

09 September 2025

India | Equity Research | Company Update

CESC

Utilities

In the making

We attended the RP-Sanjiv Goenka Group Investor Day 2025 this week where CESC unveiled its 'Growth Vision 2030'. At the crux, it seeks to double profits by FY30 via the levers of Distribution Company (DISCOM) capex, RE generation and solar manufacturing. In order to achieve this, management has outlined an INR 320bn capex plan; within which, INR 230bn shall be earmarked for RE generation capacity, INR 60bn for distribution assets and INR 30bn for solar manufacturing over the next five years. Apart from building its businesses, CESC aims to win DISCOM bids. UP plans to privatise its DISCOMs due to AT&C losses of >30%. The DISCOMs have 17.5mn customers with consumption of ~65BU. Five major bids at UP are expected in the medium term. Retain **BUY** and TP of INR 204.

CESC expects to double profits by FY30

CESC guides for doubling its profits by FY30 on the back of: 1) RE power generation capacity of 3.2GW; 2) INR 60bn capex on its distribution assets coupled with cost optimisation and potential acquisitions of new assets; and 3) 3GW of cell and module manufacturing.

Pushing the pedal on DISCOMs

DISCOM assets are expected to produce profits of INR 16bn by FY30 (vs. INR 8.4bn in FY25). CESC plans for a capex of INR 60bn across the DISCOM assets. Incremental profits are expected to come from: 1) additional capex at Kolkata; 2) 1.5x demand growth at Noida; 3) acquisition of the Chandigarh DISCOM; 4) break-even at Malegaon (FY29); and 5) winning new DISCOMs.

Albeit late, riding the RE wave

CESC is working towards adding 3.2GW of RE generation to its portfolio by FY29 (locked-in EBITDA of INR >20bn) at a capex of INR 230bn. It also aims for 10GW of capacity by FY32. The company has concluded PPA for 1.2GW of renewables. It is looking to use 2GW (of the initial 3.2GW) for captive purposes. It has also secured transmission worth 3.8GW (+4GW additionally submitted for). Further, CESC is looking to build solar cell and module capacity of 3GW each by FY28 at a capex of INR 30bn.

Maintain BUY; TP at INR 204

We reiterate **BUY** with an SoTP-based TP of INR 204.

Financial Summary

Y/E Mar-31 (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	1,70,500	1,82,490	1,96,455	2,12,827
EBITDA	38,830	39,370	43,891	50,067
EBITDA Margin (%)	22.8	21.6	22.3	23.5
Net Profit	13,759	13,690	15,295	16,996
EPS (INR)	10.3	10.3	11.5	12.8
EPS % Chg YoY	2.5	(0.5)	11.7	14.0
P/E (x)	14.9	14.9	13.4	11.7
EV/EBITDA (x)	9.0	9.4	9.3	9.4
RoCE (%)	9.7	8.8	8.3	8.1
RoE (%)	11.8	11.1	11.8	12.3

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Market Data

Market Cap (INR)	203bn
Market Cap (USD)	2,305mn
Bloomberg Code	CESC IN
Reuters Code	CESC.BO
52-week Range (INR)	213 /119
Free Float (%)	47.0
ADTV-3M (mn) (USD)	6.8

Price Performance (%)	3m	6m	12m
Absolute	(7.8)	8.6	(20.8)
Relative to Sensex	(6.9)	(0.9)	(18.9)

ESG Score	2023	2024	Change
ESG score	67.2	64.5	(2.7)
Environment	52.8	52.1	(0.7)
Social	72.0	69.6	(2.4)
Governance	73.6	72.6	(1.0)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

31-07-2025: [Q1FY26 results review](#)

16-05-2025: [Q4FY25 results review](#)

Investor day highlights

RE generation

- Phase 1 of generation capacity is expected to be 3.2GW (by FY29) – 1.7GW of wind projects and 1.5GW of solar projects.
 - Within Phase 1, 1.2GW is under construction.
- The capex for Phase 1 was outlined at INR 230bn.
- Agreements have been signed for 3.5GW of wind projects in turnkey and supply mode with Inox Wind, Suzlon and Envision.
- 600MW of solar projects in EPC mode have been finalised with Waaree and Sterling & Wilson.
- The company is looking to build a wind-heavy portfolio to support the evening peak at their DISCOMs in Kolkata and Noida.
- In Phase 2, it expects to add ~7GW of capacity – to reach 10GW by FY32.
- It has applied for transmission connectivity of 7.6GW, approved for 3.8GW.
- 80Mwh of BESS is envisioned at Noida and Kolkata.
- Of the 1.2GW under construction, 750MW is for Kolkata and 450MW is for Noida.

Distribution licences and franchises

- It has outlined a capex of INR 60bn across assets to reach INR 16bn in profits by FY30.
- Kolkata
 - CESC expects regulatory assets at Kolkata to clear in 3 years.
 - RE assets to reduce power purchase costs curbing the build-up of regulatory assets.
- Noida
 - It expects 1.5x growth of demand (peak demand and units sold) at Noida in 5 years.
 - The tariff at Noida is one of the lowest in the state, indicating a headroom for investment and increase in expenses.
 - The state is also a single tariff for all DISCOMs. Given Noida's relatively lower tariff, it would be beneficial.
- Chandigarh
 - CESC completed the acquisition of the Chandigarh DISCOM in Q4FY25.
 - It claims that 15% of the assets Chandigarh have outlived their economic life; thus, capex is expected.
- Malegaon
 - It has been a pain point for CESC with losses totalling INR 1.5bn in FY25.
 - Malegaon is expected to break-even in 3 years through efforts to reduce theft and increase collection efficiency.

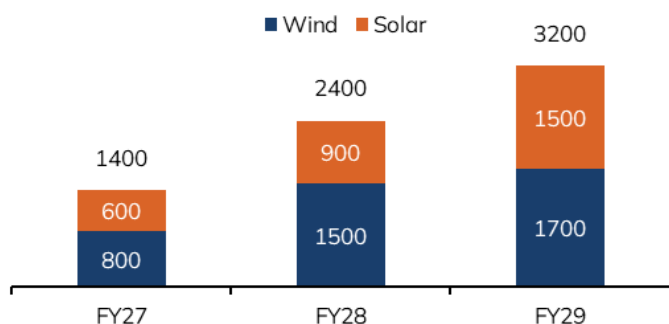
DISCOM privatisation opportunity

- Majority stake (51%) in UP DISCOMs of PuVVNL and DVVNL are expected to be up for bidding soon.
- Varanasi, Gorakhpur, Prayagraj, Agra and Jhansi are expected to be the key cities.
- The cumulative number of customers for PuVVNL and DVVNL are 17.6mn – that translates to revenues of INR 290bn p.a.
- Currently AT&C losses are >30% at these DISCOMs.
- Peak demand is 11GW and yearly power demand is 55BU.

Solar manufacturing

- It is setting up manufacturing of cell and modules of 3GW each by FY28.
- A capex of INR 30bn has been outlined for the same.
- The cell technology would be TOPCon for the entire 3GW.

Exhibit 1: RE ramp-up for Phase 1



Source: I-Sec research, Company data

Exhibit 2: RE under construction – 1.2GW

Project	Type	Capacity (MW)	Location	Off-taker	COD
Project 1	Solar	300	Rajasthan	CESC Kolkata	Q4FY26
Project 2	Solar	150	Madhya Pradesh	CESC Kolkata	Q3FY27
	Wind	300			
Project 3	Solar	150	Rajasthan	CESC Noida	Q4FY27
	Wind	300	Andhra Pradesh		

Source: I-Sec research, Company data

Outlook and valuation

CESC is India's first fully-integrated electrical utility in operation since 1899, generating and distributing power in Kolkata and Howrah. CESC is involved in the power sector's value chain with assets in generation, transmission and distribution of power as well as coal mining.

Moreover, it owns a 600MW thermal power (Chandrapur) plant in Maharashtra and a 40MW atmospheric fluidised bed combustion power plant (Crescent Power). While Chandrapur TPP has PPA tie ups with CESC, Crescent Power operates in the merchant market.

Apart from these, CESC has a distribution licence in Noida and four distribution franchisees in Rajasthan (Kota/Bikaner/Bharatpur) and Maharashtra (Malegaon).

The company has received the awaited tariff order for the Kolkata license area for the FY24–26 period, wherein the regulator has disallowed any tariff hike. Nonetheless, CESC is collecting under-recovery through fuel and power-purchase surcharge, which could lead to a slower build-up of regulatory assets.

CESC is looking to scale up its RE platform and is targeting 3.2GW RE capacity by FY29E under the first phase; it is progressing well in terms of PPAs for RE capacity, equipment orders for wind capacity and acquiring assets with land and transmission connectivity. In phase two, the company plans to expand its RE capacity to 10GW.

We maintain our rating as **BUY** with an SoTP-based target price of INR 204.

Key risks: 1) Delay in RE capacity addition; and 2) higher build-up of regulatory assets.

Exhibit 3: SoTP-based target price of INR 204

Summary of Valuation	Methodology	INR mn	INR/Share
KLA License Area Business	DCF	1,31,285	99
Value to Shareholders (core power business)	DCF	1,31,285	99
Regulated Business/Regulated equity		2.8	
Add: Cash		14,040	11
Add: Value of Dhariwal	DCF	31,256	24
Add: Value of Haldia	DCF	32,971	25
Add: Value of Crescent Power	DCF	3,980	3
Add: Distribution Franchisee	DCF	2,657	2
Noida Power	DCF	9,806	7
Chandigarh Power	DCF	5,300	4
Renewables	EV/EBITDA	39,569	30
Total Value to CESC shareholders		2,70,864	204
No. of Shares (mn)		1,330	1,330

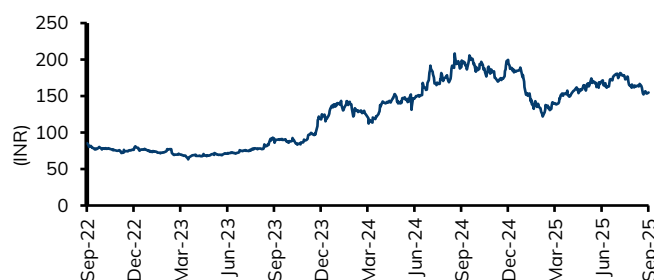
Source: I-Sec research

Exhibit 4: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	52.1	52.1	52.1
Institutional investors	36.1	36.1	36.3
MFs and others	17.6	17.5	17.6
FIs/Banks	0.0	0.0	0.0
Insurance	6.1	7.6	7.8
FIIIs	12.4	11.0	10.9
Others	11.8	11.8	11.6

Source: Bloomberg, I-Sec research

Exhibit 5: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 6: Profit & Loss

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Net Sales	1,70,500	1,82,490	1,96,455	2,12,827
Operating Expenses	12,130	12,210	13,431	14,774
EBITDA	38,830	39,370	43,891	50,067
EBITDA Margin (%)	22.8	21.6	22.3	23.5
Depreciation & Amortization	12,170	12,050	12,748	15,356
EBIT	26,660	27,320	31,142	34,711
Interest expenditure	12,340	13,240	14,166	16,367
Other Non-operating Income	2,510	3,740	4,026	4,031
Recurring PBT	16,830	17,820	21,002	22,376
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	2,361	3,540	5,209	4,942
PAT	14,469	14,280	15,792	17,434
Less: Minority Interest	(710)	(590)	(498)	(438)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	13,759	13,690	15,295	16,996
Net Income (Adjusted)	13,759	13,690	15,295	16,996

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	1,46,661	1,77,260	1,74,072	1,88,550
of which cash & cash eqv.	27,110	40,420	28,713	31,640
Total Current Liabilities & Provisions	34,220	37,400	31,763	27,782
Net Current Assets	1,12,441	1,39,860	1,42,309	1,60,768
Investments	569	590	589	589
Net Fixed Assets	2,21,310	2,27,670	2,43,769	2,88,233
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,740	4,270	21,487	36,737
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	-	-	-	-
Total Assets	3,36,060	3,72,390	4,08,154	4,86,327
Liabilities				
Borrowings	1,43,630	1,77,190	2,01,527	2,67,732
Deferred Tax Liability	-	-	-	-
provisions	-	-	-	-
other Liabilities	72,580	69,180	72,639	76,271
Equity Share Capital	1,330	1,330	1,330	1,330
Reserves & Surplus	1,13,120	1,18,760	1,26,728	1,35,064
Total Net Worth	1,14,450	1,20,090	1,28,058	1,36,394
Minority Interest	5,400	5,930	5,930	5,930
Total Liabilities	3,36,060	3,72,390	4,08,154	4,86,327

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	24,428	22,061	32,010	37,257
Working Capital Changes	(14,551)	(17,509)	(10,697)	(11,900)
Capital Commitments	(5,557)	(20,940)	(46,064)	(75,071)
Free Cashflow	29,985	43,001	78,073	1,12,327
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(5,557)	(20,940)	(46,064)	(75,071)
Issue of Share Capital	(2)	-	-	-
Interest Cost	(12,340)	(13,240)	(14,166)	(16,367)
Inc (Dec) in Borrowings	3,006	33,560	24,337	66,205
Dividend paid	(5,995)	(5,995)	(7,327)	(8,659)
Others	(2,312)	(2,136)	(497)	(438)
Cash flow from Financing Activities	(17,644)	12,189	2,347	40,741
Chg. in Cash & Bank balance	1,227	13,310	(11,707)	2,927
Closing cash & balance	27,110	40,420	28,713	31,640

Source Company data, I-Sec research

Exhibit 9: Key ratios

(Year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	10.3	10.3	11.5	13.1
Adjusted EPS (Diluted)	10.3	10.3	11.5	12.8
Cash EPS	19.5	19.3	21.1	24.3
Dividend per share (DPS)	0.0	0.0	0.0	0.0
Book Value per share (BV)	85.9	90.1	96.1	102.4
Dividend Payout (%)	0.0	0.0	0.0	0.0
Growth (%)				
Net Sales	9.8	7.0	7.7	8.3
EBITDA	13.4	1.4	11.5	14.1
EPS (INR)	2.5	(0.5)	11.7	14.0
Valuation Ratios (x)				
P/E	14.9	14.9	13.4	11.7
P/CEPS	7.9	7.9	7.3	6.3
P/BV	1.8	1.7	1.6	1.5
EV / EBITDA	9.0	9.4	9.3	9.4
P / Sales	1.4	1.3	1.2	1.1
Dividend Yield (%)	0.0	0.0	0.0	0.0
Operating Ratios				
Gross Profit Margins (%)	29.9	28.3	29.2	30.5
EBITDA Margins (%)	22.8	21.6	22.3	23.5
Effective Tax Rate (%)	14.0	19.9	24.8	22.1
Net Profit Margins (%)	8.5	7.8	8.0	8.2
NWC / Total Assets (%)	25.4	26.7	27.8	26.6
Net Debt / Equity (x)	1.0	1.1	1.3	1.7
Net Debt / EBITDA (x)	3.0	3.5	3.9	4.7
Profitability Ratios				
RoCE (%)	9.7	8.8	8.3	8.1
RoE (%)	11.8	11.1	11.8	12.3
RoIC (%)	9.7	8.8	8.3	8.1
Fixed Asset Turnover (x)	0.8	0.8	0.8	0.8
Inventory Turnover Days	20	15	55	54
Receivables Days	51	50	53	54
Payables Days	29	33	29	29

Source Company data, I-Sec research

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