

Utilities

Clearing skies: Power demand poised for pickup



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Power demand on 10 Mar'26 touched 238GW (flat YoY, solar hours) and 224.6GW (7% YoY, non-solar hours, highest-ever in March). A sudden weather disturbance (1,000km rare cloud formation) dampened solar/non-solar hours peak demand by 40/20GW within a period of 10 days. The IEX Real-Time Market prices on 22 Mar'26 were the lowest clearing prices since the RTM was launched in Jun'00. That said, the massive cloud band across north India is now moving away. There is a global consensus around *El Niño* conditions developing during the SW Monsoon (Jun-Sep). Most of the recent *El Niño* years marked spikes in power demand. We believe demand is likely to pick up beginning mid-May and possibly sustain up to Sep'26E—as seen during the 2023 *El Niño*. All in all, we anticipate a shortfall in hydro generation (negative for NHPC, SJVN), spike in coal-fired generation (positive for NTPC, Adani Power), extension of Section-11 (Tata Mundra) and high merchant prices (Adani Green, Adani Power), subject to downside risk from any slowdown due to the prolonged West Asia conflict.

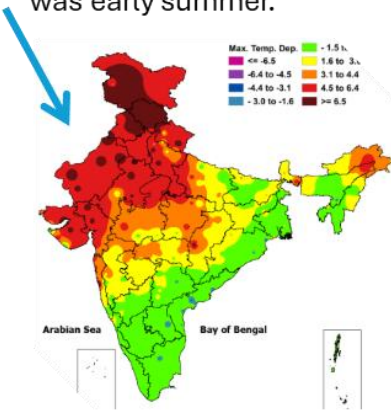
- **Rare cloud formation:** A rare western disturbance beginning 20th Mar'26 with a 1,000km cloud cover stretching from Afghanistan through Pakistan into India brought widespread rain and unseasonably cold conditions. As per the India Meteorological Department, this weather pattern was driven by a strong Western disturbance positioned over North Punjab and nearby areas. Daytime temperatures in parts of North India plunged 10°C to 20°C below normal. In Maharashtra, for example, temperatures dropped by nearly 10°C on 20th March, bringing maximum temperatures down significantly (Exhibit 1).
- **Peak demand down:** Power demand, earlier on 10 Mar'26, had touched 238GW (flat YoY) at 10:30 AM (solar hours) and 224.6GW (7% YoY, highest-ever in March) at 7:00 PM (non-solar hours). After the sudden weather disturbance, solar/non-solar hours peak demand sharply cooled off to about 220/200GW on 15th March and about 200/200GW on 20th March. Currently both peaks are hovering within 215–220 GW. Refer to [Demand spike seen; update on tactical ideas for summer](#).
- **Merchant prices crash:** The IEX Real-Time Market (RTM) recorded a price of INR 0.0002/unit for the 13:15–13:30 block on 22nd Mar'26—the lowest clearing price since the RTM was launched in Jun'20 driven by Sunday (DAM on four March Sundays were: INR3.12, INR3.96, INR2.75, INR1.98), festival and the continuation of rain and cloud cover since 15th March (Exhibits 2, 3).
- **Where we are now:** The massive cloud band across north India is now moving away. Skymet does not forecast any instances of extreme heat in the plains of North India during Apr'26 despite rising mercury. However, intense pre-monsoon heat is expected, beginning mid-May.
- ***El Niño* is coming:** There is a global consensus on transition from *La Niña* to ENSO-neutral in April, with ENSO-neutral favoured through May–July 2026 (>60% chance). According to IMD's long-term forecast on 13th April, the 2026 southwest monsoon seasonal (Jun-Sep) rainfall is most likely to be below normal (95–90% of the Long Period Average (LPA)). It further suggests development of *El Niño* conditions during the SW Monsoon season. [El Niño may return; hence the demand](#).
- **Impact of *El Niño* on power demand:** *El Niño* years have marked spikes in power demand. The *El Niño* during 2015 led to an extended hot and humid weather up to Oct'15. The average temperature from Apr to Oct was 2.2°C+ on 133 days out of 201 days. Peak demand grew 4–5% during Sep–Nov versus 1% in FY16. During the summer of Apr–Jun'19, another *El Niño* year, the average temperature was 2.8°C+ on 64 days out of 91 days. Peak demand grew at an unprecedented 7–9% during Apr–Jun'19. The 2023 *El Niño* -driven dry conditions led to a five-year low in monsoon rainfall (94% of LPA) with extreme hot and humid conditions during Jun–Aug'26. India recorded its highest-ever peak demand of 240/240GW in Aug/Sep'23, up 22%/20% YoY (Exhibit 4).
- **JMF view**
 - There is a high probability of a shortfall in hydro generation this summer due to a deficit in winter rainfall and snow cover in 1QCY26 (Exhibits 5–7).
 - We envisage a greater probability of persistently high LNG prices and intense summer ([Thinking through plausible scenarios](#)), leading to a spike in coal-fired generation and subsequent extension of Section-11 beyond Jun'26 for continued operationalisation of imported coal power plants.
 - Utilities with high merchant portfolio (Adani Green, Adani Power) stand to benefit from evening demand surge. Refer to [Who is selling? Tracking top sellers on power exchanges](#).
 - Downside risk emerges from any industrial slowdown (34% of power consumption) due to a prolonged West Asia conflict.

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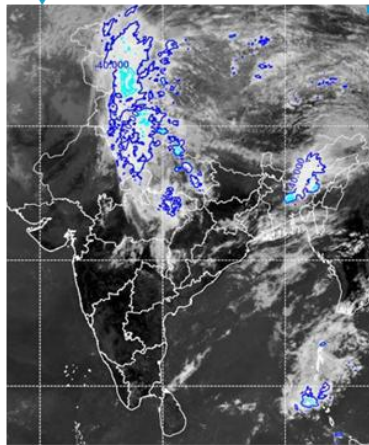
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Exhibit 1: Sequence of events that led to wild fluctuations in power demand

1/ Beginning March, it was early summer.



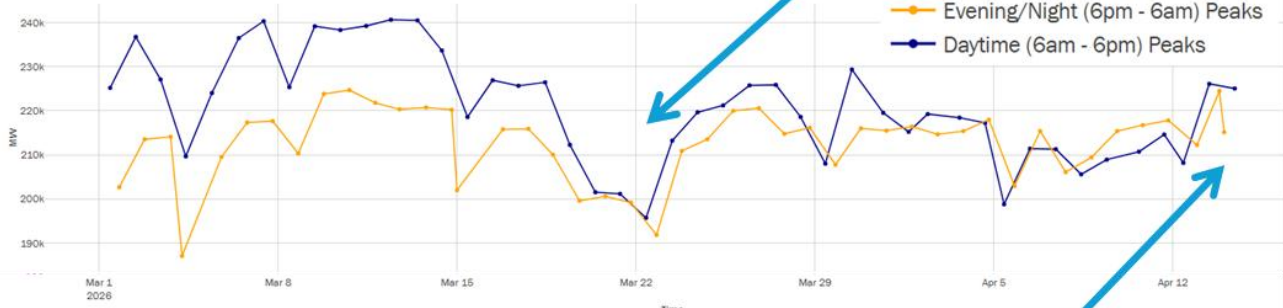
3/ A rare 1,000-km cloud cover starting 20th Mar'26 brought rains across regions



4/ Daytime temperatures in parts of North India plunged

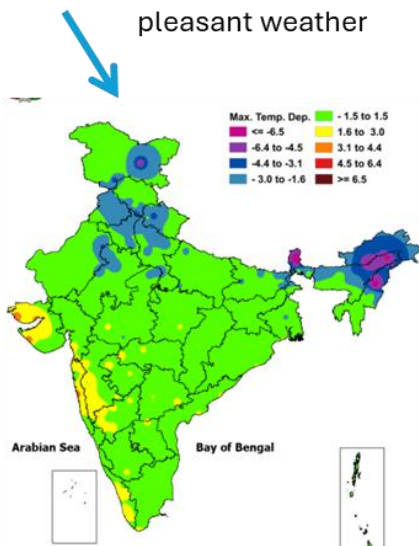
Region	Temperature (before)	Temperature on 20 Mar
Delhi-NCR	37-38 C	17-22 C
Maharashtra	42.4 C	32-37 C
Gujarat	41-42 C	34-36 C
Rajasthan	40 C	23-28 C
Punjab & Haryana	36-37C	18-24 C
Himachal, J&K	25 C+	4-12 C

2/ Power demand spiked – highest ever in March



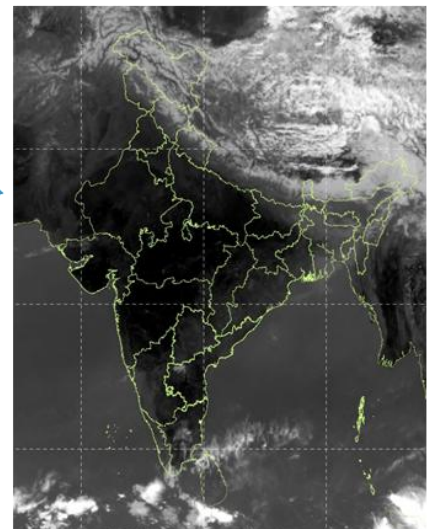
5/ Day/ evening peak was down by 40/20 GW within 10 days

6/ Presently, India has generally a pleasant weather



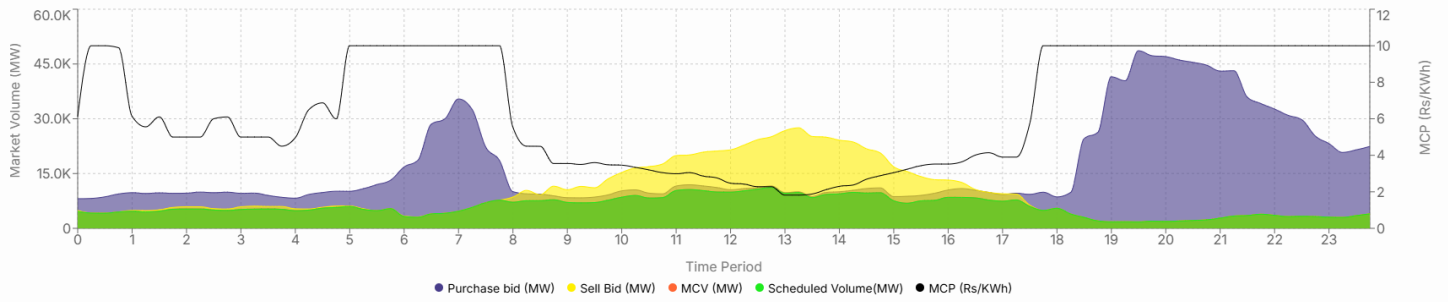
8/ Pick up in demand is seen

7/ But, cloud band across north India is now moving away



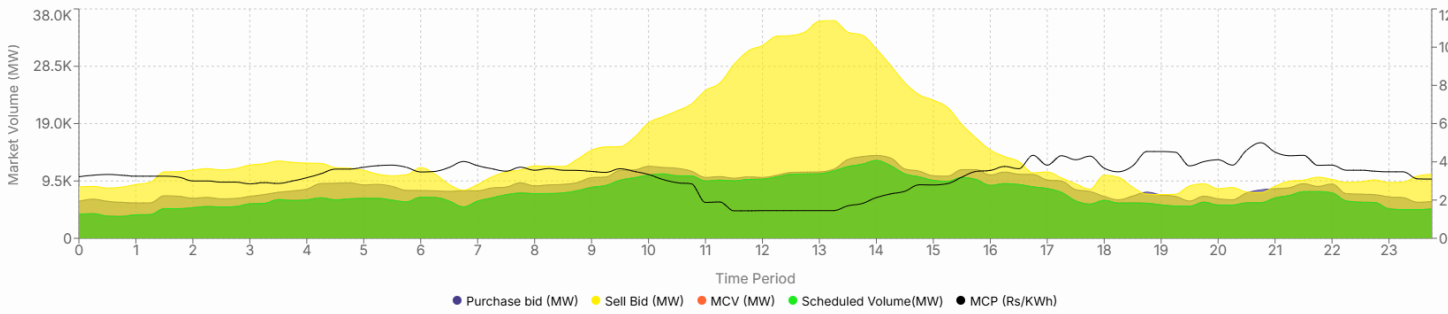
Source: IMD, Industry, JM Financial

Exhibit 2: Real time prices on IEX on Thursday, 12 May 2026



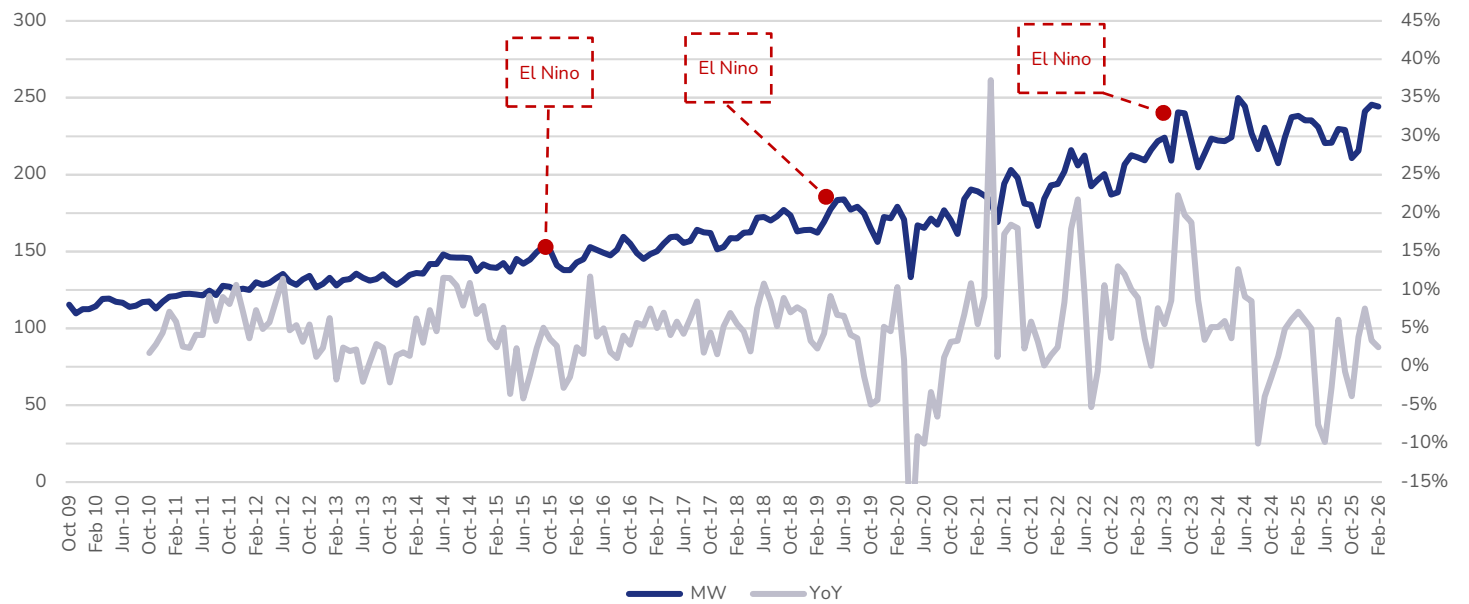
Source: IEX, JM Financial

Exhibit 3: Real time prices on IEX on Thursday, 19 Mar 2026



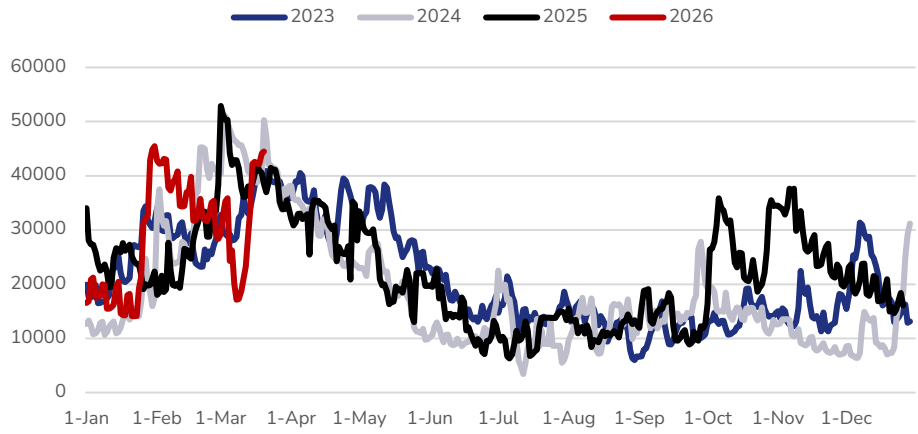
Source: IEX, JM Financial

Exhibit 4: Peak power demand over years



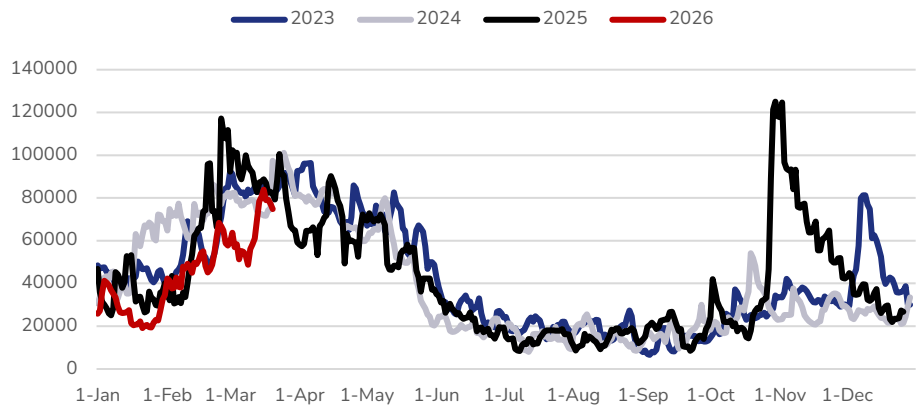
Source: CEA, JM Financial

Exhibit 5: Snow cover in Ganga River Basin (sq km)



Source: IMD, JM Financial

Exhibit 6: Snow cover in Brahmaputra River Basin (sq km)



Source: IMD, JM Financial

Exhibit 7: Snow cover in Indus River Basin (sq km)



Source: IMD, JM Financial

Valuation

Exhibit 8: Valuations of stocks under our coverage

Company Name	Rating	Market Cap (USD mn)	CMP	TP (INR)	Up/Dow (%)	P/E (x)				P/BV (x)				EV/EBITDA (x)			
						FY25A	FY26E	FY27E	FY28E	FY25A	FY26E	FY27E	FY28E	FY25A	FY26E	FY27E	FY28E
IEX	Add	1,241	129	145	12%	23.8	20.8	20.2	23.4	9.0	7.5	6.4	5.8	22.4	18.9	17.8	22.2
NTPC	Buy	39,023	386	420	9%	15.0	14.1	12.2	11.4	2.0	1.8	1.6	1.5	11.0	10.1	8.8	8.2
Power Grid Corp	Buy	29,488	300	314	5%	18.1	17.6	15.1	13.9	3.2	3.0	2.8	2.6	9.6	9.1	8.5	8.1
ACME	Buy	1,782	284	289	2%	63.1	27.2	24.8	19.0	3.5	3.1	2.8	2.4	21.1	18.8	16.0	10.9
CESC	Buy	2,223	161	196	22%	14.5	13.9	13.0	11.7	1.7	1.6	1.4	1.3	8.5	8.2	7.7	7.3
Coal India	Reduce	29,768	435	420	-3%	7.9	9.6	7.5	7.3	2.8	2.4	2.0	1.7	5.2	6.2	5.2	4.7
Tata Power	Buy	13,569	409	429	5%	30.5	31.6	21.8	20.8	3.4	3.1	2.8	2.5	12.9	12.6	11.3	11.1
JSW Energy	Buy	9,484	509	614	21%	42.2	45.1	41.8	37.3	3.0	2.4	2.3	1.9	23.6	14.6	13.3	12.2
Torrent Power	Reduce	7,847	1,475	1,410	-4%	22.0	23.9	19.8	17.4	3.7	3.2	2.8	2.4	13.7	12.5	9.7	8.5
NHPC	Add	8,282	78	84	8%	24.6	23.7	15.6	12.6	1.9	1.8	1.7	1.6	20.4	18.5	12.5	10.7
SJVN	Sell	2,982	72	67	-8%	30.4	29.5	13.5	10.8	1.8	1.7	1.6	1.5	23.2	22.2	15.7	12.8
BHEL	Buy	9,952	288	345	20%	160.1	65.0	27.3	21.3	3.5	3.4	3.2	2.9	69.8	43.3	21.2	17.3
Inox Wind	Add	2,019	88	120	37%	27.6	19.9	16.8	15.0	2.6	2.3	2.0	1.8	14.7	9.9	8.2	6.9
Suzlon	Buy	6,526	46	64	40%	26.1	23.0	16.9	15.4	8.8	6.4	4.6	3.5	29.2	16.7	12.7	10.0
Adani Green	Buy	18,239	1,085	1,204	11%	63.4	54.2	29.5	21.6	11.0	6.2	5.4	4.6	24.1	20.0	15.6	12.8
Adani Power	Buy	35,088	181	177	-2%	22.4	25.6	19.4	16.6	5.1	4.3	3.5	2.9	15.4	16.1	13.3	12.1
Adani Energy	Buy	15,222	1,175	1,199	2%	106.0	56.1	38.6	31.1	5.1	4.7	4.2	3.7	17.7	18.8	16.4	14.9
Vikram Solar	Add	758	219	202	-7%	46.0	14.7	11.8	7.3	5.2	2.0	1.7	1.4	13.2	7.5	7.1	4.6
Emmvee	Buy	1,701	238	291	22%	40.8	15.8	13.2	9.1	28.0	4.1	3.2	2.3	23.1	10.3	9.3	5.8
Waaree Energies	Reduce	9,778	3,335	2,815	-16%	47.9	20.9	18.9	17.3	9.4	6.5	4.8	3.8	30.4	13.7	11.4	10.4
Premier Energies	Reduce	4,453	974	865	-11%	43.1	27.6	21.0	17.6	14.3	9.4	6.5	4.7	22.6	17.1	12.5	10.9

Source: JM Financial

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