW target.	□

Key Takeaways: * **Positives:** The most significant development is the absolute de-risking of the 23.7 GW expansion pipeline through 100% advance ordering of Boiler-Turbine-Generator (BTG) sets. By securing equipment now, APL bypasses the 3-5 year global lead-time bottleneck and shields its ₹2 Lakh Cr capex plan from inflationary spikes. Additionally, the Dec '25 deadline for Godda's connection to the Indian grid removes the "Bangladesh risk" overhang, providing a domestic alternative for the 1,600 MW unit's output. * **Negatives:** Performance was soft on a purely operational level due to an unprecedented extended monsoon, which dragged down Plant Load Factor (PLF) to 62.8% and cooled merchant tariffs by ~10% YoY (₹5.37 vs ₹5.88). While volumes rose, the mix-shift toward lower-priced merchant power and higher O&M from recently acquired units led to a flat YoY continuing EBITDA. * **Street Concern:** Analysts are focused on the "How" of funding a ₹202,000 Cr capex program over 7 years. Management's response—pointing to a TTM FFO of ~₹20,000 Cr—suggests they can self-fund the equity component, though bridge financing (seen in the ₹9,000 Cr debt increase since March '25) will be a recurring feature of the balance sheet. * **Forward Watchpoint:** Execution of the first 3,000 MW of new capacity in FY27. This will be the first "proof of concept" for the Adani Execution Engine in this new expansion cycle.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q2 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Continuing)	₹13,639 Cr	↑ 1.3%	↓ 0.9%	→	Flat YoY as higher volumes (23.7 BU) were offset by 10% lower merchant tariffs.
EBITDA (Continuing)	₹5,333 Cr	↓ 1.3%	↓ 7.1%	→	Impacted by lower merchant realization (₹5.37/kWh) and higher maintenance opex.
EBITDA Margin %	39.1%	↓ 100 bps	↓ 260 bps	□	Compression due to merchant pricing; partially offset by fuel cost optimization.
PAT (Reported)	₹2,906 Cr	↓ 11.9%	↓ 12.1%	□	Lower YoY due to higher deferred tax charges despite stable finance costs.
Net Debt	₹36,776 Cr	↑ 19.3%	↓ 1.8%	□	Down slightly from Q1 (₹37,437 Cr); bridge financing for capex and working capital.
Net Debt/EBITDA (TTM)	1.75x	↑ 24%	↓ 1.7%	□	Improved sequentially from 1.78x; remains comfortably within AA rating thresholds.
Installed Capacity (MW)	18,150	↑ 19.0%	→	□	Includes 600 MW VIPL acquisition; total portfolio scale now drives logistics synergies.
Plant Availability (%)	88%	↓ 300 bps	→	□	Impacted by scheduled maintenance/overhauling at recently acquired assets.
PLF (%)	62.8%	↓ 410 bps	↓ 420 bps	↓	Softness due to extended monsoon reducing overall and peak grid demand.
Sales Volume (BU)	23.7	↑ 7.7%	↓ 3.7%	□	Volume growth driven by new acquisitions (Coastal/Lanco) despite PLF headwinds.
PPA Realization (₹/kWh)	₹5.70	↑ 1.8%	↑ 1.6%	□	Stable long-term contracts provide a reliable margin floor.
Merchant Realization (₹/kWh)	₹5.37	↓ 8.7%	↓ 17.5%	↓	Pricing cooling from ₹5.88 last year; expected to rebound to ₹6.00 in H2.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	EBITDA (□ Cr)	EBITDA Margin	Trend	vs Co. Avg	Key Development
Mahan Energen	□1,049 Cr	□521 Cr	49.7%	↑	High	Turnaround success; Phase II (1,600 MW) in advanced construction.
Tuticorin (Coastal)	□677 Cr	□54 Cr	8.0%	□	Low	Undergoing scheduled overhauls to align with Adani operational standards.
Korba West	□339 Cr	□84 Cr	24.8%	→	Inline	Stable operations post-acquisition integration.
Merchant Capacity	Not in doc	Not in doc	Variable	↓	Lower	Impacted by lower exchange prices; strategy is to tie these up in medium-term PPAs.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume / Capacity	41,870 MW by FY32 (Adding 23.7 GW).	Needs ~3.4 GW p.a. addition. Feasible given 6.1 GW is already in active construction.	**Delivered:** Revived 600 MW VIPL (Butibori) within 2 months of takeover.	Environmental approval for Phase III.
Guidance	PPA Tie-up	Reach 90%+ tie-up for the entire 42 GW portfolio.	Currently at 16.3 GW (90% of operating). Recently won 12.3 GW of fresh bids.	**Met:** Signed 500 MW (MH) and 570 MW (KA) PPAs from existing open capacity.	Final bid award for 3.2 GW Assam.
Guidance	Capex Plan	□202,000 Cr total outlay over 7 years.	Requires □28.8k Cr annual spend. FFO of □20k Cr covers ~70% of equity portion.	**Met:** 100% BTG ordered (22.4 GW) to freeze equipment costs.	Civil construction labor shortages.
Strategy	Capital Allocation	Self-funded growth with low leverage.	Target Net Debt/EBITDA < 2.5x. Currently at 1.75x.	**Met:** Cleared all Unsecured Perpetual Securities (UPS) as promised in prior quarters.	Interest rate hikes on bridge loans.
Macro	Industry Demand	80 GW additional thermal needed by 2032.	APL aiming for ~30% share of India's total incremental thermal requirement.	**Delivered:** Won 9 GW out of 14.5 GW bids awarded by states recently.	Renewable+Storage cost parity.

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Manish Somaiya / Cantor Fitzgerald	Merchant Tariffs	Financials	What are the expectations for merchant and PPA tariff realizations in H2 given recent softness?	Management expects PPA rates to remain stable at ~□5.70, while merchant rates are projected to rebound to ~□6.00 as weather normalized. Stable PPA realization protects the downside, while H2 demand recovery will drive merchant upside.	None	4.0	Market Reality
2	4.5	Manish Somaiya / Cantor Fitzgerald	Capacity Tie-ups	Business Overview	Are there plans to increase the PPA portion beyond 88% to avoid pricing volatility?	Management confirmed recent tie-ups (500MW Maharashtra, 570MW Karnataka) have already pushed the portfolio tie-up ratio to 91%. Moving to a 90%+ PPA model materially lowers the company's risk profile and stabilizes credit ratings.	None	5.0	Strategic Shift
3	4.5	Manish Somaiya / Cantor Fitzgerald	Capex Funding	Capex and Allocation	How will the massive expansion capex be funded between internal and external sources?	Management stated that significant cash flow from existing assets will fund the majority of capex, with interim bridge financing from domestic markets as	Specific ratio of internal vs external for the □2L Cr plan.	3.5	Debt-Light Growth

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						needed. Self-funding ability reduces the risk of equity dilution or high-cost external debt.			
4	4.5	Abhinav / ICICI Securities	New Projects	Business Overview	What is the status of the 3.2 GW Assam bid?	APL is the L1 party, and the commission has passed the order; official communication is expected shortly. Securing the Assam PPA would be a major milestone, locking in roughly 13% of the future organic pipeline.	None	5.0	Imminent Catalyst
5	4.0	Abhinav / ICICI Securities	Asset Profitability	Financials	Can you share the EBITDA for the recently acquired Mahan, Tuticorin, and Korba plants?	Mahan delivered a strong ₹521 Cr EBITDA this quarter, while Tuticorin was lower at ₹54 Cr due to ongoing overhauls. Mahan's 50% EBITDA margin demonstrates the high-value potential of turned-around stressed assets.	None	4.5	Execution Proof
6	4.0	Shirom Kapur / Jefferies	Tender Pipeline	Business Overview	Can you quantify the 17 GW of bids currently in the pipeline?	Management revised the figure up to 22,000 MW, including Rajasthan (3.2 GW), UP (4	None	5.0	Massive TAM

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						GW), and Gujarat (4 GW). The expanding tender pool ensures APL has ample opportunities to tie up its 23.7 GW pipeline.			
7	4.5	Shirom Kapur / Jefferies	Expansion Timeline	Capex and Allocation	Are we on track for the 30 GW by FY30 target?	Management confirmed the first 12 GW addition is on track, with 3 GW commissioning next year and staggered additions through FY30. Clear visibility on near-term commissioning (FY27) provides the next catalyst for earnings re-rating.	None	5.0	Reliable Growth
8	4.0	Shirom Kapur / Jefferies	Equipment Vendors	Capex and Allocation	How has the BTG ordering been split between BHEL and L&T?	APL has assigned 8 machines of 800 MW (6.4 GW) to L&T, with the balance going to BHEL. Diversifying vendors reduces concentration risk and ensures supply chain resilience during a high-demand period.	Exact per-unit pricing.	3.0	Supply De-risked
9	5.0		Godda Safety Net	Management Outlook	Can Godda sell power to	Management confirmed	None	5.0	Major Milestone

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		Aniket Mittal / SBI MF			the Indian grid if Bangladesh defaults or fails to schedule?	connection to the Indian grid is expected by Dec '25, allowing APL to sell to India in case of payment default or persistent non-scheduling. This effectively converts Godda from a sovereign-risk asset to a flexible domestic-standard asset.			
10	4.0	Aniket Mittal / SBI MF	Godda Receivables	Financials	What is the status of total receivables for Godda?	Receivables are near normal, with only 0.5 months of overdue payments beyond the standard one-month credit period. Godda's cash flow profile has normalized, removing a major balance sheet anxiety for investors.	None	5.0	Risk Removal
11	4.0	Vipul Aggarwal / Investor	PPA Structure	Management Outlook	Will new PPAs have fuel cost pass-throughs to avoid Mundra-style issues?	Under new standard bidding documents, fuel costs are fully passed through based on operational heat-rate formulas, with capacity charges adjusted for WPI. This de-	None	5.0	Thesis Defense

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						risks the business from global coal price volatility, ensuring margin stability.			
12	3.5	Mahesh Somaiya / Cantor	Delivery Risk	Capex and Allocation	Are equipment deliveries on schedule given the aggressive expansion?	Deliveries are staggered (38 to 75 months), and current projects are running ahead of time with no cost overruns. High execution confidence suggests APL is effectively using its "Project Management & Assurance Group" (PMAG) moat.	None	4.5	Execution Moat
13	3.5	Nirav Shah / GeeCee	Mining Incentives	Management Outlook	Does the removal of the coal cess impact incentives for the Dhirauli mine?	The change is neutral for the company as coal cess/GST impacts are "Change-in-law" pass-throughs to the end customer. APL's mining advantage remains purely in "logistics and supply security" rather than tax arbitrage.	None	4.0	Operational Fact
14	4.0	Nikhil Nigania / Bernstein	Thermal Demand	Business Overview	Why are renewable-rich states like Gujarat still floating massive thermal tenders?	Management explained that states have realized battery storage is insufficient for baseload; thermal remains the	None	4.5	Macro Signal

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						only reliable source to balance the evolving grid. Thermal is being re-recognized as the "anchor" of energy security, not a dying legacy.			

PATTERN FLAGS & SENTIMENT * **The "Bangladesh Safety Net":** The dominant theme was the sovereign risk of the Godda plant. Management was assertive and prepared, revealing that the December 2025 grid connection to India acts as a permanent hedge. This significantly boosted sentiment as it transforms Godda from a high-risk gamble to a flexible asset. * **Expansion & Funding Confidence:** Multiple analysts probed the ₹2 Lakh Cr capex. Management's tone was calm, relying on the "1.75x Net Debt/EBITDA" and "₹20k Cr FFO" metrics to signal that they are not overleveraging. The confirmation that 100% of BTG equipment is already ordered was the single most credible de-risking point of the call. * **Thermal Resurgence:** A recurring theme was the macro-demand for thermal. Management's detailed explanation of the "State GST/Employment" benefits of in-state plants vs. "Pithead" logistics benefits showed a deep strategic alignment with state government priorities.

Analyst Sentiment Verdict: Analysts appeared highly convinced of the execution strategy. Friction regarding Godda was largely neutralized by the Indian grid connection update. The primary lingering skepticism is on the exact funding mix for the ₹2 Lakh Cr capex, but the company's AA rating and clean balance sheet post-UPS repayment have significantly improved management's credibility.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1 FY26)	This Quarter (Q2 FY26)	Direction
Expansion Status	11.2 GW BTG ordered	22.4 GW BTG ordered (100% of target)	↑ Improving
Bangladesh Risk	Godda receivables collecting	Grid connection to India (Dec '25) safety net	↑ Improving
Net Debt/EBITDA (TTM)	1.78x	1.75x	↑ Improving
PPA Tie-up Ratio	88%	91%	↑ Improving
New Bid Wins	2.9 GW (Bihar/MP)	12.3 GW cumulative recent wins (incl. Assam L1)	↑ Improving
Merchant Realization	₹6.51/kWh	₹5.37/kWh	↓ Deteriorating
Assam Status	Bid in progress	L1 status; commission order passed	↑ Improving
Asset Revival	VIPL acquisition closed	VIPL 600 MW revived and 500 MW PPA signed	↑ Improving
Thermal Tender TAM	17 GW pipeline	22 GW pipeline (incl. new Gujarat/UP bids)	↑ Improving

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