Adani Power Limited

January 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	21,805.99	CARE AA; Stable	Reaffirmed
Long-term / Short-term bank facilities	8,429.01	CARE AA; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	765.00	CARE A1+	Reaffirmed
Non-convertible debentures	6,000.00	CARE AA; Stable	Assigned
Non-convertible debentures	5,000.00	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings of Adani Power Limited (APL) draw strength from its extensive experience in thermal power generation as the largest private power producer in the country with operational capacity of 17.55 GW as on December 31, 2024. Ratings continue to factor in the strong operational performance in recent years as evident from high plant load factor (PLF) and reduction in receivables post receipt of favourable orders from regulatory authorities, which improved the company's liquidity profile.

Ratings further derive strength from strong revenue visibility through long-term/medium-term power purchase agreements (PPAs) aggregating to 87% as on 9MFY25 of its current operational capacity. The untied capacity is near the mines, resulting in low fuel cost, which improves tariff competitiveness in the open market. As on December 31, 2024, 91% domestic fuel requirement is secured through long/medium-term contracts mitigating fuel availability and price risk to a large extent. Ratings also factor in healthy plant availability factors (PAF; above normative levels) and improvement in PLF from 48% in FY23 to 65% in FY24 and 69% in 9MFY25.

CARE Ratings Limited (CARE Ratings) estimates earnings before interest, taxation, depreciation, and amortisation (EBIDTA) to sustain above ₹16,000 crore per annum for FY26, given the long-term PPA tie-up, ramp up of the recently acquired plants, strong merchant realisations, and overall buoyant power demand in the country.

Ratings are constrained due to company's aggressive capital expenditure plans, considering its stated goal of increasing operational capacity to 30 GW through organic/inorganic mode in the next 6-7 years. Capex for this expansion is estimated over ₹100,000 crore, including Flue-gas desulfurisation (FGD) capex, which would be funded from internal accruals and external debt. Successful commissioning of plants without major delays/cost overruns and healthy operational performance shall be a key monitorable. Ratings are also constrained by price and demand risks associated with merchant capacity. The exposure to state distribution utilities with weak-to-moderate financial profile exposes the company to counterparty credit risk.

CARE Ratings observes that the proposed issuance of non-convertible debentures (NCDs) will be allocated for the prepayment or repayment of existing debt, capital expenditures related to expansion projects, or general corporate purposes. Additionally, the proposed issuance will have a minimum tenure of three years.

CARE Ratings notes the company has completed the acquisitions of three thermal power projects with operational capacity of 2,300 MW in September 2024. APL has also announced merger of Adani Power Jharkhand (special purpose vehicle [SPV] operating 1600-MW Godda plant) with itself in September 2024. These events are credit neutral event since ratings are assigned on consolidated basis.

Regarding the ongoing regulatory scrutiny, Securities and Exchange Board of India (SEBI) has completed 23 of 24 investigations into the Adani group and is expected to complete the pending investigation shortly. Negative outcomes from conclusion of investigations over Adani group adversely impacting financial flexibility of APL will be a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in business risk profile as characterised by firming up of long-term PPAs at remunerative tariff for exposed capacity and significant traction in commissioning capacity under development.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

- Faster-than-expected deleveraging as reflected by total external debt to EBIDTA remaining below 2.25x on a sustained basis.

Negative factors

- Weakening operating performance with actual PAF remaining below normative levels on a sustained basis for tied capacity or lower PLF for open capacity.
- Delay in payments from counterparties, resulting in receivables staying above 120 days on a sustained basis.
- Dilution in leverage philosophy, resulting in total external debt to EBIDTA remaining above 3.0x on a sustained basis.
- Adverse regulatory action on APL or adverse outcome on the overall group constraining its financial flexibility.

Analytical approach: Consolidated, considering that APL (merged entities) has strong linkages with subsidiaries considering similar line of operations. Entities consolidated into APL are listed in **Annexure-6.**

Outlook: Stable

The 'stable' outlook reflects APL's ability to sustain its healthy operational performance, presence of long-term/medium-term PPAs, healthy realisation on merchant sales, and a steady level of receivables in the near-to-medium term.

Detailed description of key rating drivers:

Key strengths

Parentage of experienced Adani Group
Adani Group has evolved as a diversified conglomerate with strong interests in the energy sector. Adani Group has operations ranging from coal mining, coal import, port operations and logistics to coal-based thermal and renewable power generation, transmission and distribution and city gas distribution through listed group companies. Its long track record across the entire value chain of power provides significant synergetic benefits. As on December 31, 2024, promoters held 74.96% equity stake in APL, which is the holding company of Adani Group's coal-based thermal power generation business.

Long-term PPAs in place for off-take of majority power with diverse off-takers
In H1FY25, APL acquired three power plants for a combined capacity of 2,300 MW including Moxie Power Generation Limited (erstwhile Coastal Energen Private Limited [CEPL]), Korba Power Limited (erstwhile Lanco Amarkantak Private Limited [LAPL]) and Dahanu, respectively, for an enterprise value of ₹3,445 crore, ₹4,101 crore, and ₹815 crore, respectively, leading to a combined operational capacity of 17.55 GW. The acquisitions were funded by term loan of ₹1,800 crore for LAPL and balance from internal accruals. Of the operational capacity, APL has tied-up 87% as on December 31, 2024, of its gross power generation capacity with diverse set of off-takers. For the company's under-construction capacity, the company has secured PPAs for 2.92 GW assuring revenue visibility. None of the counterparties hold over 25% share in the overall power sale mix.

Sustained availability of domestic coal under all FSAs
APL has total domestic coal linkage for ~91% as on December 31, 2024, of its domestic coal requirement through long-term/medium-term fuel supply agreements (FSAs). Historically, there had been lower-than-committed supply of domestic coal by CIL under these FSAs due to mine related or logistics-related issues, which resulted in reliance on costlier imported coal. In the last 2-3 years, there has been significant improvement in domestic coal supplies by CIL to APL improving fuel security. The company has tied-up for domestic coal supply under SHAKTI policy for short/medium-term PPAs. the company is also developing captive mines, Gondkhari and Dhirauli, which will have a peak combined capacity of 8.5 metric tonne per annum (MMTPA). The company plans to obtain fuel from prospective mines assuring fuel supply.

Receipt of past regulatory receivables
Post the favourable judgement by the Honourable Supreme Court in March and April 2023 regarding change in law for domestic coal shortfall, the company has received most of the disputed dues from state discoms as compensatory tariff in FY23 and FY24. The resolution of past dues and subsequent receipt has resulted in favourable cash inflow aiding the company's overall financial risk profile. Adverse regulatory judgements regarding the company's projects shall remain a key monitorable.

Stable operating performance in FY24 and 9MFY25

The company's operational plants demonstrated satisfactory plant availability in the last few years. On a consolidated basis, the PLF improved to 65% in FY24 (PY: 48%) and 69% in 9MFY25 (PY: 62%). The company has relatively comfortable position under its domestic coal-based plants in merit order dispatch in respective states, and hence, receives higher scheduling.

Comfortable financial risk profile
APL has comfortable financial risk profile characterised by stable gross cash accruals (GCA) and acceptable leverage aided by comfortable coverage metrics. Owing to stable PAF ensuring fixed cost recovery under contracted capacity and healthy PLF aided by high power demand, the company's cash accrual is expected to remain stable. Overall gearing improved to 0.93x as on March 31, 2024 (PY: 1.68x). Interest cover stood at 5.37x in FY24 (PY: 2.84x). Average collection period also improved year-over-year (y-o-y) and stood at 67 days in FY24 (PY: 100 days).

Post the amalgamation of six entities, APL has replaced project debt of consolidated assets with a single corporate loan to harmonise terms and conditions, align loan amortisation with PPA cash flows and enhance financial flexibility. The company is also required to maintain DSRA equivalent to next six months' debt obligation, and Liquidity Reserve equivalent to 1.25x of next one year's debt obligation. It also requires to maintain six months' forward unfunded capex requirement as reserve.

Key weaknesses
Exposure to risk on lower merchant power tariff and demand
As on December 31, 2024, ~13% of the total installed power generation capacity of 17.55 GW of APL's subsidiaries lack long-term PPAs of APL on a consolidated basis, exposing it to merchant power tariffs and demand risk. Tariffs in merchant route have been high in the last 2-3 years considering satisfactory power demand and sustainability in the medium term shall be a key monitorable.

Exposure to counterparty credit risk, despite having payment security in place
The company has exposure to counterparty credit risk as a significant share of the total capacity is tied up with state discoms of Madhya Pradesh, Rajasthan, Maharashtra, Haryana, and Karnataka among others, which have moderate financial and operational risk profiles. However, debtor position has improved in the recent past considering several measures by GOI including liquidation of receivables under LPS scheme and favorable orders from regulatory authorities.

The company also has exposure with BPDB through PPA of Godda plant and receivable has been delayed. However, this is mitigated by lower cost of power from Godda Plant compared to alternate sources for BPDB and payment security mechanism per PPA (presence of letter of credit [LCs] and guarantee from Government of Bangladesh).

Aggressive expansion plans expose implementation risk

APL plans to double its current operational capacity to 30 GW by FY30-FY31 through a series of organic and inorganic acquisitions for an estimated capex of over ₹100,000 crore (trillion) including FGD capex, which would be funded from internal accruals and debt.

The company has also announced greenfield and brownfield expansion projects of 11,200 MW, exposing it to implementation risk. However, the company has already given the contract to Bharat Heavy Electric Limited (BHEL) for supply of key equipment and supervise erection and commissioning under the projects. CARE Ratings notes that APL has a strong track record of executing and turning around projects acquired through inorganic route.

Liquidity: Strong

The company's liquidity profile is characterised by stable GCA against its debt obligation and cash and cash equivalents (including undrawn working capital limits) of ₹7,434 crore as on December 31, 2024. The company currently maintains two quarters of debt servicing and is required to create additional liquidity buffer of five quarters of debt servicing as liquidity reserve account.

Environment, social, and governance (ESG) risks

Environmental	In its endeavour for climate readiness, APL is aligning its business model with latest technologies in climate efficient manner. Specific GHG emissions maintained at 0.85 tCO2e/MWh. Water intensity performance of APL is 2.35 m3/MWh for FY24, which is 33% lower than the statutory limit for hinterland plants (3.50 m3/MWh). APL scored 67/100 in Corporate Sustainability Assessment (CSA) for 2024 by S&P Global – better than world electric utility average score of 42/100. It also has a B Score for

	fulfilling climate change and water security commitments from Carbon Disclosure Project (CDP) for 2024. The company targets to install FGD under all its plant operations by FY28.
Social	APL is committed to its diverse range of programmes and projects undertaken in core areas of education, health, sustainable livelihoods, skill development, and community infrastructure such as Gyanodaya and Saksham.
Governance	About 50% of APL's board comprises independent directors. The company has a dedicated grievance redressal mechanism for its stakeholders and fully independent audit committee. APL formed the Corporate Responsibility Committee, which comprises 100% of independent members to provide assurance for all ESG commitments.

Applicable criteria

Definition of Default
Consolidation
Financial Ratios – Non financial Sector
Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Short Term Instruments
Thermal Power
Infrastructure Sector Ratings

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

APL is the holding company of the Adani group's coal-based thermal power generation business. APL (on a consolidated basis) has a total operational thermal power generation capacity of 17.51 GW and 40 MW of solar power plant. Projects are across Gujarat, Maharashtra, Rajasthan, Karnataka, Chhattisgarh, Jharkhand, Tamil Nadu, and Madhya Pradesh. It is the largest private thermal IPP in the country.

Brief Financials (₹ crore) – APL Consolidated*	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	38,100	50,294	28,517
PBILDT	9,457	18,202	11,692
PAT	10,727	20,829	7,210
Overall gearing (times)	1.68	0.93	0.68
Interest coverage (times)	2.84	5.37	7.23

A: Audited UA: Unaudited; Note: these are latest available financial results *per CARE Ratings Methodology

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-convertible debentures	Proposed	NA	NA	NA	5000.00	CARE AA; Stable
Debentures-Non-convertible debentures	Proposed	NA	NA	NA	6000.00	CARE AA; Stable
Fund-based - LT-Bank guarantee		-	-	-	2358.24	CARE AA; Stable
Fund-based - LT-Term loan		-	-	31-03-2037	19447.75	CARE AA; Stable
Fund-based - LT/ ST-Working capital limits		-	-	-	8429.01	CARE AA; Stable / CARE A1+
Fund-based - ST-Bill discounting/ Bills purchasing		-	-	-	765.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	-	1)CARE BBB+; Stable / CARE A2 (07-Apr-23) 2)Withdrawn (07-Apr-23)	1)CARE BBB- / CARE A3 (RWP) (27-Dec-22)	1)CARE BBB- / CARE A3 (CW with Positive Implications) (30-Mar-22)
2	Fund-based - LT-Term loan	LT	-	-	-	1)Withdrawn (07-Apr-23)	1)CARE BBB- (RWP) (27-Dec-22)	1)CARE BBB- (CW with Positive Implications) (30-Mar-22)
3	Fund-based - LT-Term loan	LT	19447.75	CARE AA; Stable	1)CARE AA; Stable (07-Jan-25) 2)CARE AA; Stable (02-Sep-24)	-	-	-
4	Fund-based - LT/ ST-Working capital limits	LT/ST	8429.01	CARE AA; Stable / CARE A1+	1)CARE AA; Stable / CARE A1+ (07-Jan-25)	-	-	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
					2)CARE AA; Stable / CARE A1+ (02-Sep-24)			
5	Fund-based - LT-Bank guarantee	LT	2358.24	CARE AA; Stable	1)CARE AA; Stable (07-Jan-25) 2)CARE AA; Stable (02-Sep-24)	-	-	-
6	Fund-based - ST-Bill discounting/ Bills purchasing	ST	765.00	CARE A1+	1)CARE A1+ (07-Jan-25) 2)CARE A1+ (02-Sep-24)	-	-	-
7	Debentures-Non-convertible debentures	LT	5000.00	CARE AA; Stable	1)CARE AA; Stable (07-Jan-25)	-	-	-
8	Debentures-Non-convertible debentures	LT	6000.00	CARE AA; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fund-based - LT-Bank guarantee	Simple
3	Fund-based - LT-Term loan	Simple
4	Fund-based - LT/ ST-Working capital limits	Simple
5	Fund-based - ST-Bill discounting/ Bills purchasing	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Adani Power (Jharkhand) Limited (APJL)	Full	Wholly Owned Subsidiary
2.	Pench Thermal Energy (MP) Limited	Full	
3.	Kutchh Power Generation Limited	Full	
4.	Adani Power Dahej Limited	Full	
5.	Mahan Fuel Management Limited	Full	
6.	Alcedo Infra Park Limited	Full	
7.	Chandenvalle Infra Park Limited	Full	
8.	Emberiza Infra Park Limited	Full	
9.	Resurgent Fuel Management	Full	
10.	Mirzapur Thermal Energy (UP) Private Limited	Full	
11.	Anuppur Thermal Energy (MP) Private Limited	Full	
12.	Korba Power Limited (Formerly known as Lanco Amarkantak Power Limited)	Full	
13.	Orissa Thermal Energy Limited (Formerly known as Padmaprabhu Commodity Trading Private Limited)	Full	
14.	Adani Power Global Pte. Limited	Full	
15.	Adani Power Middle East Ltd	Full	
16.	Moxie Power Generation Limited	Proportionate	Subsidiary
17.	Mahan Energen Private Limited	Proportionate	
18.	Adani Power Resources Limited	Proportionate	

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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