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Quarterly Result Update

Adani Power Ltd.

24nd July 2026

Adani Power Ltd

Reco BUY

Industry	Power
LTP (23 July, 2026)	212.2
Buying Range	210-215
Add on Dips	195-200
Target	240
Time Horizon	4 Quarters

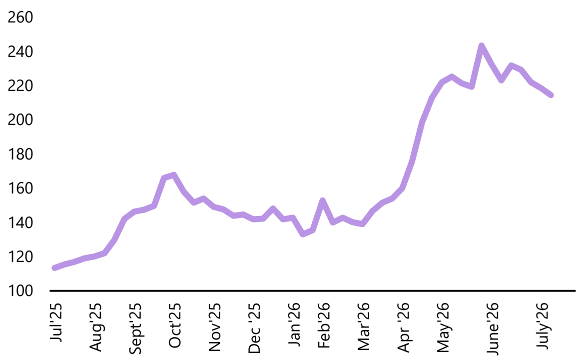
Stock Info

BSE Code	533096
NSE Code	ADANIPOWER
Bloomberg	ADANI IN
Equity Capital (Rs Cr)	3,857
Face Value (Rs)	2
Equity Share O/S (Cr)	1,928
Market Cap (Rs Cr)	4,09,279
Book Value (Rs)	33.7
Avg. 52 Wk Volumes	3,46,79,675
52 Week High	254
52 Week Low	110

Share Holding Pattern (%) (Jun'26)

Promoters	75.0
Institutions	15.8
Non-Institutions	9.2
Total	100.0

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Demand-driven Q1 performance; timely commissioning to drive next leg

Continuing operating revenue (Sale of power in the current period) increased by 28.08%/21% YoY/QoQ to Rs. 17,550 Cr, driven by a significant increase in power demand and higher realisations. Continuing EBITDA came in at Rs. 6,982 Cr, up 21.57% YoY, led by higher volumes and improved PPA tariff contribution. Operational revenues (Continuing + prior period recognition) came in at Rs 18,901.9 Cr (+34%/+32.9% YoY/QoQ) whereas Operating EBITDA grew by 39.8%/68% YoY/QoQ to Rs 7,948.7 Cr. Better unit realisations led to EBITDA margins rising to 42.1% against 40.3% in Q1FY26. APAT for the quarter was Rs 4,805.7 Cr against Rs 3,305.1 Cr in Q1FY26 (+42%/17% YoY/QoQ), with margins rising from 23.4% to 25.7% YoY

Generation/Sales volume came in at 31/28.8 BU in Q1FY27 against 25.7/24.6 BU in Q1FY26, led by capacity addition of 580 MW YoY. Average Realisations improved from 5.6 Rs/unit in Q1FY26 to 6.1 Rs/unit in the current quarter, primarily from higher PLFs (78% against 67% in Q1FY26) and PAFs (96% vs 89% in Q1FY26). Gross debt as of Q1FY27 stood at Rs 58,381 Cr and Net debt at Rs 47,463 Cr. Net Debt/Continuing EBITDA was 2.12x, indicating comfortable levels of debt for the company.

Adani Power has articulated an ambitious growth strategy to lead India's conventional power segment, with a planned capacity addition of 23.7 GW (excluding an additional 3 GW under proposal). This expansion is strategically positioned to address the intermittency challenges associated with renewable energy, while its tied-up sales model provides strong revenue visibility, with long-term PPAs already secured for around 56% of the upcoming capacity. Furthermore, the company maintains a prudent leverage profile supported by a robust cash position. Coupled with consistently superior return ratios driven by acquisition-led growth, these factors reinforce confidence in the company's fundamentals and justify a valuation premium relative to peers.

Accordingly, we raise our target FY28 EV/EBITDA multiple to 19x (from 14x earlier) (link), implying a Target Price of Rs 240. We recommend investors BUY the stock in the range of 215-210 and add on dips of Rs 200-195 as we expect APL to deliver revenue/EBITDA/PAT at a CAGR % of 18.8%/19.2%/10.4% over FY27E–FY29E, underpinned by aggressive capacity addition and prudent balance sheet management.

Key Earnings Concall Takeaways

- Management expects commissioning of Korba II (2x660 MW) in H2FY27 (before December end) and Mahan II (2x800 MW) Unit I by Q1FY28 and Unit II around Q2FY28.
- Guided capex of Rs 23,000/30,000/~35,000 Cr for FY27/FY28/FY29, with planned commissioning of 1,320/1,600/4,000 MW of thermal capacity, respectively.
- The Net Debt/EBITDA ratio is not expected to exceed 3x during the expansion phase and is guided to remain within a comfortable range of 2x–3x.
- APL is actively participating in bids for Korba II long-term PPAs; however, the plant is expected to operate on a merchant basis for the next 1–2 years.
- Management has secured a 25-year power supply agreement with Maharashtra DISCOM for 1,600 MW and has currently tied up 56% of upcoming capacity under long-term PPAs, with the stated objective of fully contracting the portfolio over time.
- The company is exploring the possibility of developing nuclear power capacity at Bina, evaluating both domestic and international technologies, with final decisions contingent on government guidelines and overall cost-effectiveness for Indian consumers.
- The company may evaluate increasing its stake in JP Power (currently 24%) as a strategic option to meet its proposed 3 GW capacity addition target.
- The recently acquired 180 MW Churk thermal plant is expected to take 6–9 months to become operational and currently has no PPAs tied to its capacity.
- A 570 MW hydro asset is under development in Bhutan, though its PPA and regulatory framework are yet to be finalised.
- Execution is progressing rapidly for Raipur Phase 2 and Raigarh Phase 2, with over 62% and 54% completion, respectively, and the 1,600 MW Mirzapur greenfield project has commenced execution.
- A gain of Rs 2,200 Cr in EBITDA was attributed to indexation of variable tariffs in certain PPAs, higher imported coal indices, and increased volumes.
- The acquired JP Power Ventures assets at Bina and Nigrie provide a sizeable land bank for future expansion, potentially accommodating additional thermal or nuclear capacity.

Valuation & Recommendation

Adani Power Limited is emerging as a key beneficiary of the renewed policy thrust on conventional generation, supported by its scale, diversified asset base and demonstrated execution capabilities. The forthcoming capacity addition is predominantly greenfield, with management indicating a selective approach to brownfield opportunities where they offer superior returns and execution visibility. Concurrently, the company intends to progressively contract its entire operational and upcoming capacity under long-term PPAs, thereby materially strengthening revenue visibility and curbing merchant exposure. This strategic mix of disciplined leverage, calibrated expansion and an increasingly contracted portfolio is expected to underpin a more stable earnings and cash flow profile, reinforcing the case for a valuation premium relative to peers.

Accordingly, we raise our target FY28 EV/EBITDA multiple to 19x (from 14x earlier) (*link*), **implying a Target Price of Rs 240. We recommend investors BUY the stock in the range of 215-210 and add on dips of Rs 200-195** as we expect APL to deliver revenue/EBITDA/PAT at a CAGR % of 18.8%/19.2%/10.4% over FY27E–FY29E, underpinned by aggressive capacity addition and prudent balance sheet management.

Risks & Concerns

- APL has steadily strengthened its long-term PPA portfolio with multiple state DISCOMs, materially enhancing revenue visibility and reducing merchant exposure versus peers. Recent competitive tariff wins further improve cash flow predictability and support funding for its expansion pipeline. However, the company has faced regulatory and contractual headwinds around tariff approvals, change-in-law treatment, and cost pass-through, particularly in relation to coal price and compensatory tariff disputes. Delays and scrutiny by state and central regulators have occasionally created timing and recovery risks on regulated returns.
- With a sizeable pipeline of under-construction thermal assets, the company remains exposed to execution risk, where delays stemming from regulatory approvals, supply-chain constraints, labour availability, or on-ground implementation challenges can result in prolonged capital being locked in non-revenue-generating projects. This in turn, raises interest during construction and cost overrun risk, and can compress project returns if contracted PPAs or underlying demand assumptions are subsequently revisited. In a backdrop of rising capex intensity and sustained reinvestment, persistent commissioning slippages have the potential to materially weigh on operating cash flows, leverage metrics and, ultimately, the company's ability to sustain its targeted return profile.

Financial Summary

Particulars (in Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	18,902	14,109	34.0%	14,223	32.9%	50,351	56,203	54,241	63,248	72,120
EBITDA	7,949	5,685	39.8%	4,732	68.0%	18,181	21,305	19,806	23,642	27,060
APAT	4,806	3,385	42.0%	4,107	17.0%	20,829	12,750	12,971	14,726	15,119
Diluted EPS (Rs)	2.5	1.8	41.6%	2.1	19.6%	10.8	6.6	6.7	7.6	7.8
RoE %						57.0	25.3	20.9	20.0	17.0
P/E (x)						19.6	32.1	31.5	27.8	27.0
EV/EBITDA (x)						24.0	20.8	23.1	19.4	17.3

(Source: Company, HDFC sec)

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Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginneRs They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peeRs Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Disclosure:

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