

Top Conviction Ideas: Power & Utilities

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Power & Utilities – Q1FY26 Performance Review

Largely Muted Q1FY26: Weak Power Demand on Account of Early Monsoon Leads to Lower Power Generation

Financial Performance

- **NTPC's** Net sales stood at Rs 47,065 Cr, down 3%/6% YoY/QoQ, missing our and consensus estimates by 6% and 4%, respectively. EBITDA stood at Rs 12,580 Cr, down 10%/15% YoY/QoQ, missing our and consensus estimates by 15% and 12%, respectively. EBITDA margins were 26.7%, down 216 bps/288 bps YoY/QoQ. PAT stood at Rs 6,108 Cr, up 11% YoY but down 23% QoQ, beating our and consensus estimates by 13%. PAT adjusted for regulatory deferral movement stood at Rs 4,101 Cr. During Q1FY26, the company's gross power generation stood at 91.3 BU, down 7%/4% YoY/QoQ, which led to this weakness in financial performance.
- **NLC India's** PAT, after considering the regulatory deferral movement, stood at Rs 839 Cr, up 48%/79% YoY/QoQ, beating consensus estimates by 85% led by Deferred Tax Liability Reversal at NTPL (an 89%-owned subsidiary). Consolidated net sales stood at Rs 3,826 Cr, up 13% YoY and stable QoQ, beating our estimates by 13% and consensus estimates by 7%. EBITDA came in at Rs 935 Cr, down 14% YoY but up 9% QoQ, missing our estimates by 5% and consensus estimates by 17%. EBITDA margins stood at 24.4%, down 762 bps YoY but up 198 bps QoQ. Power generation stood weak due to the early onset of the Monsoon, with Thermal Power Generation at 6,609 MU in Q1FY26, down 13% YoY and 9% QoQ.
- **JSW Energy's** Net sales grew 79%/61% YoY/QoQ to Rs 5,143 Cr, 11% beat on our and consensus estimates. EBITDA stood at Rs. 2,789 Cr, up 97%/132% YoY/QoQ, 20% beat on our estimates and 19% beat on consensus estimates. EBITDA margins were 54.2%, up 498/1,645 bps YoY/QoQ. PAT grew 56%/102% YoY/QoQ to Rs 836 Cr, 38% beat on our estimates and 27% beat on consensus estimates. Power generation stood at 13,494 MUs, up 71% YoY and QoQ, aided by O2 Power and KSK Mahanadi Power acquisitions.

Largely Muted Q1FY26: Weak Power Demand on Account of Early Monsoon Leads to Lower Power Generation (Contd.)

Financial Performance

- **Inox Wind Limited's** Revenue stood at Rs 826 Cr, up 29% YoY but down 35% QoQ, missing our estimate by 12% and missing consensus by 10%. Execution stood at 148 MW, down 38% QoQ, which was largely anticipated as Q1 is a seasonally weak quarter due to the monsoon. However, the execution fell below our expectations. The realisation per MW stood at Rs 5.7 Cr per MW, up 24%/5% YoY/QoQ. The company's EBITDA stood at Rs 184 Cr, up 35% YoY but down 28% QoQ, 8% beat on our estimate and 7% beat on consensus. The EBITDA margin is 22%, up 93 bps/228 bps YoY/QoQ. PAT stood at Rs 97 Cr, up 93% YoY, down 49% QoQ, 6% beat on our estimate and 2% beat on consensus.
- **Skipper Limited's** Consolidated Net sales stood at Rs 1,254 Cr, up 15% YoY but down 3% QoQ, in line with our estimates. EBITDA stood at Rs 127 Cr, up 21%/3% YoY/QoQ, a 7% beat on our and 6% beat on consensus estimates. The EBITDA margins stood at 10.1% up 55 bps/54 bps YoY/QoQ. PAT stood at Rs 45 Cr, up 40% YoY but down 6% QoQ, an 8% beat on our estimates and 3% beat on consensus estimates. Its order book remains strong at 8,520 Cr, and it announced an additional 75 ktpa capacity addition plan and aims to attain a capacity of 6 Lc MTPA by FY28 to capitalise on the Strong industry Tailwinds.
- **Genus Power's** Standalone net sales grew by 128%/1% YoY/QoQ to Rs 942 Cr, 17% beat on our estimate and 14% beat on consensus estimate. EBITDA stood at Rs 199 Cr, up 216% YoY, but down 4% QoQ, 38% beat on our estimate and 28% beat on consensus estimates. The EBITDA margins stood at 21.2%, up 591 bps YoY, but down 109 bps QoQ. PAT stood at Rs 128 Cr, up 203% YoY but down 1% QoQ, 65% beat on our estimates and 47% beat on consensus estimates. Genus is in the execution stage of its strong order book of Rs 29,321 Cr, which is leading to this strong financial performance. Focus will be on market share and order book expansion as TAM expands to 30-31 Cr smart meters vs. 25 Cr earlier.

Demand and Capacity

- Cumulative all-India electricity demand over Apr'25-Jun'25 stood at 446 BU as compared to 452 BU for the same period last year. The peak demand was 243 GW for Q1FY26 in Jun'25 (vs. 250 GW during Q1FY25 in May'24), a 3% YoY decline. The weakness in electricity demand is led by the early onset of the monsoon and less intense summer. The IEX DAM prices in Q1FY26 stood at Rs 4.4/KW, stable relative to Q4FY25 but a 16% decline against the Q1FY25 prices of Rs 5.3/KW.
- The Central Electricity Authority (CEA) forecasts a peak demand requirement of 366 GW by FY32, necessitating capacity enhancements across both thermal and renewable energy sources (RES). India aims to increase its installed capacity to 610 GW by FY27 and 900 GW by FY32. The installed capacity was 490 GW as of Jul'25.

Thermal Power

- The Thermal capacity (including gas and diesel) in the country was 244 GW as of Jul'25.
- With rising peak load demand, thermal capacity will play a crucial role in meeting the base load demand. The government plans to add 80 GW of thermal capacity by 2032 to meet this growing power demand.

Renewable Energy

- The RE capacity in the country increased from 177 GW in Mar'25 (excluding large Hydro) to 193 GW in Jul'25, led mainly by solar capacity additions of ~13GW and a balance of wind. In Apr'25-Jun'25, 3,455 MW, 1,260 MW and 6,800 MW of RE tenders were issued respectively under the project development category.
- The government is putting curtailments on solar power outputs during periods of lower demand to keep the power grid stable. Congestion in the grid during low-demand periods is arising due to new RE plants coming into operation ahead of schedule, while transmission lines have been delayed, leading to grid instability.

Wind Energy

- The CEA forecasts India's total Wind Energy Capacity to increase to 73 GW by FY27 and 122 GW by FY32. As of Jul'25, India's wind capacity stood at 52.1 GW. The CEA targets require an annual wind capacity addition of 10 GW per annum, which is aligned with the MNRE targets of 10 GW of wind capacity tenders up to FY28.
- 1,673 MW of wind capacity was added in India in Q1FY26. During Apr'25-Jul'25, 4 GW of renewable capacity was awarded, of which ~1.2 GW comprised wind / FDRE related tenders (800 MW of Wind and 420 MW of FDRE). Tariffs discovered in the recent auctions ranged from 3.6-4/unit for plain vanilla wind and Rs 5-5.1/unit for FDRE projects.

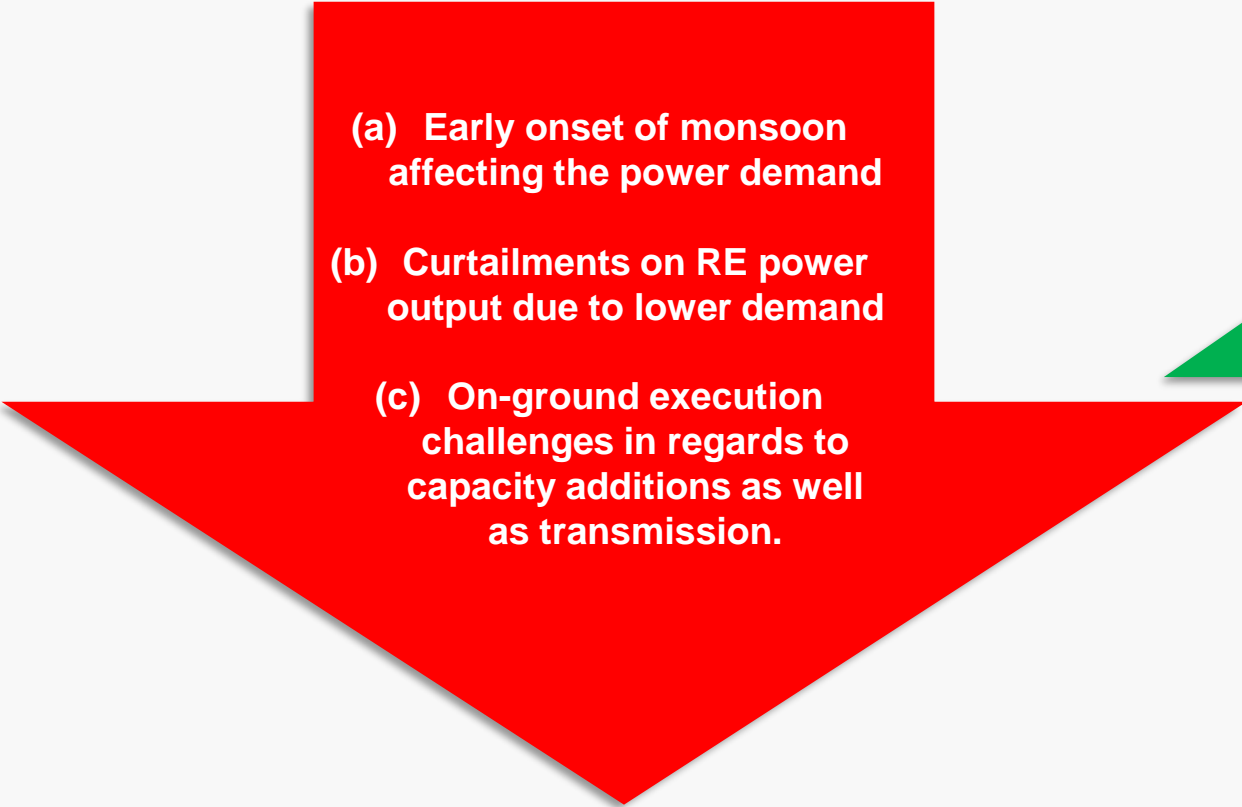
Transmission

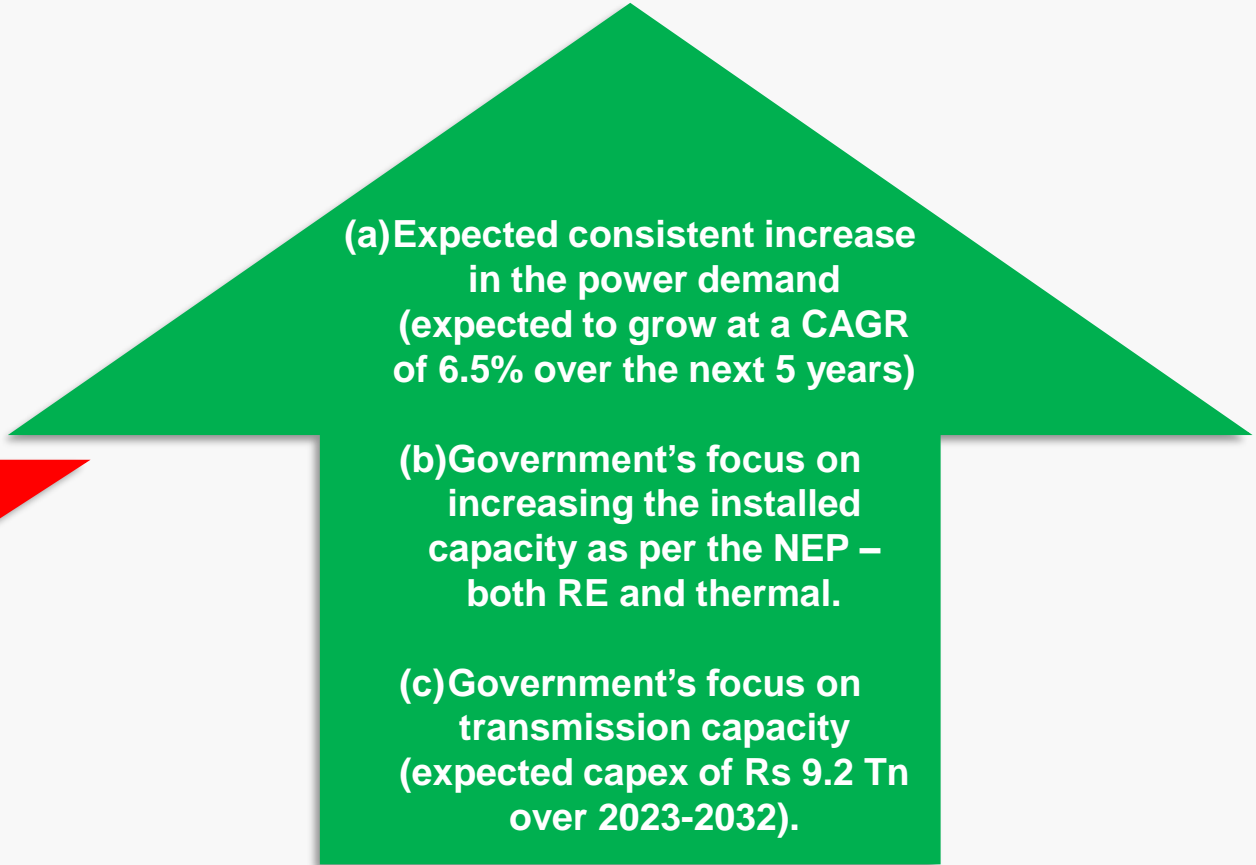
- From the period Apr'25 to Jun'25, India added transmission lines of just 1,031 ckm (293 ckm of ISTS and 738 ckm of InSTS), down 90% YoY and against a target of 6,005 CKM. The FY26 official target for transmission line addition is 24,400 ckm, which implies a 72% growth over the 14,203 ckm of actual addition in FY25. As of Jun'25, India's total Transmission lines capacity stood at 4,95,405 ckm (2,14,677 ISTS and 2,80,728 InSTS), with 220 kV at 43%, 400 kV at 42% and 765 kV at 11.5%.
- Substation capacity of 22,190 MVA (12,320 MVA of ISTS and 9,870 MVA of InSTS) against the target of 48,185 MVA. As of Jun'25, India's total substation capacity stood at 13,59,703 MVA (5,68,205 MVA ISTS and 7,91,498 MVA InSTS).

Smart Meters

- The Revamped Distribution Sector Scheme (RDSS) has a target of installing 25 Cr smart meters across India. Out of the 25 Cr smart meters, only 14 Cr are awarded while ~4 Cr are installed (as on 15th August, 2025).

Medium-Term Outlook

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- (a) Early onset of monsoon affecting the power demand
 - (b) Curtailments on RE power output due to lower demand
 - (c) On-ground execution challenges in regards to capacity additions as well as transmission.

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- (a) Expected consistent increase in the power demand (expected to grow at a CAGR of 6.5% over the next 5 years)
 - (b) Government's focus on increasing the installed capacity as per the NEP – both RE and thermal.
 - (c) Government's focus on transmission capacity (expected capex of Rs 9.2 Tn over 2023-2032).

Key Monitorables


- (1) Improvement in the execution and resolution of on-ground challenges.
- (2) RE capacity tendering and additions.
- (3) Addition of transmission grids in the power ecosystem.

Valuation – Peer Comparison

Company	Price Rs/sh	Mkt Cap Rs Cr	EV Rs Cr	ROE (%)				P/B (x)				EV/EBITDA (x)				P/E (x)			
				FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	2024	2025	2026	2027
Power Generation Utilities																			
NTPC Ltd	335	3,23,953	5,77,500	12.47	12.62	12.58	12.52	2.06	1.89	1.69	1.57	11.44	10.73	9.71	9.20	16.98	15.27	13.80	12.81
Adani Power Ltd	606	2,33,058	2,73,057	NA	26.95	21.88	19.18	NA	4.37	3.42	2.72	NA	12.50	12.57	11.31	NA	18.32	15.28	13.97
Tata Power Company Ltd	389	1,23,989	1,92,942	12.02	12.44	12.61	12.76	3.99	3.48	3.11	2.76	17.96	14.82	12.94	11.32	34.62	29.34	26.68	23.13
JSW Energy Ltd	533	92,808	1,39,334	9.14	8.35	9.62	10.55	4.31	3.54	2.98	2.55	25.16	23.74	12.88	10.52	50.21	45.35	32.66	26.44
NHPC Ltd	82	82,223	1,24,986	8.83	8.92	11.62	14.16	2.16	2.00	1.91	1.76	24.18	19.95	15.07	10.84	24.22	23.64	18.18	13.52
Torrent Power Ltd	1,297	65,188	73,630	16.86	17.54	14.08	14.66	5.09	4.16	3.45	3.12	15.42	13.76	12.39	10.14	31.23	25.88	24.15	21.29
SJVN Ltd	95	37,179	60,646	9.76	7.00	8.90	14.97	2.60	2.57	2.50	2.30	25.87	27.32	18.16	10.87	27.97	37.95	28.75	15.81
NLC India Ltd	237	32,837	57,184	5.40	11.60	12.30	12.80	2.17	NA	1.61	1.44	14.94	13.14	8.85	7.80	16.38	16.21	13.16	11.05
CESC Ltd	165	21,760	36,544	12.42	11.86	12.51	12.76	1.92	1.79	1.70	1.59	11.62	9.59	9.07	7.88	15.12	15.55	14.05	12.66
Gujarat Industries Power Company Ltd	190	2,942	4,483	NA	6.10	NA	NA	NA	NA	NA	NA	NA	11.28	NA	NA	NA	13.99	NA	NA
Transmission Utilities/Infra																			
Power Grid Corporation of India Ltd	288	2,67,087	3,88,842	17.85	16.91	17.13	17.14	3.02	2.90	2.68	2.49	10.25	9.79	9.35	8.68	17.11	17.09	16.07	14.99
Kalpataru Projects International Ltd	1,273	21,707	24,281	12.20	10.96	13.58	15.40	3.89	3.53	2.93	2.53	13.96	12.87	10.61	8.83	33.53	34.57	22.67	17.60
KEC International Ltd	828	21,979	25,430	10.94	12.51	16.76	19.31	5.22	4.31	3.61	3.00	19.76	16.51	12.35	9.91	54.90	37.76	22.53	16.44
Techno Electric & Engineering Company Ltd	1,449	16,810	13,937	11.95	11.90	11.90	13.95	7.41	4.61	4.19	3.75	58.69	41.06	27.81	20.15	64.69	48.79	36.50	27.95
GE Vernova T&D India Ltd	2,820	71,992	71,751	13.68	38.73	43.35	40.26	60.51	42.18	28.75	20.81	245.44	90.94	57.35	46.13	429.41	127.30	77.73	60.17
Voltas Ltd	1,379	45,495	44,839	7.09	14.00	12.02	14.74	8.05	7.11	6.46	5.81	84.30	39.55	42.47	33.19	119.95	52.95	55.02	41.13
Transformers and Rectifiers (India) Ltd	502	15,025	15,129	9.40	22.05	23.63	26.03	NA	13.33	5.45	4.65	112.82	49.75	28.67	19.48	323.87	77.83	43.91	30.86
Skipper Ltd	540	6,079	6,715	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
RE Power																			
Adani Green Energy Ltd	973	1,59,875	2,46,224	NA	19.61	16.66	17.42	NA	13.44	8.41	7.42	29.92	25.94	18.79	15.38	113.71	74.56	49.39	37.57
Ntpc Green Energy Ltd	103	86,584	1,06,291	NA	3.10	4.50	8.50	NA	5.26	5.02	2.61	NA	50.21	28.66	10.82	NA	147.14	66.45	34.33
Solar EPC/Components																			
Sterling and Wilson Renewable Energy Ltd	275	6,410	6,776	(27.20)	10.25	24.55	26.60	NA	NA	NA	NA	383.92	29.98	16.46	12.49	NA	62.58	22.21	15.38
Waaree Renewable Technologies Ltd	1,031	10,728	10,532	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Waaree Energies Ltd	3,038	87,011	80,629	31.10	28.20	27.12	27.10	19.23	8.91	6.78	4.71	NA	31.85	16.34	12.61	NA	46.58	26.04	20.33
Premier Energies Ltd	1,027	46,047	45,230	NA	51.80	36.86	34.56	NA	16.38	11.30	7.86	NA	26.25	19.33	14.23	NA	49.52	35.69	27.00
Wind WTG/EPC																			
Suzlon Energy Ltd	60	81,441	80,853	36.30	29.92	28.01	30.01	49.66	13.92	10.21	7.67	75.48	45.73	25.68	19.45	111.73	58.81	38.26	27.79
Inox Wind Ltd	144	24,898	26,507	(1.05)	18.28	13.12	15.07	11.18	7.62	3.06	2.58	86.95	34.06	22.51	15.48	NA	41.85	27.90	19.74


Source: LSEG Workspace

Top Conviction Ideas: Power & Utilities

Stock	Reco.	TP	Recommendation Rationale
 NTPC Ltd	BUY	Rs 400*	<ul style="list-style-type: none"> ✓ Total Capacity Addition: NTPC group's installed capacity grew by 2,716 MW to 82,646 MW in Q1FY26, led by 1,320 MW of thermal capacity addition, 996 MW of solar capacity addition, 150 MW of wind capacity and 250 MW of Hydro PSP additions. The thermal capacity additions include 660 MW of the North Karanpura project and 660 MW of the Barh-1 project. For FY26, the company targets 3.6 GW of thermal capacity addition and 6.5 GW of RE capacity addition. ✓ Underconstruction and Pipeline Capacity: As of 30th June, 2025, the company's under construction capacity stood at 30,853 MW vs 33,750 MW in Q4FY25. The under-construction portfolio includes 15,580 MW of thermal capacity, 13,268 MW of RE capacity, and 2,005 MW of Hydro capacity. ✓ Thermal Capacity: The company targets to add 26 GW over the existing 62 GW, taking the total thermal capacity to 88 GW in the next 5 years. ~17 GW of projects are under construction, and the balance 7.2 will be awarded in FY26. Its focus is on trying to add capacity in brownfield pit head plants. ✓ RE Capacity: The company targets to increase its RE capacity to 60 GW by 2032 (from its current capacity of 8 GW). It has 24 GW of visible RE pipeline with 14 GW under construction as of 30th June, 2025. In the initial phase, 20 GW of capacity will be added in 3 years and balanced in the next 2 years. NTPC plans to add 6 GW of RE capacity in FY26, of which 1.4 GW is added by Q1FY26. For the current year's RE capacity additions, 100% land connectivity is in place, and 86% PPA is tied up. For FY27, out of the planned 8,196 MW, 80% of PPAs are tied up, with 100% of the land and 82% of connectivity secured. For FY28, out of the targeted 8 GW, 93% of the land is secured, 76% connectivity is in place, and 60% of PPAs are tied up.


* Note: Target Price is based on our Q1FY26 Result Update Report

Top Conviction Ideas: Power & Utilities

Stock	Reco.	TP	Recommendation Rationale
 JSW Energy Ltd.	BUY	Rs 705*	<ul style="list-style-type: none"> ✓ Improved Power Generation: During Q1FY26, the company's installed capacity increased from 10.9 GW in Q4FY25 to 12.8 GW. The 1.9 GW of capacity additions was mainly led by 1.3 GW of acquired O2 portfolio and 550 MW of organic RE capacity additions (including 450 MW of O2 portfolio, which was commercialised by the company post acquisition). Further, KSK Mahanadi, which was operationalised in Mar'25, was fully operational for Q1FY26. Led by the capacity additions, its power generation stood at 13,494 MUs, up 71% YoY and QoQ. ✓ Capacity additions: The company added 550 MW of organic renewable energy capacity in Q1FY26. For FY26, it targets to add 3-4 GW of organic capacity, and it is well on track to achieve the target. It has a total locked-in capacity of 30 GW and is well placed to achieve the target of 30 GW installed capacity by 2030. JSW currently has 12,983 MW of capacity under construction, of which 11,383 MW is renewable projects with an expected commissioning period of 3 years. ✓ Strategic investments in Equipment Manufacturing: The company is in the process of establishing a battery assembly plant in Pune with a rated capacity of 5 GW per annum. This plant would require an initial capex outlay of Rs 165 to 180 Cr. Further, JSW is also investing capital in wind blade manufacturing facilities located in western and southern India. The investments in equipment manufacturing are expected to yield cost efficiencies due to proximity to power plants. ✓ Reduced Reliance on Merchant Markets: In line with the company's target to stabilise its earnings, it has tied up the open capacity of the import-coal-based Vijayanagar plant, thereby reducing its exposure to the merchant market for imported coal-based generation. Its open thermal capacity has come down to 974 MW from 1,400 MW in Q4FY25. Further, of this 974 MW, 90% are domestic coal-based plants and thus, reducing its exposure to global coal price volatility.

* Note: Target Price is based on our Q1FY26 Result Update Report

Top Conviction Ideas: Power & Utilities

Stock	Reco.	TP	Recommendation Rationale
 Skipper Limited	BUY	Rs 570*	<ul style="list-style-type: none"> ✓ Strong Order Book: Skipper received new orders worth Rs 1,977 Cr in Q1FY26, which included three 756V transmission line projects from PGCIL in the states of Rajasthan and Andhra Pradesh. As of Jun'25, the order book stood at its highest ever at Rs 8,520 Cr. The order book comprises 76% domestic T&D orders, 14% non-T&D orders (including Telecom, Railways, Solar, Water EPC, and other Steel Structural items), and 10% export orders. All export orders pertain to T&D. The company currently has a strong bid pipeline of more than Rs 30,000 Cr (20-25% historical order conversion success rate). The management expects the company to receive order inflows of Rs 6,500-7,000 Cr from its order book based on its historical success rate. ✓ Capacity Expansion to Capitalise on the Strong Tailwinds: The company had achieved a close to full capacity utilisation in FY25, and capacity expansion remains critical. In Q1FY26, it has installed and operationalised its 1st plan of 75 kt, in line with the guidance, and reached a capacity of 375 kt. This plant is expected to reach optimum capacity utilisation by Q2FY26. The 2nd 75 kt capacity is also expected to go online by the end of FY26. Further, it has now target to increase its capacity to 600 kt by FY28 with a mix of brownfield and greenfield expansion. ✓ Export Opportunities: Exports stood at 10% of the company's order book as of Jun'25. In Q1FY26, 30% of the engineering revenue and 20% of total revenue were from exports. It has secured a tower testing and design order of Rs 25 Cr from the Middle-East's largest Utility–Saudi Electricity Company. It is also participating in a wide range of high-value tenders across African, Middle-Eastern and Latin American Markets. The company targets to double its export order inflow in FY26 to Rs 1,500 to 1,600 Cr (from Rs 700 to 800 Cr in FY25). The capacity expansion will also allow Skipper to target fast-track export orders with short-term demand cycles. Further, due to its strong backwards integration, it is also able to compete with Chinese companies.

* Note: Target Price is based on our Q1FY26 Result Update Report

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