RATING Not Rated | CMP INR 44 | TP INR NA

PL Capital
PRABHUDAS LILLADHER

Vedanta Power (VEDPOWER IN)

Analyst Meet Update

June 25, 2026

Key Data	VEDP.BO | VEDPOWER IN
BSE Code	544781
NSE Code	VEDPOWER
52-W High / Low	INR 45/ INR 39
Face Value	10
Sensex / Nifty	76,991/ 24,022
Market Cap	INR 170.53bn/ $1,804mn
Shares Outstanding	3910mn
3M Avg. Daily Value	-

Shareholding Pattern (%)

Promoter's	56.38
Foreign	14.05
Mutual Funds	6.46
Domestic Institution	6.5
Public & Others	16.38
Promoter Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	-	-	-	-
Relative	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY25	FY26
Sales (INR mn)	52,234	54,532
EBITDA (INR mn)	10,676	10,731
Margin (%)	20.4%	19.7%
PAT (INR mn)	318	(17,133)
EV (INR mn)	-	240,000
Total Debt (INR mn)	57,786	58,315
C&C Eq. (INR mn)	335	461
EPS (INR)	0.1	(5.3)
Gr. (%)	-	-
DPS (INR)	-	-
Yield (%)	-	-
RoE (%)	0.9	(88.3)
RoCE (%)	6.7%	21.7%
EV/Sales (x)	-	4.4
EV/EBITDA (x)	-	22.4
PE (x)	-	-
P/BV (x)	-	7.2
BVPS (INR)	11.4	6.0

Building a thermal platform for the next decade

Quick Pointers

- Vedanta Power plans to increase coal-based capacity from 4.2GW in FY26 to 12GW by FY33
- Company expects EBITDA to more than double over FY26-FY28E, with ~90% of incremental EBITDA expected from the 1.2GW Athena project

We attended the analyst meet of Vedanta Power, which is currently among the top five private thermal power producers by installed capacity and is targeting a position among the top three players by FY33. The company plans to expand its coal-based capacity from 4.2GW in FY26 to 4.8GW in FY27E (+14% YoY) and further to 12GW by FY33, implying a CAGR 16% over FY27-33E but large part of growth is back ended. Of the existing 4.2GW operational portfolio, around 3GW (74%) is tied up under long-term contracts, while 1.1GW (26%) remains merchant exposure. The expansion (7.2GW) is expected to require equity investment of approximately INR230bn, which management intends to fund through a combination of internal accruals and capital raising at an appropriate stage. Management has guided for EBITDA to more than double from INR15bn in FY26 to INR32bn by FY28E, with nearly 90% of the incremental EBITDA expected to be contributed by the 1.2GW Athena project. With net debt of approximately INR80bn in FY26 and the stock trading at around 8x FY28E EV/EBITDA (company guided EBITDA), a discount to private sector peers at 12x+, the key investment monitorable remains the company's ability to deliver its targeted EBITDA CAGR over FY26-28E, execute the planned capacity expansion/fund raise and plans around nuclear foray.

Asset Overview

The four-plant – 1) Talwandi Sabo (1,980 MW) runs on domestic 100% linkage coal and is fully tied to 2041 on an availability-based tariff - the most secure asset. 2) Jharsuguda (600 MW), also domestic and 100% linkage, is fully contracted to 2037 on a pass-through tariff, the lowest-risk structure in the fleet. 3) Meenakshi (1,000 MW) is the only import-designed plant (35:65 import-to-domestic) with just 300 MW contracted to 2031 on a competitive tariff, leaving the balance merchant. 4) Sakti (1,200 MW) is domestic with ~78% linkage but only 200 MW contracted to 2031, again on a competitive tariff - concentrating the open exposure in the two newer plants.

Capacity Roadmap

Capacity has grown in four steps, starting with Jharsuguda at 600 MW in FY11. Talwandi Sabo was added in FY17, taking the total to 2,580 MW (+330%); Meenakshi came on in H1 FY26, lifting it to 4,180 MW (+62%); and Sakti completes in H2 FY27, reaching 4,780 MW (+14%). Beyond that, a further 7,200 MW at Sakti would take total capacity to 11,980 MW by FY33e, a 150% increase - but this is flagged as not yet board-approved, so it remains an aspiration.

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Merchant / open capacity

Out of the 4,180 MW operational, about 3,080 MW (74%) is contracted, leaving roughly 1,100 MW (~26%) open - all of it at the two newer plants (700 MW at Meenakshi, 400 MW at Sakti), since Talwandi Sabo and Jharsuguda are fully tied to 2041 and 2037. The pool widens, not shrinks: Sakti's second 600 MW unit (H2 FY27) lifts open capacity to ~1,700 MW (~36%) absent new PPAs, and the Meenakshi and Sakti contracts both expire in 2031, putting another 500 MW at renewal risk. This matters because the FY27 numbers lean on Sakti's wide INR2.9 vs INT5.2 (cost vs NSR) spread, and merchant realisation is far less certain than a contracted tariff - making this open capacity a key question for the meeting.

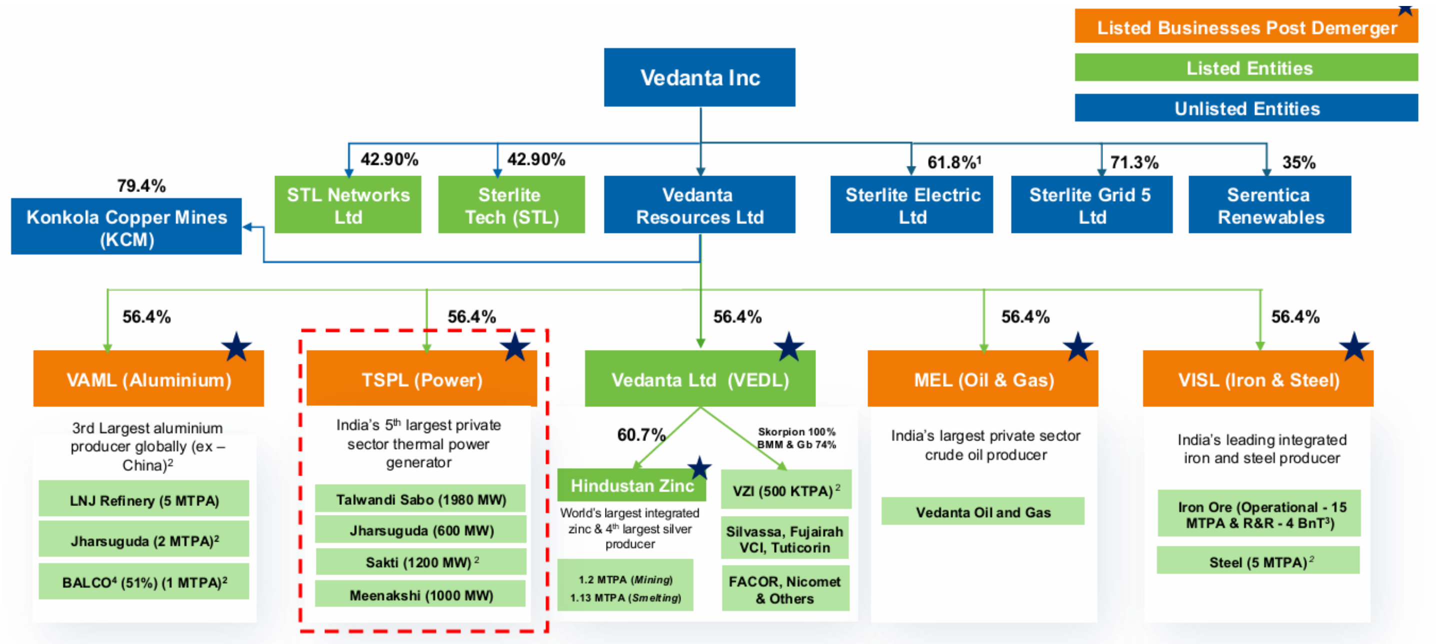
Financial Trajectory

The plan models roughly 2.3x revenue growth from FY25–29, rising from INR 60.22 bn in FY25 to INR 141.05 bn in FY29e, with most of it front-loaded into FY26–28. EBITDA is projected to compound at about 50% over the same window, from INR 6.5 bn to INR 32.62 bn, though it near-flattens between FY28 and FY29 - worth questioning. Free cash flow swings from –INR 3.47 bn in FY25 to a positive INR 22.33 bn by FY29e as the build-out completes. The projections rest on FY27 per-unit tariff assumptions (cost vs NSR): Talwandi INR 3.7 vs 4.4 (availability-linked), Jharsuguda INR 2.4 vs 2.5 (thin spread), Meenakshi INR 4.8 vs 5.4, and Sakti INR 2.9 vs 5.2 (widest margin), all normalized assuming Sakti is operational. Around 20% of Athena's capacity is already tied up under PPAs at INR5.4/kWh, while the balance capacity will participate in the merchant market. The project is expected to generate EBITDA of around INR17mn/MW in FY28E, supported by a competitive generation cost of INR2.4/kWh (fuel cost of INR1.8/kWh and O&M cost of INR0.6/kWh) against a guided average selling price of INR5.3/kWh.

Beyond 4.8 GW: The 7.2 GW Expansion

The headline ambition adds 7.2 GW at Sakti, reaching 11,980 MW by FY33e (+151%), funded by ~INR 460 bn of debt and ~INR 230 bn of equity. On the back of it, revenue is projected to rise ~2.7x to INR 382.85 bn by FY33e and EBITDA to compound at ~43% to INR 136.06 bn, assuming INR 3.5/kWh cost against INR 6/kWh NSR.

Exhibit 1 : Group Structure – Post Demerger



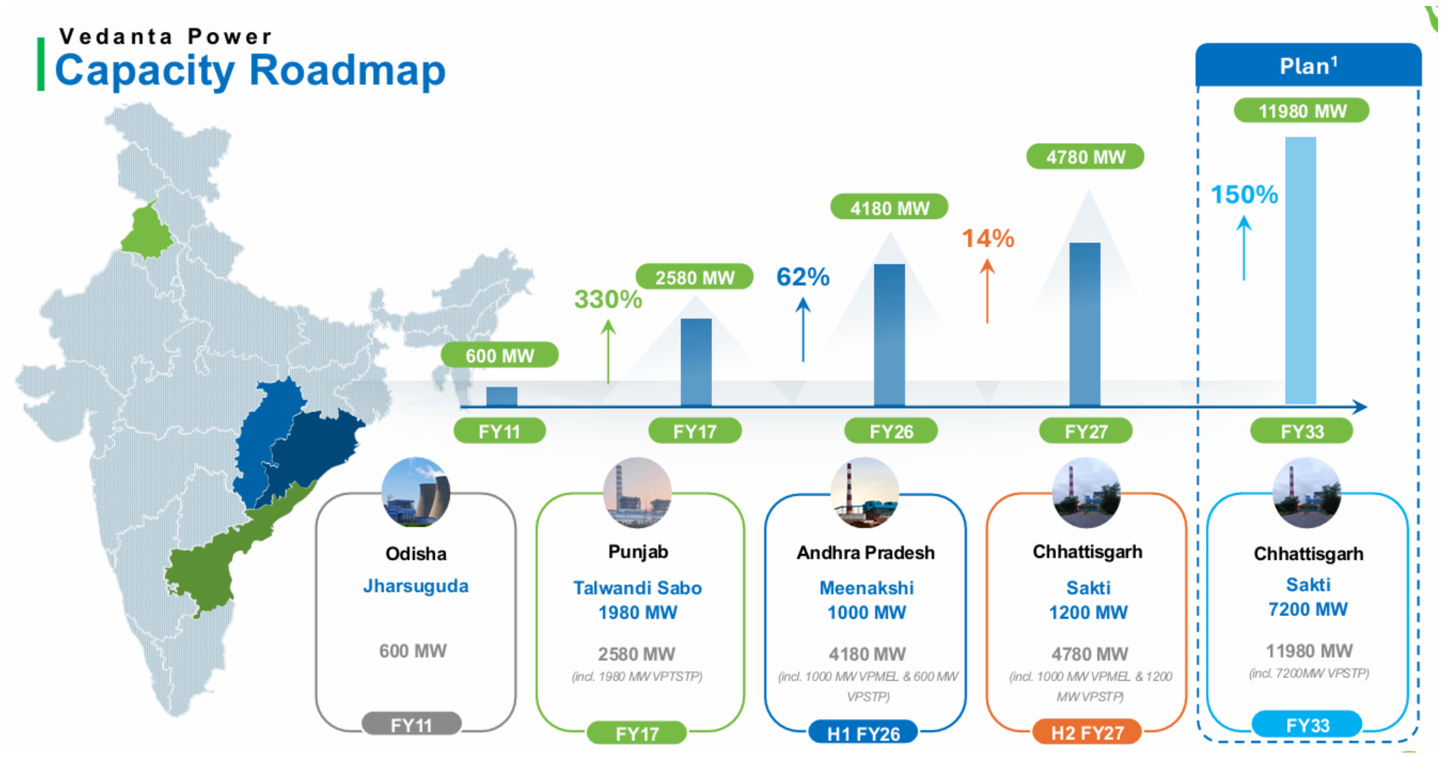
Source: Company 1. Fully diluted basis (no note given for other units) 2. Post expansion 3. Including WCL 4.Government of India owns rest 49%

Exhibit 2 : Asset Overview

	Talwandi Sabo Thermal Plant (1980 MW)	Jharsuguda Thermal Plant (600 MW)	Meenakshi Energy Ltd (1000 MW)	Sakti Thermal Plant¹ (1200 MW)
Design Fuel Type	Domestic	Domestic	Imported	Domestic
Coal Sourcing	100% Domestic Linkage	100% Domestic Linkage	35%: 65%, Import : Domestic 2.64 MnT (48%) Linkage	2.7MnT (78%) Linkage
Capacity Tie-Up	100% PPA till 2041 – Availability based Tariff	100% PPA till 2037 – Pass through Tariff	300MW PPA till 2031 – Competitive Tariff	200MW PPA till 2031 – Competitive Tariff
Land Parcel	2114 Acres	~18 Acres²	Land: 998 Acres	Land: 953 Acres
STU/CTU Connectivity	6 x 400 KV Grid - STU	400 / 765 KV Grid - STU	400 KV Grid - CTU	400 KV Grid - CTU

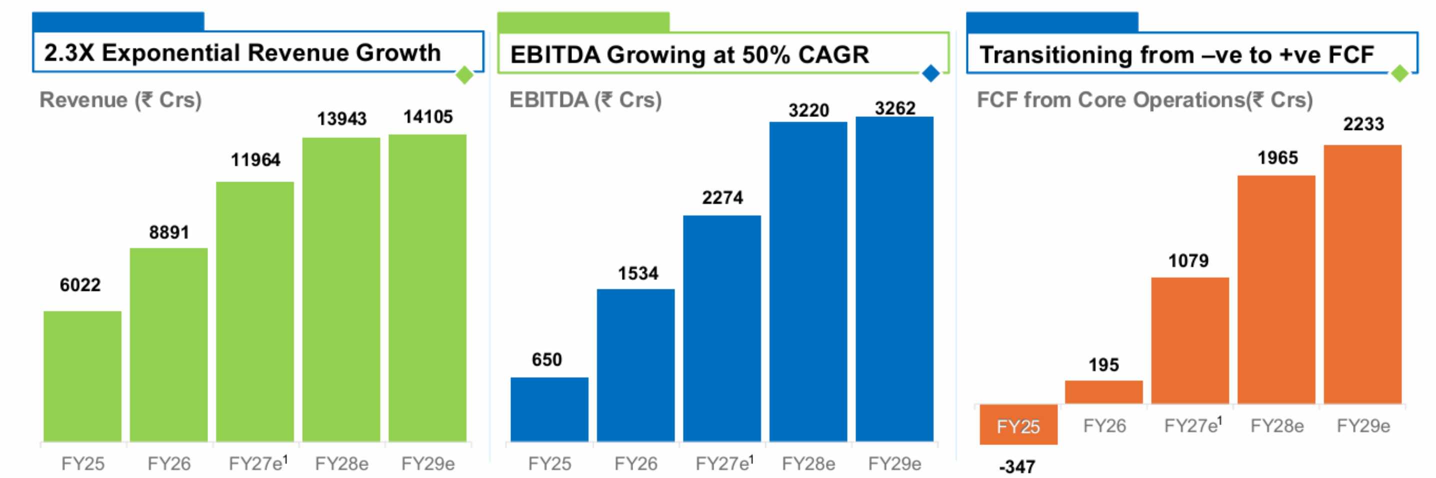
*Source: Company *Based on current operational capacity of 600 MW;2Excluding common assets with VAML. Note: Exchange rate assumed is 1 USD = 90 INR FSA – Fuel Supply Agreement; MCL - Mahanadi Coalfields Limited; SECL*

Exhibit 3 : Capacity Roadmap



*Source: Company *1Yet to be board approved*

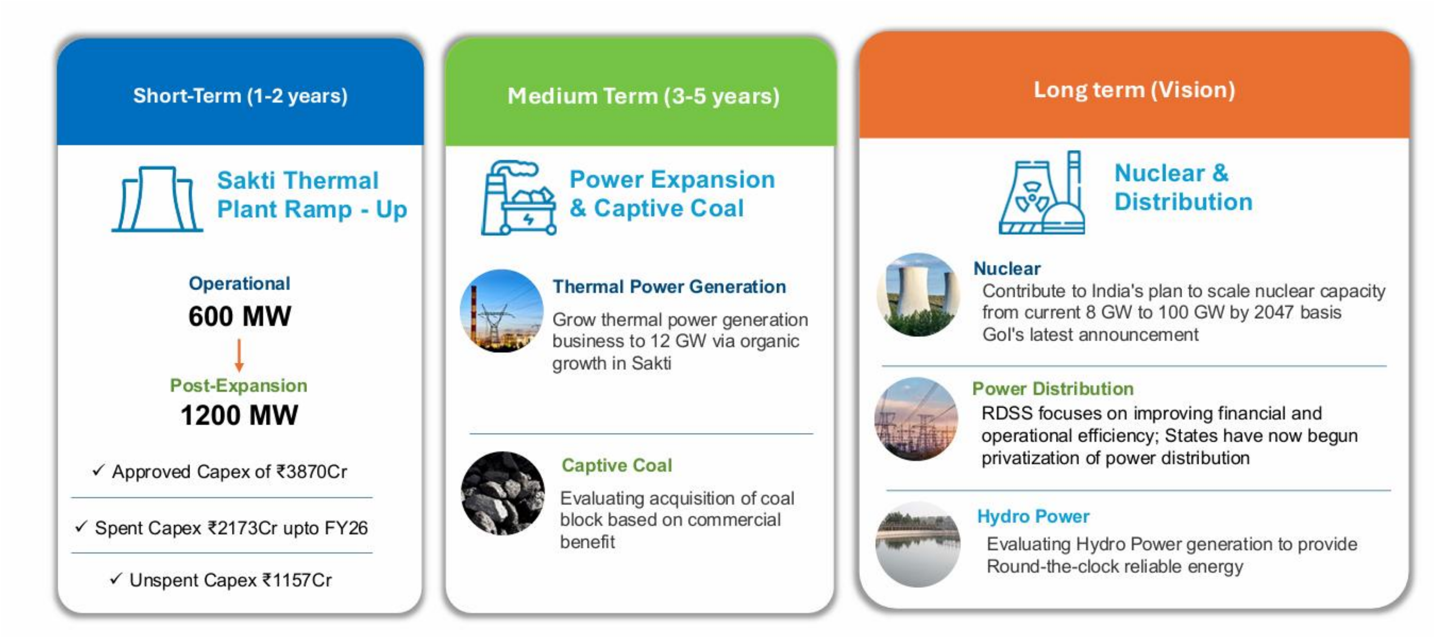
Exhibit 4 : Vedanta Power to deliver robust growth



Assumptions[2]				
	Talwandi Sabo	Jharsuguda	Meenakshi	Sakti
Cost (Rs/unit)	3.7[3]	2.4	4.8	2.9
NSR (Rs/unit)	4.4[3]	2.5	5.4	5.2

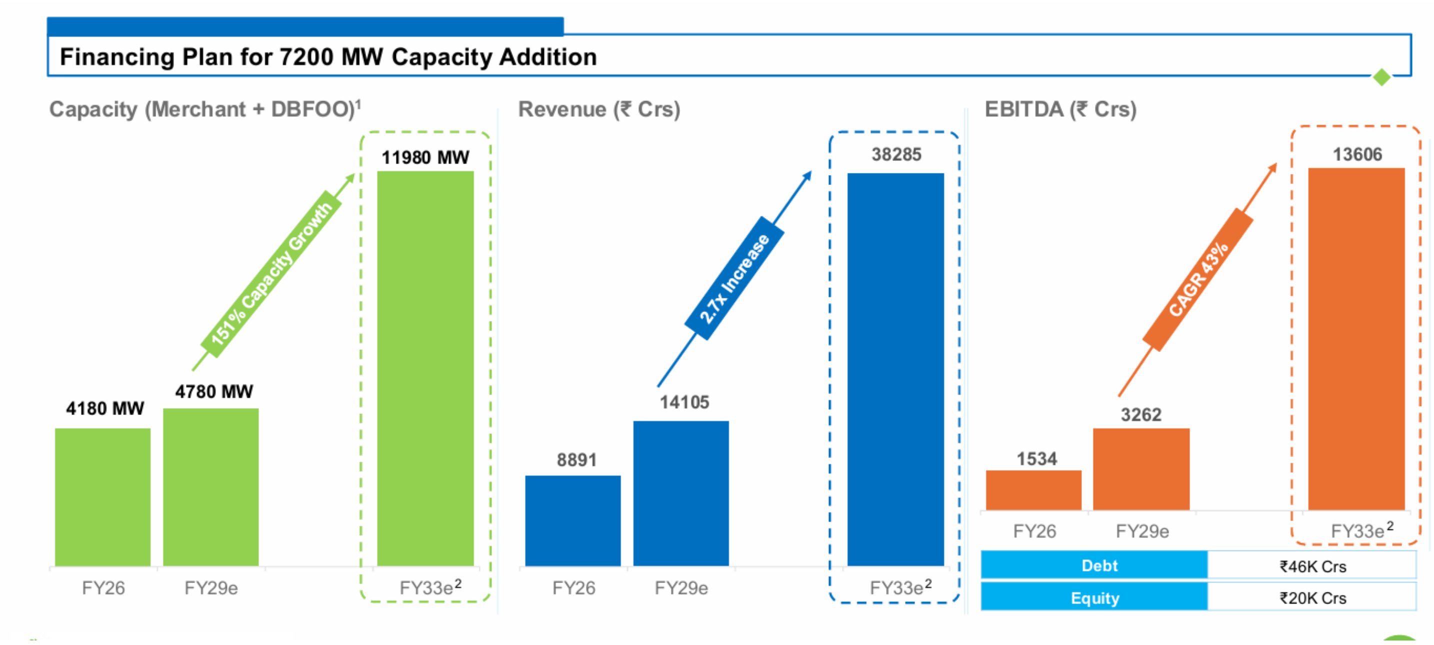
Source: Company 1. Normalized numbers considering Athena to be operationalized 2. FY27; 3VPTSTP revenue generation is linked to its availability; All metrics from FY25 to FY29 unless stated otherwise

Exhibit 5 : Growth Strategy



Source: Company

Exhibit 6 : Beyond 4.8GW : Plans to add 7.2GW Thermal Capacity



Source: Company ** 1Yet to be board approved; 2FY33(7200MW) Cost ₹3.5/Kwhr; NSR ₹6/Kwhr*

Analyst Meet Highlights:

- **Debt and deleveraging:** Gross debt is currently ~INR 85 bn. It holds near that level this year, then reduces from next year to ~INR 60 bn by FY29 (ex-growth capex), funded by rising FCF.

- **7.2 GW funding:** Equity need is ~INR 200 bn against ~INR 460 bn debt, sourced partly from internal accruals with the balance from an external investor; balance-sheet recapitalisation and a captive/DBFOO model (off takers contributing equity) are both on the table. Capex is committed only once a partner is locked and the board approves.

- **Boiler accident (Sakti):** The incident hit Unit 1 (operational); Unit 2 remains in CWIP. A GoI committee investigation is underway with root-cause expected by month-end; it is currently an FIR, not a charge-sheet. Site restart is targeted by ~October 2026. EBITDA loss is ~INR 0.5-0.6 bn, with both property and business-interruption losses insured.

- **Merchant strategy:** Management deliberately rolls short-tenor PPAs (3 months to ~5 years) rather than locking 20–25-year contracts, betting on a 5- 6-year window of tight supply with no new thermal capacity coming in, which keeps merchant tariffs elevated (~INR 5.2/unit). A recent 5-year tie-up near INR 5.4/unit was cited as among the best secured. Under the SHAKTI policy, ~80% coal linkage is available even without a discom PPA. merchant-capacity target was mentioned to be 5-6 GW

- **Renewables stay separate:** Vedanta Power remains a pure RTC/thermal play; renewables sit in a separate group entity and will not be pursued here. Future growth beyond thermal is to be led by nuclear (tracking the SMR/private-participation policy, attracted by the small land footprint), with hydro and power distribution as longer-term optionality.

- **Meenakshi coal switch:** Transition from imported to domestic coal roughly halves fuel cost (toward ~INR 1.0/GCV); it is proven technology, the main hardware change being the ash-handling system. Meenakshi also monetises ash, unlike some plants where disposal is a cost.

- **Capex Plan:** Major capex is already spent. INR 1.5 bn growth capex expected in FY27 and post that INR 1-2 bn in FY28

- **Plant Availability:** Athena in FY26/28E: 76%/80%; Meenakshi in FY26/28E: 70%/95%

- **Meenakshi EBITDA ramp:** ~INR 1.75 bn in FY26, roughly doubling to ~INR 3.5 bn in FY27, building toward ~INR 7 bn full potential by ~FY29. Group EBITDA was ~INR 15.6 bn in FY26, targeted at ~INR 32 bn in FY28.

- **Athena economics:** Generation cost of ~INR 2.4/unit (coal ~INR 1.8) means it survives in any market, so it needs minimal contracting — likely ~200 MW long-term with the rest merchant, ideally on a DBFOO arrangement.

- **Regulatory and legal:** A pending Supreme Court matter could bring an inflow of ~INR 5–7 bn if won. No further contingent write-offs expected - those were taken in FY26 which led by reduction in networth.

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Adani Energy Solutions	Hold	1452	1412
2	Ahluwalia Contracts (India)	BUY	929	764
3	Ashoka Buildcon	Buy	152	123
4	CESC	BUY	216	185
5	Coal India	Accumulate	515	481
6	Dilip Buildcon	Accumulate	520	472
7	H.G. Infra Engineering	Accumulate	670	584
8	Indian Energy Exchange	Hold	135	123
9	IRCON International	Hold	136	143
10	JSW Energy	Buy	646	559
11	KNR Constructions	HOLD	119	129
12	NCC	BUY	195	161
13	NTPC	Buy	450	389
14	PNC Infratech	BUY	253	209
15	Power Grid Corporation of India	BUY	346	297
16	PSP Projects	BUY	956	787
17	Rail Vikas Nigam	Sell	165	260
18	RITES	BUY	275	204
19	Tata Power Company	Hold	400	418

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BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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