



Prime Stock

Short Term Fundamental Pick

Adani Power Ltd



TODAY'S PRIME STOCK (SHORT-TERM FUNDAMENTAL PICK)

Company Name: Adani Power Ltd

BSE CODE: 533096

NSE CODE: ADANIPOWER

Sector: Power Generation

Industry: Power generation & Distribution

Mrkt Cap (Cr)	2,85,915
P/E (x) TTM	13.7
Industry P/E(x) TTM	20.6
P/B (x) TTM	6.6
EV/EBITDA (x)	11.1

CMP (Rs): 744 | Buy Range: 730-745 | Target Price: 855 | Potential Upside: 15%
Duration of Recommendation: 3 Months

Adani Power is a part of Adani Group. It is India's largest private thermal power producer with a current capacity of 15210 MW at its 8 power plants. The co along with its subsidiaries sell power generated from these projects under a combination of long term Power Purchase Agreements, Short term PPA and on merchant basis.

Investment Rationale

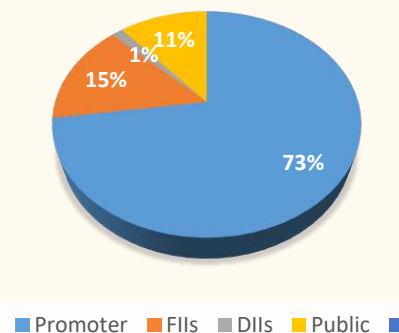
- **Largest Private Thermal Power Producer in India:** Adani Power is the largest private thermal power producer in India, with a substantial installed capacity of 15,210 MW across eight power plants. This scale provides a significant competitive advantage and a stable revenue stream from power generation.
- **Strong Market Position:** Adani Power accounts for 6% of India's total power generation from thermal power plants and 16% of all power generated by private sector thermal power plants. This strong market position indicates the company's significant influence and reliability in the power sector.
- **Expansion and Growth Plans:** Adani Power is engaged in significant expansion plans, including the construction of a 1,600 MW ultra-supercritical thermal power project in Madhya Pradesh and plans to increase total capacity to 22,000 MW. This indicates a clear strategy for growth and increased market share.
- **Favorable Power Sector Dynamics:** With India's power demand rapidly increasing and government projections raising the need for incremental thermal power installation from 50 gigawatts to over 80 gigawatts, Adani Power is well-positioned to benefit from this long-term demand growth.
- **Long-term Power Purchase Agreements:** Approximately 81% of the company's gross capacity is secured by long-term and medium-term power purchase agreements. This ensures a steady and predictable revenue stream, reducing the risks associated with market fluctuations.
- **Consistent Financial Performance:** Consolidated Revenue/EBITDA/PAT grew at a CAGR of 24%/28%/153% respectively over FY21-24 period. Company has maintained strong ROE and ROCE at 57% & 32% respectively. Company's consolidated total debt decreased from ₹42,252 crores as of March 31, 2023 to ₹34,457 crore as of March 31, 2024. This represents a significant reduction of ₹7,795 crores in total debt over the year.
- **Future Debt Reduction Plans:** Adani Power's strategic plans include further prepayment of senior secured term debt and repayment of unsecured subordinated debt.

Attractive Valuations: At CMP, stock is currently trading at P/E multiple of 13.7x on TTM earnings compared to industry P/E of 20.6x on TTM earnings. Company's TTM EV/EBITDA is 11.3x compared to industry EV/EBITDA of 14.3x, which indicates attractive valuations relative to its peers.

1-Year Price Performance



Shareholding Pattern



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