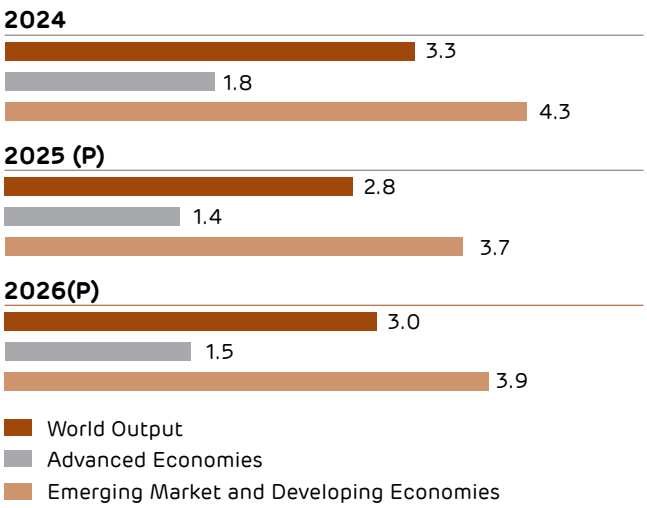
Management Discussion & Analysis

Global Economic Overview

The global economy in 2024 continued to face significant challenges and opportunities shaped by various economic, geopolitical, and policy-driven factors. Global GDP growth is expected to moderate, with a growth rate of 3.3% according to the 'World Economic Outlook' published by International Monetary Fund (IMF). Growth varies across regions, with advanced economies experiencing slower expansion, while emerging markets, particularly in Asia, maintain relatively stronger growth momentum.

Real GDP Growth



Geopolitical instability, notably the ongoing conflict between Russia and Ukraine, disruptions in global supply chains, and trade tensions between major economies like the U.S. and China, continue to impact global economic stability. Additionally, climate change policies and shifting regulatory landscapes influence investment decisions across industries.

Despite these challenges, the US economy proved resilient, growing by 2.8% thanks to a strong labour market and easing inflation. The Eurozone, however, saw slower growth of 0.9%, including a slight decline in Germany. Emerging markets, especially in Asia, maintained stronger growth, reaching 5.3% overall, driven by technology and infrastructure investment. China's economy expanded by 5.0%, helped by government policies and a recovering property market.

Global inflation is improving, projected at 5.7% in 2024, down from 6.7% in 2023. Advanced economies are expected to reach this target faster than emerging markets and developing economies, where the decrease may be slower. Inflation in advanced economies should average 2.6% in 2024, likely reaching target levels by late 2025. Emerging markets will see a slower, though positive, trend.

Major central banks significantly cut interest rates to address economic challenges and stimulate growth. The Federal Reserve lowered its federal funds rate by 1%, landing between 4.75% and 5% by late 2024. The European Central Bank followed suit, reducing its deposit rate to 3.0% by December from a peak of 4.0% earlier in the year. The Bank of England also lowered its key interest rate to 4.5% in November, from 5.25%, to support the UK economy amidst uncertainty. December 2024 saw the largest wave of rate cuts among G10 central banks since the pandemic, totalling 825 basis points for the year, representing an aggressive easing cycle not seen since 2009.

Global Energy Demand and Consumption Growth

Electricity demand continues to rise, primarily driven by increased industrial activity, urbanisation, and the adoption of energy-intensive technologies. Growth in electricity consumption varies by region:

Asia-Pacific

The fastest-growing region for electricity demand is experiencing rapid growth due to economic expansion and industrialisation, primarily in India and China.

North America & Europe

Moderate growth as these regions transition towards renewable energy sources and improve energy efficiency.

Africa & Latin America

Emerging markets exhibit strong growth potential, but infrastructure challenges remain a constraint.

The global energy landscape is undergoing significant changes, with renewable energy sources rapidly expanding to replace conventional fossil-fuel based sources and to meet increasing electricity demand. This growth in renewables is expected to stabilise global coal demand in the coming years. According to the International Energy Agency (IEA), after reaching a new high in 2024, global coal demand is projected to plateau through 2027, as the strong deployment of renewable energy curbs growth in coal use.

Additionally, the World Bank notes that while global coal consumption reached an all-time high in 2022, both coal prices and demand are expected to decline in the medium term, reflecting a reshaping of global energy trade.

(Source: iea.org, blogs.worldbank.org)

International Climate Goals

The global push for sustainability was a central economic agenda in 2024, with international climate policies influencing investment strategies and government priorities. The COP29 summit, held in November 2024 in Abu Dhabi, aimed to expedite the transition to clean energy, reduce carbon emissions, and advance net-zero commitments. Nations unveiled enhanced climate action plans focused on expanding renewable energy, decarbonising industries, and adopting green financing models. However, discussions were clouded by the United States' withdrawal from key international climate commitments, citing economic challenges and domestic priorities, raising concerns about global climate collaboration.

The US exit from the Paris Agreement created a significant void in global climate action. Just months earlier, at COP29, the US had pledged a substantial amount towards the $300 billion climate finance goal, indicating renewed commitment to addressing the climate crisis. This abrupt reversal undermined collective efforts to combat climate change and raised critical questions about the stability of global climate finance.

India's energy policy reflects a dual commitment of promoting renewable energy to achieve net-zero goals and ensuring coal-based power meets current and future energy needs. This balanced approach is essential for energy security and sustainable economic growth.

To reach net-zero emissions by 2070, India must integrate renewable sources while acknowledging coal's ongoing significance. Coal accounts for about 59% of the country's primary energy supply, underscoring its vital role in addressing rising energy demands. With energy consumption set to triple in the coming decades due to economic growth and improved living standards, India has ambitious coal production targets of 1.31 billion tonnes by FY 2024-25 and 1.5 billion tonnes by 2030, ensuring a stable energy supply for industrial and infrastructure development.

Despite advancements in renewables, coal remains central to India's energy strategy, with plans to add 30,000 MW of new coal-fired capacity, reinforcing its primary power source status. This pragmatic approach recognises coal's reliability and affordability as crucial for sustaining economic momentum while renewable infrastructure develops.

Outlook

The global economy is expected to grow steadily, with a projected 2.8% expansion in 2025 and 3.0% in 2026. This outlook is supported by strong performances from the United States and major emerging economies.

Global economic conditions in the coming years will depend on several crucial elements. US import tariffs on goods from China and other nations may affect the cost and availability of Chinese manufacturing inputs and spare parts. This could lead to higher manufacturing costs and product prices, impacting global competitiveness and export patterns. These changes may also have repercussions for infrastructure projects worldwide. The interaction of these factors shows the complexity of the global economy, requiring careful consideration and strategic planning by policymakers and industry leaders to maintain growth and stability.

US growth is projected to peak at 1.8% in 2025, then to 1.7% in 2026 due to shifting labour markets and reduced consumer spending. Eurozone growth is expected to recover to 0.8% in 2025 and 1.2% in 2026, driven by stronger consumption and easing inflation. Overall advanced economy growth is forecast to stabilise around 1.8-1.9% in this period.

Global disinflation continues, though some regions stagnate due to high inflation. Global inflation is projected to fall to 4.4% in 2025 and 3.5% in 2026, with advanced economies reaching targets first. Monetary policies remain divergent.

(Source: WEO)

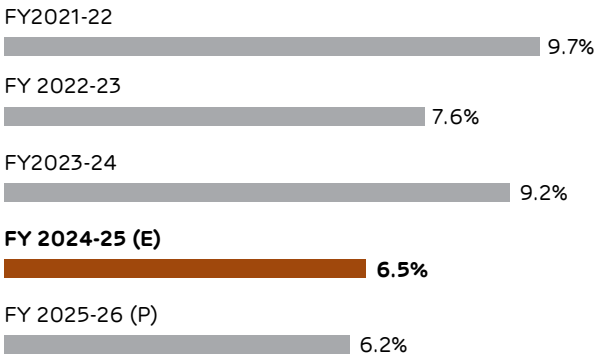
Indian Economy

Overview

India's economy continues to demonstrate resilience in face of global challenges and steady expansion based on its intrinsic strengths, maintaining its position as the fastest-growing major economy. The real GDP is estimated at 6.5% in FY 2024-25 according to the Second Advance Estimates, following an impressive

9.2% growth in FY 2023-24. This sustained momentum reflects the country's strong economic fundamentals, policy support, growing services sector and domestic demand, reinforcing confidence in India's long-term growth prospects.

The Government's strategic reforms, substantial investments in both physical and digital infrastructure, and initiatives such as 'Make in India' and the Production-Linked Incentive (PLI) scheme have been instrumental in enhancing the country's growth trajectory and self-reliance.



The services sector is projected to maintain strong growth at 7.2%, fuelled by healthy activity across financial, real estate, professional services, public administration, defence, and other service segments.

India is now the world's fifth-largest economy by nominal GDP and third-largest by Purchasing Power parity (PPP). The government aims for a $5 trillion economy by FY2027-28 and $30 trillion by 2047, driven by infrastructure investment, reforms, and technology adoption. Reflecting this commitment, the budget allocated for capital investment in the forthcoming financial year (2025-26) has risen to ₹ 11.21 lakh crore, which accounts for 3.1% of GDP.

Outlook

India is projected to grow at 6.2% in FY 2025-26. India is on track to become the world's third-largest economy by 2030, driven by infrastructure investment, private capital expenditure, and financial services expansion. Ongoing reforms support long-term growth.

India's positive outlook is underpinned by its demographic dividend, increased capital investment, proactive policies, and strong consumer demand. Improved rural consumption, driven by moderating inflation, further strengthens this trajectory. Government focuses on capital expenditure, fiscal discipline, and rising business/consumer confidence support investment and consumption.

Initiatives like Make in India 2.0, Ease of Doing Business reforms, and the PLI scheme aim to strengthen infrastructure, manufacturing, and exports, positioning India as a global manufacturing hub.

Anticipating inflation aligning with targets by 2025, a more accommodative monetary policy is expected. Infrastructure development and public policies will drive capital formation, while rural demand will be supported by initiatives like PMGKAY.

(Source: PIB, MoSPI, Economic Survey, IMF)

Union Budget 2025-26

The Union Budget 2025-26 presents a balanced, growth-oriented financial framework that addresses both immediate and long-term economic priorities. By raising the income tax exemption limit to ₹ 12 lakhs annually, the budget significantly increases disposable income for middle-class households, encouraging greater consumption and savings. With a strong focus on infrastructure development—particularly in roads, railways, and urban facilities—the budget aims to enhance connectivity, create jobs, and stimulate demand in related sectors. Support for the Production Linked Incentive (PLI) scheme and the "Make in India" initiative positions India as a global manufacturing hub while transforming India Post into a key player in improving logistics and financial inclusion in rural areas.

The budget also reflects a commitment to clean mobility and renewable energy through extended subsidies under the FAME India Phase II scheme and investments in EV charging infrastructure, promoting a greener economy. With a targeted fiscal deficit of 4.4% of GDP for FY 2025-26, down from 4.8%, the government emphasises fiscal consolidation, ensuring that growth-oriented reforms are pursued on a stable and sustainable path.

Indian Power Industry

India ranks as the third-largest producer and consumer of electricity globally, with an installed capacity of 466.25 GW as on Jan 31, 2025. The power sector plays a vital role in shaping the nation's infrastructure, fuelling economic progress, and improving the standard of living.

The Indian power industry has witnessed a significant transformation, transitioning from a power-deficit scenario to achieving surplus capacity through the integration of a unified national grid, enhanced distribution networks, and universal household electrification. With a diverse energy mix spanning conventional sources such as coal, natural gas, and hydro, as well as renewable options like solar, wind, and biomass, India is steadily building a sustainable energy future.

As of Jan 31, 2025 India's installed thermal energy capacity reached 245.9 GW and renewable energy capacity (including hydro) reached 212.17 GW, accounting for 98.25% of the total installed power capacity (excluding nuclear energy).

Driven by population growth, increasing electrification, and rising per capita electricity consumption, the nation's energy demand is on a continuous upward trajectory.

By 2031-32, India is committed to surpassing 500 GW of non-fossil fuel-based installed capacity, underscoring its focus on creating a resilient and sustainable power ecosystem.

(Source: IBEF.org)

The Central Electricity Authority (CEA) has recorded an all-India peak power demand of 256.53 GW in FY 2024-25, rising sharply from FY 2023-24. This rise is attributed to increased industrial activity and an unusually dry August, which led to greater reliance on pump sets for irrigation due to insufficient rainfall. In terms of units, the energy requirement in 2024-25 is expected to touch 1,736,357 MUS.

(Source: CEA Report)

Significant progress was made in the distribution and transmission sectors in FY 2023-24. AT&C losses improved to 15.4% in FY 2022-23, driven by better billing efficiency (87.0%) and collection efficiency (97.3%) (Source: 12th Annual Integrated Rating & Ranking: Power Distribution Utilities

To meet rising energy demand and support renewable integration, India plans to add an extra 80 GW of coal-based thermal power by FY 2031-32. This new capacity will be crucial in stabilising the energy grid, especially during peak demand periods or when renewable generation is low. The adoption of ultra-supercritical and supercritical technologies ensures this expansion will be environmentally efficient, with lower emissions intensity per unit of electricity produced.

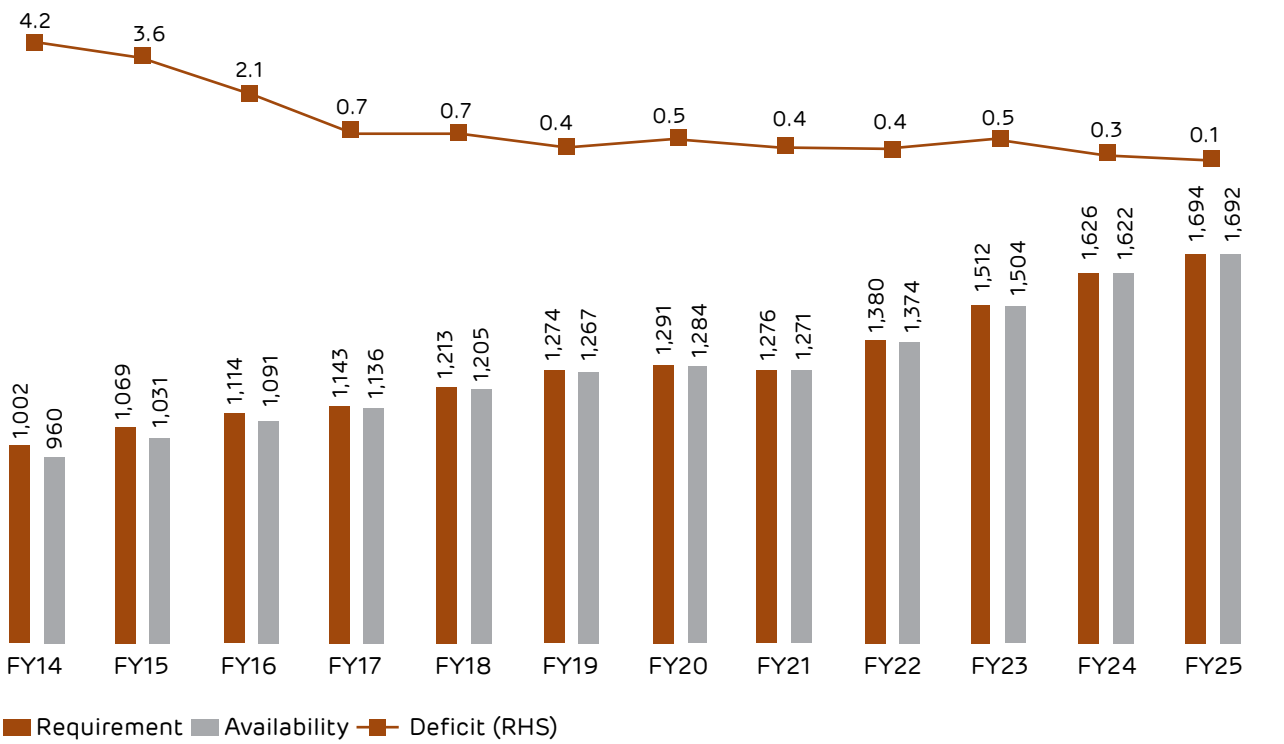
Power Demand – Supply

The demand for electricity has surged, particularly due to cooling requirements in the summer, leading to a record peak demand of 256.53 GW. Additionally, winter demand has also risen, reaching 235.45 GW this year, as reported by the Central Electricity Authority (CEA). These trends highlight the growing energy needs across the country.

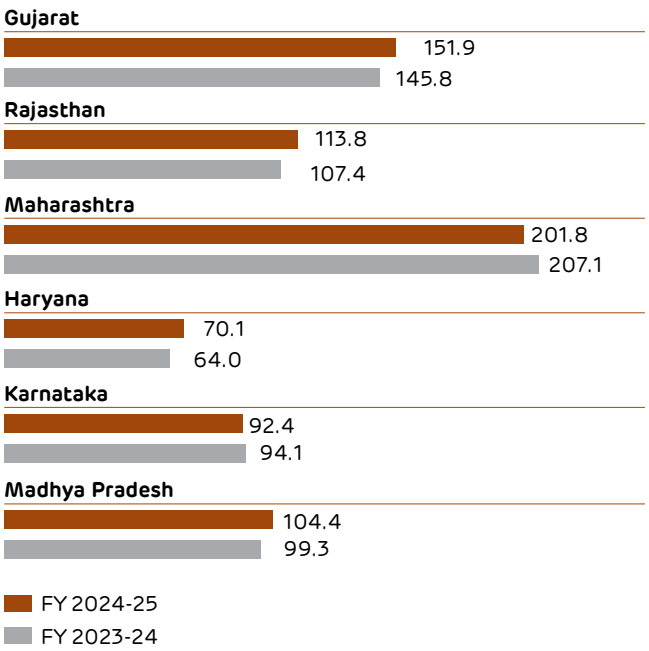
India's electricity requirement is projected to reach 1,626 billion units (BU) in FY 2023-24, reflecting a 7.5% year-on-year growth. From April to September 2024, demand hit 888 BU, a 5% increase compared to the same period last year, with a minimal supply deficit of 0.3%. Despite improvements, the peak unmet demand rose to 3.34 GW in FY 2023-24 due to increased demand. During this period, 4,112 million units (MU) of energy were not supplied. For April-September 2024, the peak unmet demand was just 0.002 GW, with 1,223 MU of energy not supplied.

Despite the growing share of renewable energy, the stability and reliability of conventional power generation remain key to meeting the country's electricity demand, ensuring uninterrupted supply amidst rapid demand growth.

Power Supply Position in India



Power Demand in Key States (BU)



Source: CEA

Coal Demand and Supply

In FY 2024-25, India's coal industry is poised for significant growth, driven by increased production and a strong demand-supply scenario. The Ministry of Coal reported that the all-India coal production for FY 2023-24 reached 997.83 million tonnes (MT), marking an 11.71% increase from the previous year. Coal India Limited (CIL) and its subsidiaries contributed 773.81 MT to this total, reflecting a 10.04% growth. The Singareni Collieries Company Limited (SCCL) also saw a production increase of 4.30%, achieving 70.02 MT in the same period.

(Source: Ministry of Coal)

Key Action Items	FY 2023-24	FY 2024-25*	FY 2025-26*	FY 2026-27*	FY 2027-28*
Atmanirbhar in coal (production capacity in MTPA	1000	1080	1280	1340	1390
New exploration strategy to saturate entire coal prognostic area (in sq km)	250	300	350	400	400
Achieve target of 120 lakhs meter (8500 sq km) of exploration in 10-12 years	7.5	8	10	12	12
Operationalisation off 100 new mines	18	20	22	25	18
Enhance coal production capacity by 500 MT	70	80	100	120	100
Achieve 75 MT underground coal production	35	40	50	60	65
Coking coal beneficiation-washing capacity of 60 MTPA	25	4.5	-	-	17
Acquire Critical Mineral blocks	-	-	1	-	1

* Target

In India the Coal demand in FY 2023-24 increased by about 11% against FY 2022-23. the Government of India has set ambitious targets to enhance domestic coal production. The aim is to achieve 1.3 billion tonnes by the fiscal year 2026-27 and 1.5 billion tonnes by 2029-30. This initiative is part of the broader goal to advance energy self-reliance and reduce dependence on coal imports.

Crude Oil Prices and Market Impact

Brent crude oil prices have been volatile, driven largely by geopolitical tensions and supply chain disruptions. In early 2024, prices hovered around $80-$90 per barrel, with projections indicating potential fluctuations depending on global supply and demand dynamics. The ongoing conflict between Russia and Ukraine has exacerbated concerns over energy security, leading to fluctuations in oil prices. OPEC+ production cuts and uncertainties in Middle Eastern geopolitical affairs also contribute to price volatility.

(Source: EIA.gov)

Newcastle thermal coal price (in USD/tonne Nominal)

The coal pricing outlook suggests a gradual decline in prices leading into 2024 and 2025. This trend is primarily driven by transitioning energy markets, a shift towards renewable energy, and decreasing global demand for coal. The long-term outlook indicates a softening market, influenced by geopolitical, regulatory, and environmental factors, reflecting a significant change in the coal landscape.

Thermal Coal Price	2025	2026	2027	2028	2029	LT (2025)
Average	126.7	119.6	112.0	103.9	102.5	98.5
Median	130.0	120.0	110.0	100.0	106.5	92.8

(Source: Refinitiv Research, KPMG Analysis)

Outlook

India's power industry is poised for transformative growth, driven by increasing demand, policy reforms, and advancements in technology. The country's economic expansion, rapid urbanisation, and industrialisation are key factors pushing energy requirements to unprecedented levels. The Central Electricity Authority (CEA) projects India's power demand to grow significantly, reaching 817 GW by 2030. This peak demand number includes demand from green hydrogen production, which will require renewable energy. We should talk about the projected peak demand of 388 GW in 2032. This growth trajectory places the power industry at the centre of India's development agenda.

Renewable Energy Expansion

India's commitment to achieving 500 GW of non-fossil fuel capacity by 2030 underscores the pivotal role of renewable energy in the country's energy transition. The integration of solar, wind, and other renewable sources is critical for meeting sustainability goals and reducing carbon emissions. However, as renewable energy sources are intermittent, a reliable base load power supply remains essential to ensure grid stability and energy security.

Incremental Thermal Power Capacity

To address the growing energy demand and support renewable energy integration, an additional 80 GW of coal-based thermal power capacity is projected to be added by FY 2031-32. This capacity will play a vital role in stabilising the energy grid, particularly during peak load conditions and times when renewable generation is low. The focus on adopting ultra-supercritical and supercritical technologies ensures that this capacity addition is environmentally efficient, with reduced emissions intensity per unit of electricity generated.

Technological and Operational Advancements

The industry is witnessing significant technological innovation, including smart grids, digital energy management systems, and advanced monitoring frameworks. Such developments enhance operational efficiency, reduce transmission losses, and support the integration of diverse energy sources into the grid. Additionally, improved project management practices are enabling faster execution of power generation and transmission projects.

Policy and Investment Support

Government initiatives such as the Revamped Distribution Sector Scheme (RDSS), Production Linked Incentive (PLI) schemes for solar manufacturing, and emphasis on green hydrogen are bolstering the power sector's growth. Increased private sector participation and foreign direct investment (FDI) further catalyse the industry's expansion.

Challenges and Opportunities

While the sector faces challenges like financial stress among distribution companies (DISCOMs) and the need for energy storage solutions, these also present opportunities for innovation and investment. The increasing adoption of energy storage systems, including lithium-ion batteries and pumped hydro storage, will play a crucial role in enabling a more reliable and sustainable power supply.

The Indian power industry stands at the cusp of a new era, balancing the dual imperatives of meeting growing demand and transitioning towards sustainable energy solutions. The strategic addition of 80 GW thermal power capacity and advancements in renewable energy integration are key to ensuring that India's power sector remains resilient, reliable, and ready for the future.

Business Overview

Adani Power Limited (APL), part of the diversified Adani portfolio, is India's largest private thermal power producer. With a total power generation capacity of 17,550 MW, APL operates thermal power plants across Gujarat, Maharashtra, Karnataka, Rajasthan, Chhattisgarh, Madhya Pradesh, Jharkhand, and Tamil Nadu alongside a 40 MW solar power project in Gujarat.

Holding structure and geographic spread		Capacity
Adani Power Ltd.	Bitta (GJ)	40 MWp
	Mundra (GJ)	4,620 MW
	Tiroda (MH)	3,300 MW
	Dahanu (MH)	500 MW
	Kawai (RJ)	1,320 MW
	Udupi (KA)	1,200 MW
	Raipur (CG)	1,370 MW
	Raigarh (CG)	600 MW
	Godda (JH)	1,600 MW
Mahan Energen Limited	Singrauli (MP)	1,200 MW
Korba Power Limited	Korba (CG)	600 MW
Moxie Power Generation Limited	Thoothukudi (TN)	1,200 MW
Total Capacity		**17,550 MW**

APL follows a two-pronged strategy of expansion through both organic and inorganic means. The Company's current capacity consists of 10,840 MW of assets built organically, while 6,710 MW capacity consists of assets acquired through various inorganic routes.

Despite challenges faced by India's power sector in the recent past, APL's resilient business model has demonstrated its capacity to adapt and thrive through prudence, persistence, and discipline. The Company has embraced cutting-edge technologies and practices that have set several benchmarks over the years.

As part of its growth strategy, APL continues to expand its generation capacity through organic and inorganic means, while maintaining a strong focus on sustainability. This commitment is underscored by APL's recognition in corporate sustainability, including a percentile score of 68 in the Corporate Sustainability Assessment by DJSI-S&P Global. APL has made significant strides in its ESG performance, achieving a 95% disclosure score, which surpasses the utility industry average of 42%. This impressive score has earned APL a spot on the shortlist for "The WDI Award" and recognition in the "Most Improved" category.

In addition, APL has successfully completed a Double Materiality assessment, allowing the Company to identify both impact and financial materiality, which is crucial for understanding its ESG risks and opportunities.

These achievements reflect APL's commitment to enhancing its sustainability practices and overall ESG performance.

Significant highlights in FY 2024-25

On September 6, 2024, the Company completed the acquisition of Lanco Amarkantak Power Limited (LAPL) for ₹ 4,101 crore, following approval by the Hyderabad bench of the National Company Law Tribunal in August 2024. This acquisition includes a 600 MW operational thermal power plant in Korba, Chhattisgarh, and a 1,320 MW plant under development.

On August 31, 2024, APL, as part of a consortium, completed the acquisition of Coastal Energen Private Limited (CEPL) under the Insolvency and Bankruptcy Code, 2016. The transaction involved payments ₹ 3,331 crore to financial creditors and ₹ 5 crore to operational creditors. As part of the acquisition, CEPL was amalgamated with Moxie Power Generation Limited (MPGL), a special purpose vehicle of the consortium in which APL owns a 49% equity stake, resulting in CEPL's dissolution and MPGL emerging as the surviving entity.

On September 30, 2024, APL acquired the 500 MW Adani Dahanu Thermal Power Station (ADTPS) from an associate concern through a business transfer agreement (BTA) for ₹ 815 crore. APL also plans to invest ₹ 450 crore over the next five years to extend the plant's lifespan and improve its performance.

These acquisitions increased APL's generation capacity to 17,550 MW, enhance operational efficiency and reliability, and strengthen its competitive position in the power sector. The Company has announced plans to expand its generating capacity to 30.67 GW by 2030, by undertaking brownfield expansions as well as greenfield projects.

APL has signed a 25-year Power Supply Agreement (PSA) for 1,496 MW (net) capacity with the Maharashtra State Electricity Distribution Company Limited (MSEDCL), which will be supplied from a new 2x800 MW (1,600 MW) Ultra-Supercritical Thermal Power Project (USCTPP). Fuel required for the PSA will be sourced under long-term Fuel Supply Agreement(s) (FSA) from

coal mines allocated to the State of Maharashtra under the provisions of Clause B(iv) of the SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India) policy. Power under the PPA will be supplied from a Phase-II 2x800 MW (1,600 MW) USCTPP expansion of APL's existing power plant at Raipur in Chhattisgarh. The execution of this Phase-II USTCPP at Raipur has started recently.

The Company's subsidiary Mahan Energen Limited ("MEL") is already executing the Phase-II 2x800 MW (1,600 MW) Ultra-Supercritical Thermal Power Project (USCTPP) for expanding the existing capacity of its power plant at Singrauli in Madhya Pradesh. The Phase-II capacity of the Mahan thermal power plant will supply power under a 25-year Power Supply Agreement of 1,230 MW (net) capacity to the Madhya Pradesh Power Management Company Limited. As of March 31, 2025, MEL has achieved 54% physical progress in the execution of the Phase-II project.

MEL had entered into a 20-year long-term PPA for 500 MW with Reliance Industries Limited ("RIL"), issued and allotted to it 5,00,00,000 "Class B" equity shares with face value of ₹ 10 each to RIL. This allotment enables RIL to source reliable power supply from the Mahan plant under the Captive User policy as defined under the Electricity Rules, 2005.

One unit of 600 MW capacity of MEL's Mahan thermal power plant, out of its aggregate operating and upcoming capacity of 2800 MW, was designated as the Captive Unit, and the requisite equity shares, amounting to 5.57% of post-issuance capital, have been allotted to RIL for securing eligibility under the Captive User policy.

The Company has taken effective steps to ensure timely execution of its ambitious capacity expansion target. It has already given advance orders to a leading Indian manufacturer of Ultra-supercritical Steam Generators (SG) and Steam Turbine Generators (STG) for supply of 11.2 GW SGs and STGs, comprising 14 Units of 800 MW capacity each, in view of the sizeable expansion plans. This will help secure the supply chain for the most critical components of the projects. The Company is now working on ordering various packages for these projects, including civil and mechanical work contracts for the SGs and STGs, Balance of Plant, Control & Instrumentation, etc. in a phase-wise manner.

India's liberalised commercial mining policy now allows power generators to obtain licenses for commercial mining of thermal coal without end-use restrictions. This creates an opportunity for augmenting fuel supplies for untied capacities and mitigating the risk of non-availability of coal under FSAs for tied-up capacities. MEL has acquired and amalgamated with itself Stratatech Mineral Resources Pvt. Ltd., a special purpose vehicle with a commercial mining license for the Dhirauli coal block at Singrauli in Madhya Pradesh. The Dhirauli mine will have an annual production capacity of 5MTPA, which will get augmented after entering the underground phase to 6.5 MTPA. Coal from this mine will be utilised by MEL's 1,200 MW power plant situated at the same location.

The Company's wholly owned subsidiary, Adani Power (Jharkhand) Limited, was amalgamated with the Company under a Scheme of Amalgamation duly approved by Hon'ble NCLT, Ahmedabad bench. The purpose of the amalgamation is to achieve, among others, an enhanced scale of operations, operational flexibility, organisational efficiency and optimal utilisation of various resources, an improvement in the credit profile of the combined entity with pooling of financial resources and optimisation of the capital structure, and an overall reduction in borrowing costs.

APL's credit rating has been upgraded to AA; Stable by CRISIL and India Ratings. It has also been rated AA; Stable by CARE Ratings and ICRA, which have recently initiated rating coverage on the Company. These ratings also apply to the Company's proposed issuance of ₹ 11,000 crore Non-Convertible Debentures (NCDs), which will allow it to diversify its sources of finance and provide funds for its proposed expansion plan.

The Committee of Creditors of Vidarbha Industries Power Ltd. (VIPL), a company undergoing Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, has approved the Resolution Plan submitted by the Company. Following this, the Company has received a Letter of Intent from VIPL's Resolution Professional. VIPL operates a 2x300 MW (600 MW) thermal power plant in Butibori, Nagpur, Maharashtra.

Operational Performance

For detailed insights into our operational performance, please refer to the Operational Performance section within this integrated report on page 90.

SWOT Analysis

As a key player with a significant generation capacity and a commitment to sustainable practices, this analysis provides insights into APL's internal strengths and weaknesses, as well as the external opportunities and challenges it faces in an evolving power landscape.

Strengths

- **India's Largest Private Thermal Power Producer:** Adani Power remains the largest private thermal power producer in India, with a total installed capacity of over 17 GW, strategically located across India. The Company's size and scale give it a competitive edge in the energy market.
- **Modern and Efficient Fleet:** 62% of Adani Power's existing power generation portfolio utilises the highly efficient and low emission Ultra-supercritical and Supercritical technologies, which reduce the amount of fuel needed to generate each unit of power, thereby reducing its carbon footprint. Furthermore, APL will utilise Ultra-supercritical technology for all its upcoming power plants, further enhancing its fleet of environmentally sound thermal power plants.
- **Strategic Location of Power Plants:** Adani Power's plants are strategically situated near coal mines and ports, reducing logistical costs and ensuring operational efficiency. For instance, the Mundra plant benefits from its proximity to the Adani Port.
- **Integration Across the Energy Value Chain:** As part of the Adani Group, Adani Power benefits from vertical integration across coal mining, port operations, and power generation, reducing dependency on external suppliers.
- **Transition to Cleaner Energy:** Adani Power has announced its commitment to reducing its carbon footprint, with pilot projects for 20% co-firing of green ammonia in the Mundra power plant and co-firing of biomass pellets at Kawai, aligning with India's energy transition goals.

Weaknesses

- **Thermal Power Dependency:** Adani Power's power generation capacity is almost entirely thermal-based, exposing it to risks from environmental regulations, fuel availability, and price volatility.
- **Regulatory Challenges:** Adani Power has faced tariff disputes and regulatory hurdles, such as delays in approvals for coal linkages and alternate coal cost recovery. These disputes have impacted profitability and cash flows.

Opportunities

- **Government Target for Thermal Power:** India's aim to achieve 500 GW of non-fossil fuel generation capacity by 2030 presents an opportunity for Adani Power to expand its thermal energy portfolio, as the renewable sources of power will not be able to fulfil the growing peak energy demand. As a result, the Government has revised its estimates and projected the requirement of 80GW of new thermal power capacity, of which a significant proportion will require investments by the private sector. The Company has already started development of a 11.2 GW project pipeline to capture this opportunity successfully.
- **Growing Power Demand in India:** With India's rapid urbanisation and industrialisation, power consumption is expected to grow at a CAGR of 6% until 2030, creating opportunities for capacity expansion.
- **International Expansion:** Adani Power's recent power supply tie-up with Bangladesh highlights its strategy of tapping into the demand potential of neighbouring countries to diversify revenue streams.
- **Technological Advancements:** Investments in supercritical and ultra-supercritical technologies for thermal power plants can reduce emissions and improve efficiency, aligning with global ESG (Environmental, Social, and Governance) standards.

Threats

- **Stringent Environmental Regulations:** With India's commitment to reducing carbon emissions under the Paris Agreement, regulatory pressures on thermal power plants are intensifying. This could impact operational costs for Adani Power.
- **Coal Price Volatility:** Adani Power's reliance on imported coal exposes it to price fluctuations in the global market, especially in times of geopolitical instability.
- **Intensifying Competition from Renewables:** Competitors of Adani Power are aggressively expanding their renewable portfolios, posing a threat to Adani Power's market share for supply of power under long and short-term contracts.
- Reputational Risks: The Adani Group has faced scrutiny over governance issues, which could affect investor confidence and hinder fundraising for future projects.

Financial Performance

For FY 2024-25, the Consolidated Total Income decreased by 2.3% to ₹ 58,906 crore, compared to ₹ 60,281 crore in FY 2023-24. However, consolidated continuing total revenues were higher by 11% at ₹ 56,473 crore in FY 2024-25 vs ₹ 50,960 crore in FY 2023-24. This growth was supported by higher sales volumes, capacity expansion and offset partially by lower tariff realisation. Total Income for the year includes recognition of prior period revenue amounting to ₹ 2,433 crore, compared to ₹ 9,322 crore in FY 2023-24 attributable to resolution of all major regulatory matters and realisation of outstanding dues from DISCOMs in the previous year.

One-time prior period operational revenue recognised during FY 2024-25 stood at ₹ 1,700 crore, rose from ₹ 683 crore in FY 2023-24. Higher operational income was reported in the current year due to the resolution of significant regulatory petitions and appeals related to change-in-law claims for domestic coal shortfalls under various PPAs.

Prior period Other Income for FY 2024-25 was ₹ 733 crore, as compared to ₹ 8,638 crore in FY 2023-24. This category primarily includes carrying costs on regulatory claims and late payment surcharges on delayed customer payments. The current year witnessed a lower quantum of claims under these heads.

Consolidated EBITDA for FY 2024-25 down by 15% to ₹ 24,008 crore, compared to ₹ 28,111 crore in FY 2023-24. However, consolidated continuing EBITDA for FY 2024-25 higher by 15% at ₹ 21,575 crore vs ₹ 18,789 crore in FY 2023-24. This increase was primarily due to higher revenue generation and lower fuel prices. The Company's strategically located open capacity near major coal mining regions continued to benefit from rising demand in the merchant power market and favourable short-term tariffs, leveraging its logistical advantage for fuel sourcing.

Adani Power's PPA capacity realised a slightly lower average net tariff for FY 2024-25 (excluding past-period revenues) compared to FY 2023-24. This decrease was due to reduced imported fuel prices, which led to lower change-in-law revenue recovery. Similarly, open capacity realised lower average tariffs during the year, but this was offset by a significant increase in power demand across the country.

Depreciation for FY 2024-25 rose to ₹ 4,309 crore, compared to ₹ 3,931 crore in FY 2023-24, Mainly on account of the newly acquired power plants.

Finance Costs for FY 2024-25 were ₹ 3,340 crore, slightly lower than ₹ 3,388 crore in FY 2023-24. This decrease was primarily due to reduced interest charges on existing borrowings due to improved credit ratings, offset by increment in secured and unsecured debt during the year and acquisition of new power plants.

Profit Before Tax for FY 2024-25 was ₹ 16,360 crore, as against ₹ 20,792 crore in FY 2023-24. Profit After Tax was ₹ 12,750 crore, down from ₹ 20,829 crore in the previous year.

Total Comprehensive Income for FY 2024-25 stood at ₹ 12,747 crore, compared to ₹ 20,801 crore in FY 2023-24.

As of March 31, 2025, Total Borrowings were ₹ 38,335 crore, increased from ₹ 34,457 crore as of March 31, 2024. This increment is on account of acquisition debt for KPL and higher working capital borrowings in line with the increased scale of operations. Total Equity, including Unsecured Perpetual Securities (UPS), was ₹ 57,674 crore as of March 31, 2025, up from ₹ 43,145 crore as of March 31, 2024.

Performance of Subsidiaries

Financial Performance of MEL:

Total Income for FY 2024-25 increased by 11% to ₹ 4,220 crore, compared to ₹ 3,804 crore in FY 2023-24, driven by higher volumes from new capacity tie-ups under a long term PPA and increased merchant sales.

EBITDA for the year grew by 27% to ₹ 1,893 crore, compared to ₹ 1,493 crore in the previous year, supported by higher volumes and lower fuel costs.

Depreciation for FY 2024-25 was ₹ 270 crore, as against ₹ 98 crore in FY 2023-24, on account of higher depreciation due to reversal of impairment provisions. Finance Costs increased to ₹ 441 crore from ₹ 374 crore in FY 2023-24, due to one-time impact of other finance costs on account of capitalised other borrowing costs being charged to P&L.

Profit Before Tax and Exceptional Items increased to ₹ 1,182 crore in FY 2024-25, as against ₹ 1,021 crore in the previous year. Exceptional Items were NIL for FY 2024-25, in comparison to, Exceptional items of ₹ 2,950 crore during FY 2023-24, reflecting a reversal of impairment provisions following improved company performance. Profit After Tax for FY 2024-25 was ₹ 374 crore, compared to ₹ 3.057 crore in FY 2023-24. Total Comprehensive Income for the year was ₹ 373 crore, ₹ 3,057 crore in the previous year.

Financial Performance of MPGL:

The Company, as part of a Consortium in which it has a 49% share, acquired Coastal Energen Private Limited ("CEPL"), a company with a 2x600 MW (1,200 MW) operational thermal power plant in Thoothukudi District of Tamil Nadu and undergoing a Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code. The acquisition process was completed on August 31, 2024. CEPL was simultaneously amalgamated with Moxie Power Generation Ltd. (MPGL), a special purpose vehicle of the acquiring Consortium. MPGL has a 558 MW (gross) PPA with Tamil Nadu DISCOM.

MPGL, reported Total income of ₹ 1,587 crore for FY 2024-25 and EBITDA of ₹ (127) crore. Depreciation charge and Finance costs for FY 2024-25 were ₹ 212 crore and ₹ 149 crore, respectively. MPGL, reported loss before Tax of ₹ 488 crore for FY 2024-25. The Total Comprehensive loss for FY 2024-25 was ₹ 371 crore.

Financial Performance of KPL:

The Company acquired Lanco Amarkantak Power Limited ("LAPL"), a company undergoing the Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, on September 6, 2024. Subsequent to the acquisition, the name of LAPL was changed to Korba Power Limited ("KPL"). KPL has an operational thermal power capacity of 2x300 MW (600 MW) at Korba, Chhattisgarh, which supplies power to Haryana and Madhya Pradesh DISCOMs under Power selling arrangements with Power Trading Corporation Ltd. It also has an under-construction project of 2x660 MW (1,320 MW) at the same location.

KPL contributed ₹ 742 crore towards Consolidated total income and ₹ 187 crore towards Consolidated EBITDA. KPL's contribution to depreciation charge and finance cost was ₹ 11 crore and ₹ 94 crore, respectively. KPL's contribution to total comprehensive income for financial year 2024-25 was ₹ 61 crore.

Key Ratios (Adani Power Consolidated)

Adani Power Consolidated Ratios	FY 2024-25	FY 2023-24
Debtor Turnover (Days) Total Trade Receivables to Total Revenue (360 days)	80	70
Inventory Turnover (Days) Inventory to Fuel Cost (360 days)	29	44
Senior Debt Interest Coverage Ratio (x) EBIT to Interest on Term Debt and Working Capital Borrowings	6.65	8.44
Current Ratio (x) Current Assets to Current Liabilities	1.60	1.62
External Debt to Net Worth (x) Senior External Debt (Total Borrowings less Loans from related parties) to Total Equity	0.66	0.80
External Debt to EBITDA (x) Senior External Debt (Total Borrowings less Loans from related parties) to EBITDA (PBT + Finance Cost + Depreciation)	1.60	1.22
EBITDA Margin (%) EBITDA to Total Revenue	41%	47%
PAT Margin (%) PAT to Total Revenue	22%	35%
Return on Equity (%) PAT to Total Equity	22%	48%

1. **Inventory Turnover (Days)** ratio improved by 15 days in FY 2024-25 to 29 days from 44 days in FY 2023-24, due to improved inventory sourcing and working capital management leading to lower inventory levels.
2. **Senior Debt Interest Coverage Ratio** declined to 6.65x in FY 2024-25 from 8.44x in FY 2023-24, primarily due to lower reported EBIT on account of a lower one-time prior period income in FY 2024-25 of ₹ 2,433 crore as compared to ₹ 9,322 crore in FY 2023-24.
3. **External Debt to EBITDA** ratio increased to 1.60 in FY 2024-25 from 1.22 in FY 2023-24 due to higher long term and working capital debt on account of increased level of operations as well as lower reported EBITDA on account of lower one-time prior period income.
4. **Return on Equity** moderated to 22% in FY25 from 48% in FY24, primarily due to lower one-time prior period income leading to lower PAT in FY25 and higher net worth on account of higher retained earnings.

Strategic Growth Roadmap (Outlook)

Through the Company's diverse portfolio and extensive infrastructure projects, is strategically prepared to leverage the increasing energy demand in India and globally. Its growth roadmap is built on strengths in energy production, operational efficiency, and sustainability while focusing on both expansion and technological enhancements.

Capacity Expansion

Adani Power aims to scale its capacity to 30.67 GW through a mix of organic growth and acquisitions. Active projects and newly secured contracts highlight the Group's commitment to doubling its operational scale by 2032 to address India's growing energy needs.

Focus on Renewable Integration

The Group's plan incorporates coal-based base load power to support the integration of over 500 GW of renewable energy into India's grid by 2030. Investments in ultra-supercritical and supercritical technologies are geared towards lowering emissions intensity while meeting the rising demand for reliable power.

Operational Excellence

Advanced project management systems and technologies, such as the Energy Network Operation Centre (ENOC), provide real-time monitoring, analytics, and decision-making support. These innovations improve plant availability, operational reliability, and revenue predictability.

Global Expansion

With successful transnational projects like the Godda Thermal Power Plant in Jharkhand, which supplies power to Bangladesh, Adani Power demonstrates its ambition to establish a strong presence in the international energy market.

Sustainability Focus

The Group is committed to minimising greenhouse gas emissions, enhancing water utilisation, and advancing sustainable practices. Recognitions such as ESG ratings and inclusion in the FTSE4Good Index Series highlight its leadership in responsible and sustainable energy production.

Innovative Financing and Governance

With a solid credit profile and advanced financial management strategies, Adani ensures financial resilience and the ability to pursue ambitious growth plans. Its governance policies, emphasising transparency and accountability, further enhance investor and stakeholder confidence.

Risk Management

Adani Power has implemented a comprehensive Enterprise Risk Management (ERM) framework to effectively identify, evaluate, and address various operational, strategic, and regulatory risks. This structured approach aligns with the Company's commitment to delivering sustainable value while ensuring a systematic and integrated methodology for managing risks.

The framework includes regular risk assessments, which are embedded into the Company's annual Internal Audit programme. These assessments are reviewed periodically by the Audit Committee and the Risk Management Committee to ensure ongoing oversight and timely intervention.

In adherence to Regulations 17 and 21 of the SEBI Listing Regulations, the Board of Directors has formulated a Risk Management Policy to guide the implementation and monitoring of the Company's risk management strategies. The Board is regularly updated on significant risks and the measures undertaken to mitigate or eliminate these risks wherever possible.

Risk evaluation and management are integral and continuous processes within the organisation. Further details about the risk management framework are provided in the Risk Governance section under the Strategic Review section of the Integrated Report.

Human Resources

Employees are viewed as the foundation and considered as the Capital of the Company's success at Adani Power. The organisation prioritises enhancing employee skills and knowledge to increase productivity, demonstrating a strong commitment to building a capable and engaged workforce. With an average employee age of 38 years, the workforce reflects a blend of energy, enthusiasm, and experience.

Employee safety and wellbeing remain a top priority at Adani Power, with initiatives like Chetna designed to equip employees with essential skills to maintain a safe working environment. Safety continues to be a guiding principle in creating a secure workplace.

The Company has cultivated a dynamic workplace culture focused on capability development, employee engagement, governance, and digital transformation. To streamline and optimise employee lifecycle management, Adani Power has implemented the Oracle Fusion Digital HR Tool. This platform integrates learning modules and real-time performance appraisals, enabling efficient and standardised management processes.

Skill evaluation and development are emphasised across all functions and services. Insights from employee surveys and studies have driven targeted initiatives, promoting higher engagement and alignment with organisational objectives. Valuing the importance of young talent, the Company actively invests in Graduate Engineer Trainees (GETs) and Management Trainees (MTs), refining their skills and preparing them for leadership roles instead of relying on lateral hiring.

A focused approach to succession planning ensures that high-potential professionals and young managers are groomed for critical roles. Leadership development efforts are bolstered through programmes such as Fulcrum, the Adani Leadership Acceleration Program, Takshashila, and North Star. Conducted in partnership with leading management institutes, these initiatives aim to develop a skilled leadership pipeline equipped to meet future challenges.

Internal Control Systems

The Company has established comprehensive internal control procedures tailored to its scale and operations. These controls are overseen by the Board of Directors, who are responsible for setting guidelines and ensuring their adequacy, effectiveness, and consistent application.

The internal control framework is designed to promote operational efficiency, ensure the accuracy and reliability of accounting and management information, and comply with all applicable laws and regulations. It also safeguards the Company's assets by facilitating the timely identification and management of risks, including operational, compliance-related, economic, and financial risks.

Risk management: Risk Mitigation Matrix

Scenario	Risks	Mitigation Measures
Mergers and acquisitions	▪ Incorrect target selection ▪ Inadequate due diligence ▪ Incorrect assessment of future synergies, potential benefits from the transaction, or fund infusion requirements	▪ Creation of established criteria for target co. selection based on key parameters such as project status, PPA tie-up, technology ▪ Formation of inter-departmental teams, with each team to focus on its core area for due diligence ▪ Ensuring that all information that is sought is promptly provided by counterparties ▪ Ensuring that necessary safeguards are built into the resolution plans and final transaction documents to protect from risks / liabilities that could not be identified during due diligence stage ▪ Every assumption having impact on valuation to be vetted by the responsible department ▪ Conservative approach in financial projections for valuation ▪ Periodic post-acquisition analysis of assumptions and deviations, and incorporation of learnings into procedures for future acquisitions
Regulatory	▪ Favourable regulatory orders being overturned upon appeal ▪ Customers reneging on contractual terms due to unfavourable situations ▪ Non-compliance of regulatory /judicial orders by customers	▪ Building strong case with effective arguments, using facts, precedence, and already decided legal principles ▪ Enforcement of contractual terms through representation and regulatory/judicial intervention ▪ Contempt proceedings seeking early redressal of claim/appeal
Commodity price risk	▪ Sharp increases in imported coal price ▪ Domestic coal shortage ▪ High prices of alternate coal	▪ Representations to CEA/regulators for precise matching of escalation indices with actual coal price increase ▪ Recovery of increase in coal price through revision in tariffs and escalation indices ▪ Ramping up pre-monsoon domestic coal procurement to stock the coal during lean production periods
Reputation Risk	▪ Risk of reputation loss from operational issues such as safety,environmentorlitigation	▪ Strengthening of communication with Stakeholders in case of any such event

Cautionary Statement

This section includes forward-looking statements regarding the Company's objectives, projections, expectations, and estimates, which are based on certain assumptions about future events. However, the Company cannot guarantee the accuracy or realisation of these statements, as actual results may differ due to external factors beyond its control. The Company assumes no responsibility to publicly update or revise any forward-looking statements based on subsequent developments.