

GETTING LEANER

Power distribution companies have improved profitability by boosting collections and modernising infrastructure

In Short



India's peak power demand is expected to hit 388 GW by FY32, from 240 GW in FY25



The country will need to increase its power generation capacity to 780 GW by FY30



This means an effective CAGR of 11% in power-related capital expenditure till FY30



However, there are challenges, not least the execution delays, coal and gas price fluctuations and tariff structures






PHOTO BY HARDIK CHHABRA

Profitable Power Play

Power takes the fifth spot on the list of most profitable sectors as companies focus on renewables and technology upgrades to meet the massive rise in demand

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BY RICHA SHARMA

 **INDIA WILL REQUIRE** power generation capacity of 780GW by FY30. This means addition of 305GW in the next five years, three times that added between FY20 and FY25, and yearly growth of 10%, faster than India's 6% average gross domestic product (GDP) growth rate in 10 years to FY25. The link between GDP and power demand is inching up, says UBS Research. Historically, peak power demand has grown 0.85 times the rate of real GDP growth, but with increased electrification across industries and households, this is expected to rise to nearly 0.92 times, says the report.

While most of the new capacity will be renewable, such as solar and wind, thermal power will still be essential to ensure grid stability when renewables are not generating adequate power. The BT500 assessment of power companies on the basis of profitability shows vast growth for power companies as they focus on expanding generation capacity, increasing investments and transitioning to cleaner sources. NTPC, Power Grid Corporation of India, Adani Power, Reliance Infrastructure and Tata Power are the top five power sector players in the BT500 list. Their efforts have made power the fifth most profitable sector in the BT500 list with profit after tax (PAT) rising 19% to ₹91,255 crore. What makes them profitable?

Arun Kailasan, Research Analyst at Geojit Investments Ltd, says

THE POWER LIST

• In the top 10, Torrent Power and Adani Green Energy have seen the highest growth in PAT in the BT500 list

PAT Rank 2025	Company	Gross Sales (in ₹crore)			Profit After Tax (in ₹crore)			
		FY24	FY25	Growth (In %)	FY24	FY25	Growth (In %)	Promoter Stake (in %*)
13	NTPC	1,78,525	1,88,138	5.4	21,332	23,953	12.3	51.1
28	Power Grid Corporation of India	45,843	45,792	-0.1	15,573	15,521	-0.3	51.3
34	Adani Power	50,351	56,203	11.6	20,829	12,750	-38.8	75.0
44	Reliance Infrastructure	22,067	24,441	7.2	-646	8,490	N/A	19.05
68	Tata Power Company	61,449	65,478	6.6	4,280	4,775	11.6	46.9
84	NHPC	9,631	10,380	7.8	4,000	3,412	-14.7	67.4
92	Torrent Power	27,183	29,165	7.3	1,896	3,059	61.3	51.1
93	Reliance Power	7,893	7,583	-3.9	-2,242	2,947	N/A	24.98
98	NLC India	12,999	15,283	17.6	1,867	2,713	45.3	72.2
134	Adani Green Energy	9,220	11,212	21.6	1,260	2,001	58.8	61.9

PROMOTERS' STAKE AS OF JUNE 2025 **SOURCE** ACE EQUITY

profitability in the power sector is driven by regulated tariffs and a balanced energy mix.

“Thermal utilities have benefited from high demand and plant load factors; renewable companies enjoy stable returns through long-term PPAs (power purchase agreements) and some have turned to the open market for better realisations. Transmission firms operate under cost-plus models, ensuring predictable cash flows and steady earnings, supported by high system efficiency,” he says.

Power distribution companies that made it to BT's list have improved profitability by boosting collections and modernising infrastructure, while integrated utilities have gained from operational synergies.

Government schemes like the Revamped Distribution Sector Scheme (RDSS), aimed at cutting technical and commercial losses, and the Ujwal DISCOM Assurance Yojana, a financial turnaround and revival

package for power distributors, along with regulatory reforms, have also strengthened the sector.

The power sector's growth is driven by capacity expansion and decarbonisation, the process of reducing carbon dioxide emissions.

Earlier, India's power generation was dominated by thermal plants owned mainly by state-owned enterprises.

But a renewable energy boom has seen more private players step in. S. B. Khyalia, Chief Executive Officer (CEO), Adani Power Ltd, says India's rapidly rising power demand—projected to increase nearly 50% to 25 trillion units by 2031-32, with peak demand rising 60% to 388 GW—underscores the nation's need for a robust and reliable energy infrastructure.

Adani Power is addressing the challenge by undertaking the country's largest private sector capital expenditure in thermal power generation, with

12% Growth in Tata Power's PAT

12.1 GW Expected capacity addition by Adani Power in next five years

investment exceeding ₹1 lakh crore over the next five years, to be met largely through internal resources. "By expanding our generation capacity from 18.15 GW to 30.67 GW—primarily through brownfield projects—we are playing a pivotal role in supporting the nation's economic growth through energy self-reliance. We continue to explore further market opportunities as there still exists a gap between projected demand and supply," says Khyaliya. The company's vision aligns with India's goal of adding 100 GW of coal-based power generation capacity by 2030, a cornerstone for base-load and grid stability.

98 | Tata Power Chief Executive Officer and Managing Director Praveer Sinha says consistent profitability over 23 successive quarters is the result of a bold, future-ready strategy anchored in clean energy leadership, sound financial management, strong governance, and a digital-first mindset.

"This transformation would not have been possible without financial discipline: maintaining healthy EBITDA margins, managing leverage prudently, and optimising capital structure to fund ambitious growth without compromising fiscal strength," Sinha tells *BT*.

The UBS report has projected an 11% compound annual growth rate in power-related capital expenditure from FY24 to FY30, reaching more than ₹5 lakh crore annually by the end of FY30, compared to the current annual spending of approximately ₹3 lakh crore. Most of this investment is expected to come from renewable energy projects and upgrade of transmission and distribution (T&D) networks. "As long as the economics are favourable, the private sector will likely continue to invest in renewable energy generation, whereas the government will continue to invest in thermal energy," says the report.

Investments in storage like pumped hydropower, cleaner technologies, and nuclear energy are aimed at improving reliability and energy security.

"As India transitions to renewables, strong transmission in-



POWER DISTRIBUTION COMPANIES HAVE IMPROVED PROFITABILITY BY BOOSTING COLLECTIONS AND MODERNISING INFRASTRUCTURE, WHILE INTEGRATED UTILITIES HAVE GAINED FROM OPERATIONAL SYNERGIES

frastructure is key, with companies building new lines, HVDC (High Voltage Direct Current) corridors, and smart grids, supported by the green energy corridor. In distribution, modernisation and privatisation are gaining momentum, with RDSS improving financial health through smart metering and upgrades. Emerging areas like rooftop solar, EV (Electric Vehicle) charging, and smart grids offer fresh growth opportunities," says Kailasan.

Tata Power's long-term growth strategy is rooted in building a future-ready, resilient, and inclusive energy ecosystem that aligns with India's 500 GW non-fossil fuel target and its own 'net zero by 2045' roadmap. A company achieves carbon neutrality when it balances carbon dioxide emissions with an equivalent amount of removal.

"Round-the-clock clean power is a key strategic pillar that combines investments in solar, wind, pumped storage, and battery storage projects to provide clean, cheap and abundant power to consumers across the country," says Sinha, adding the company is also actively preparing to enter India's nuclear energy sector, contingent upon forthcoming regulatory reforms.

Recognising the strategic importance of energy security, Adani Power continues to invest in low emission coal-based generation technology.

"We have also proactively secured essential resources such as land and equipment. Our expertise in project execution and operations positions us to deliver new capacity on schedule and within budget, ensuring that affordable, high-quality, and reliable power reaches every corner of the country," said Khyalia. **BT**

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