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Powering India's Investments

Stock Update

Adani Power Ltd

February 17, 2026

PRIME RESEARCH
Empowering decisions

Adani Power Ltd

Industry	LTP	Recommendation	Fair Value	Time Horizon
Power	Rs 144.4	BUY on dips in Rs 132-128 band and add between Rs 120-115 band	Rs 163	4 quarters

HDFC Scrip Code	ADAPOWEQNR
BSE Code	533096
NSE Code	ADANIPOWER
Bloomberg	ADANI IN
CMP February 17, 2026	144.4
Equity Capital (Rs Cr)	3,857
Face Value (Rs)	2
Equity Share O/S (Cr)	1,928
Market Cap (Rs Cr)	2,75,835
Book Value (Rs)	30.3
Avg. 52 Wk Volumes	1,94,09,309
52 Week High	183
52 Week Low	92.4

Share holding Pattern % (Dec, 2025)	
Promoters	74.96
Institutions	15.05
Non Institutions	9.99
Total	100.0

* Refer at the end for explanation on Risk Ratings

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Our Take:

Adani Power Limited is one of India's largest private thermal power generators, with an installed capacity of 18,150 MW as of December 31, 2025, primarily comprising coal- and lignite-fired plants. This positions the company with approximately 7% share of the nation's coal and lignite-based generation capacity (as of March 31st, 2025), underscoring its pivotal role in ensuring energy security amid surging demand. Its portfolio comprises 12 operational thermal assets across nine states, reflecting a diversified set of off-takers. The management has aggressively revised its long-term expansion targets to 41,870 MW by FY32, committing over Rs 2 lakh Cr in CAPEX for 23,720 MW of locked-in projects, with land secured and equipment orders placed—marking a step-up from prior 30.67 GW by FY30 plans.

Electricity demand is structurally underpinned by AI adoption, data centre growth, and urban mobility, while secular drivers — rising appliance penetration and a growing manufacturing base — reinforce the trajectory. The Indian government forecasts a 6% demand CAGR over F22–32E.

With thermal power essential for baseload supply and grid stability, MoP has targeted 97GW of new coal capacity by 2035. By 2047, coal-fired requirements are projected at 340GW, implying a 137GW net addition. Beyond greenfield needs, ~50GW of existing capacity retires by 2035 and ~100GW by 2047, necessitating a continuous pipeline of replacement capacity.

Adani Power currently has around 90% of its operational capacity and 49% of its locked-in portfolio tied up under long-term Power Purchase Agreements (PPAs), providing robust revenue predictability amid volatile merchant markets. Over the next 6-7 years, the management aims to pare merchant/open capacity to just 3-4% of the total portfolio through accelerated PPA tie-ups, further bolstering visibility while repositioning thermal assets as grid balancers for renewable integration.

Q3FY26 Result Update:

Operational Revenue for the quarter declined -8.9%/-7.5% YoY/QoQ due to muted power demand in the quarter. EBITDA also reported a de-growth of -15.6%/-17.7% YoY/QoQ to Rs 4,238 Cr while EBITDA margins were suppressed by 270bps to 34.0% in the current quarter. PAT for the quarter came in at Rs 2,479 Cr, declining -15.4%/-14.4% YoY/QoQ with margins compressing 150 bps YoY.
Consolidated power sale volume of 23.6 BUs in Q3 FY26, vs 23.3 BU in Q3 FY25, despite demand disruption due to early and prolonged monsoon as the company added 600MW in the trailing 9 Months. PLF % were lower for the quarter, at 62.6% vs 63.9% in Q3FY25.

Concall takeaways:

- Q4 power demand is expected to improve against the previous quarter, which will improve O&M availability and PLFs.
- Fall in imported coal prices ($104/tonne against $123/tonne) led to lower revenue for certain imported coal-consuming plants.
- Mahan Phase-II is about 80% complete. Raipur Phase-II is around 44% complete. Raigarh Phase-II is close to 38% complete. Construction at Korba Phase 2 project has also resumed. These projects are scheduled to be commissioned in phases from FY '27 onwards.
- Raigarh PPA signed at Rs 5.78/unit Tariff with a fixed charge component of Rs 4.5/unit
- In FY27, 2x660 MW – Korba Phase-II is expected to be commissioned; efforts are put to also commission Mahan Phase-II in FY27
- Merchant per unit realisation in Q3FY26 softened to Rs 4.37/kWh against 4.56/kWh. For 9MFY26, it is Rs 5.44/kWh whereas last year it was Rs 6.16/kWh. Management expects merchant realisation to improve back to Rs 6/kWh
- Long-term borrowing costs near 8.5%, working capital cost near 6.5-6.8%. W. avg. Cost of Debt <9%
- While capacity charges and energy efficiency contribute to EBITDA for the operational portfolio, capacity charges will drive 100% EBITDA for the upcoming capacities.

Valuation & Recommendation:

While the green energy revolution accelerates renewable capacity additions, conventional thermal power remains essential for grid stability, addressing intermittency issues, peak demand fulfilment, and congestion challenges from variable renewable supply. Coal and lignite-based plants continue to provide reliable baseload power, with government projections emphasising substantial thermal capacity additions in the coming decade to meet surging electricity needs. Policy support underscores this through ongoing project awards and construction pipelines, prioritising advanced supercritical technology for improved efficiency and lower emissions.

Adani Power Limited aligns closely with this national priority, pursuing aggressive capacity expansion primarily through efficient brownfield developments while enhancing its supercritical thermal fleet. The company secures competitive tariffs via long-term power purchase agreements, structured with fuel pass-through mechanisms to protect profitability amid market fluctuations. Recent PPA wins with multiple state DISCOMs further strengthen its operational and pipeline tie-ups, minimising merchant exposure while positioning thermal assets as grid balancers to support renewable integration. This strategy ensures sustained revenue visibility and healthy margins through operational excellence and strategic growth.

We recommend investors to **BUY the stock in dips of Rs 132-128 band and add in the range of Rs 115-120, with a Fair Value of Rs 163 (14x FY28E EV/EBITDA)** as we expect APL to grow its Revenue/EBITDA/PAT at a 14.1%/17.6%/13.2% CAGR between FY26-FY28E led by healthy realisations and capacity commissioning of 3.7 GW over the next 2 fiscals.

Key Risks:

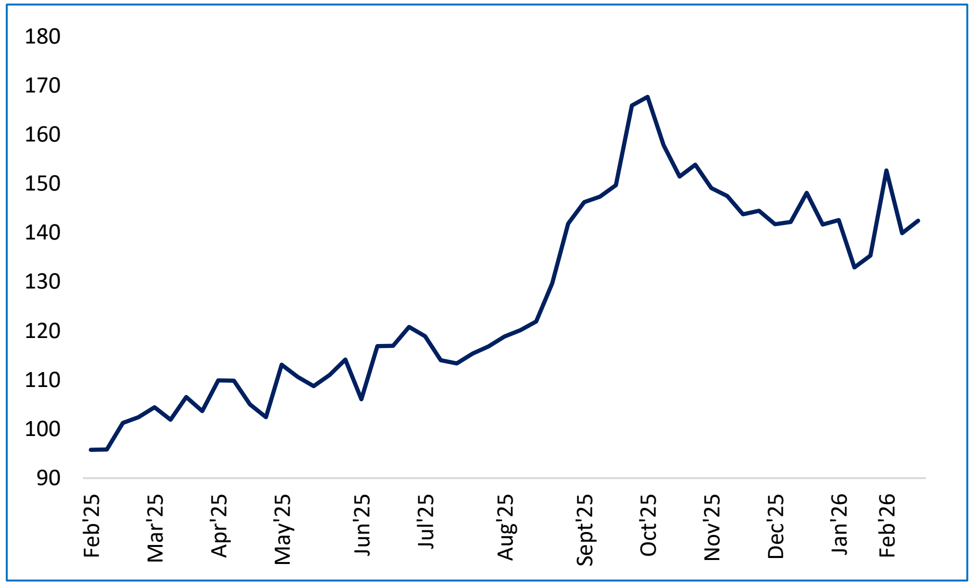
- APL primarily supplies power to state DISCOMs, which present counterparty risks due to their weak financial conditions. While the Late Payment Surcharge (LPS) policy has substantially mitigated this concern, rising receivables remain a potential issue.
- Execution delays in plant commissioning could severely impair financial performance as mounting finance costs take effect.
- Merchant exposure (representing approximately 10% of current operational capacity) could pressure margins if realisations remain soft going ahead
- The company plans to more than double its operational capacity, necessitating considerable debt uptake to fund the required capital expenditure, which would elevate debt levels.
- Muted power demand or slowdown in economic activity might mitigate anticipated growth due to lower power sales

Financial Summary:

Particulars (in Rs Cr)	Q3FY26	Q3FY25	YoY-%	Q2FY26	QoQ-%	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue from Operations	12,451	13,671	-8.9%	13,457	-7.5%	38,773	50,351	56,203	54,378	64,743	70,800
EBITDA	4,238	5,023	-15.6%	5,150	-17.7%	10,045	18,181	21,305	20,093	25,172	27,810
PAT	2,479	3,050	-18.7%	2,974	-16.6%	10,727	20,829	12,750	11,482	14,453	14,703
Diluted EPS (Rs)	1.3	1.6	-18.4%	1.5	-16.3%	5.6	10.8	6.6	6.0	7.5	7.6
RoE %						44.2	57.0	25.3	19.0	20.5	17.3
P/E (x)						30.1	15.5	25.3	28.1	22.3	22.0
EV/EBITDA (x)						31.7	16.8	14.6	15.5	13.0	12.4

(Source: Company, HDFC sec)

One-Year Price Chart



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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.

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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.

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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