

# Retail Equity Research



## Torrent Power Ltd.

Accumulate

Sector: Power

1<sup>st</sup> July 2025

Key Changes	Target	▲	Rating	●	Earnings	▼	Target	Rs.1,636
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame		CMP	Rs.1,460
Mid Cap	TPW:IN	83,697	TORNTPOWER	532779	12 Months		Return	+12%

Data as of: 01-07-2025

Company Data			
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	53.6	51.1	51.1
FII's	8.9	9.9	9.4
MFs/Institutions	19.0	21.2	21.9
Public	18.5	17.8	17.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-2.4%	-0.9%	-1.2%
Absolute Sensex	10.1%	6.6%	5.9%
Relative Return	-12.5%	-7.5%	-7.1%

### \*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	29,165	31,513	34,207
Growth (%)	7.3	8.1	8.5
EBITDA	5,307	5,967	7,213
EBITDA Margin (%)	18.2	18.9	21.1
PAT Adjusted	2,422	2,513	2,610
Growth (%)	27.7	3.8	3.9
Adjusted EPS	48	50	52
Growth (%)	27.1	3.8	3.9
P/E	30.1	29.0	27.9
P/B	4.0	3.7	3.4
EV/EBITDA	15.4	13.7	11.3
ROE (%)	15.7	13.2	12.7
D/E	0.5	0.7	1.0

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### Powering a greener future...

**Torrent Power Ltd. (TPW)** is one of the leading power utility companies in India, with functions across generation, transmission and distribution. It has operations spread across Gujarat, Maharashtra, UP and Karnataka.

- Torrent Green, a subsidiary of TPW won SECI bid to develop 300MW wind project under Tranche-XVIII at ₹3.97/unit tariff. This project is expected to be commissioned within 24 months of Power purchase agreement for a contract period of 25 years. Management has guided for significant capex in renewables in FY26.
- TPW secured long-term LNG supply deal with BP Singapore for up to 0.41 MMTPA (2027–2036) to support its 2730MW gas plants and city gas network; aims to further diversify energy portfolio.
- FY25 revenue grew by 7.3%, driven by a 3.2% increase in the distribution segment. While the thermal segment remained flat, growth was offset by a 7.3% decline in renewable revenues, impacted by adverse weather conditions and partial commissioning of a solar project currently undergoing stabilisation.
- FY25 PAT stood at ₹3,059 Cr, but adjusted PAT stood at ₹2,422cr.(+27.7%) due to a one-time, non-cash deferred tax liability reversal of ₹637cr., following a shift to the new tax regime and reassessment of MAT credit utilisation.

### Outlook & Valuation

We expect a margin improvement of 288 bps over FY25–27E, led by a 51% CAGR in renewable EBITDA as considerable renewable capacities come online. Extended NVVN tender could support thermal segment performance, while distribution prospects are also favourable, driven by the UP discom privatization and the upcoming MERC hearing for PMC and PCMC licences. Reflecting this, we revise our EV/EBITDA valuation multiples to 8x for thermal, 15x for renewables, and 12.5x for the distribution segment. **However, we are cautious over rising leverage as adjusted debt-to-equity is expected to increase from 0.5x to 1.0x. Therefore, based on SOTP valuation, we assign a target price of Rs.1,636 and maintain the ACCUMULATE rating on the stock.**

### Quarterly Financials Consol.

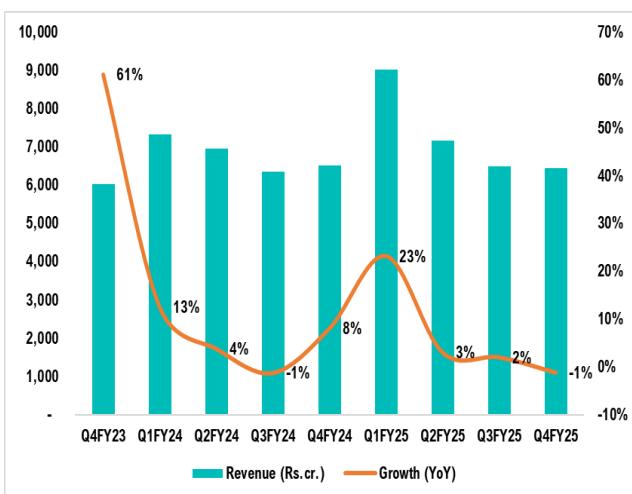
Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	6,456	6,529	-1.1	6,499	-1	29,165	27,183	7.3
EBITDA	1,130	1,109	1.9	1,112	2	5,307	4,559	16.4
Margin (%)	18	17	52bps	17	41bps	18	17	143bps
EBIT	741	754	-1.7	734	1	3,810	3,182	19.8
PBT	619	617	0.3	630	-2	3,253	2,583	25.9
Rep. PAT	1,077	447	141.0	489	120	3,059	1,896	61.3
Adj PAT	440	447	-1.5	489	-10	2,422	1,896	27.7
EPS (Rs)	21	9	135.0	10	115	61	38	60.0



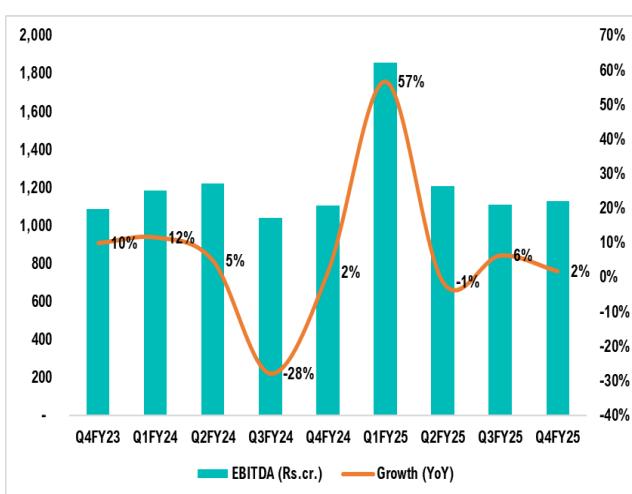
## Key Concill Highlights

- Torrent Power is aggressively expanding its renewable energy portfolio with 3.1GWp of capacity currently under development. The company had commissioned 84MWp of the 367 MWp MSEDC solar project in Q4FY25.
- Torrent Power has signed a 2000MW energy storage facility agreement with MSEDC, marking a major step in its pumped storage hydrogen strategy. The project has a 48month commissioning timeline from the PPA signing date, with land acquisition and regulatory approvals currently underway.
- The company has also secured NIVN contracts for 1,150MW DGEN and 150MW SUGEN gas based power plants for the March-October 2025 period. These contracts include a minimum guaranteed offtake of approximately 2,300MU, ensuring fixed charge payments even if power is not drawn.

### Revenue



### EBITDA



### SOTP Valuation

Business Vertical	Valuation Methodology	Year	FY27E Value	Multiple	Value (Rs. cr)
Generation Business	EV/EBITDA	FY27E	1,875	8.0X	15,002
Distribution Business	EV/EBITDA	FY27E	3882.0	12.5X	30,406
Renewable Business	EV/EBITDA	FY27E	2,027	15.0X	48,525
<b>A. Total</b>					<b>93,932</b>
<b>B. Value of New Projects</b>					<b>10,656</b>
Pumped Storage Project	DCF				6,029
Green Hydrogen Project	P/B		2,100	2.0X	4,200
Solapur Transmission Project	DCF				158
Torrent Power PGCIL JV	DCF				270
<b>C. Debt</b>					(22,940)
<b>D. Minority interest</b>					(600)
<b>E. Cash and Cash Equivalents</b>					679
<b>Equity Value (A+B+C+D+E)</b>					<b>81,727</b>
<b>Target Price (Per share)</b>					<b>1,636</b>

### Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	29,724	31,497	31,513	34,207	6	9
EBITDA	5,877	6,722	5,967	7,213	2	7
Margins (%)	19.8	21.3	18.9	21.1	-84bps	-26bps
Adj. PAT	2,713	3,432	2,513	2,610	-7	-24
EPS	54	68	50	52	-7	-23

## Consolidated Financials

### Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>25,694</b>	<b>27,183</b>	<b>29,165</b>	<b>31,513</b>	<b>34,207</b>
% change	80	6	7	8	9
<b>EBITDA</b>	<b>4,759</b>	<b>4,559</b>	<b>5,307</b>	<b>5,967</b>	<b>7,213</b>
% change	33	(4)	16	12	21
Depreciation	1,281	1,378	1,497	2,047	2,604
<b>EBIT</b>	<b>3,478</b>	<b>3,182</b>	<b>3,810</b>	<b>3,920</b>	<b>4,609</b>
Interest	818	943	1,045	1,096	1,700
Other Income	382	344	487	526	571
<b>PBT</b>	<b>3,041</b>	<b>2,583</b>	<b>3,253</b>	<b>3,350</b>	<b>3,480</b>
% change	439	(15)	26	3	4
<b>Tax</b>	<b>877</b>	<b>687</b>	<b>194</b>	<b>838</b>	<b>870</b>
Tax Rate (%)	29	27	6	25	25
<b>Reported PAT</b>	<b>2,165</b>	<b>1,896</b>	<b>3,059</b>	<b>2,513</b>	<b>2,610</b>
Adj*	0	0	(637)	0	0
<b>Adj PAT</b>	<b>2,165</b>	<b>1,896</b>	<b>2,422</b>	<b>2,513</b>	<b>2,610</b>
% change	23	(12)	28	4	4
No. of shares (cr)	<b>49</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Adj EPS (Rs.)</b>	<b>44</b>	<b>38</b>	<b>48</b>	<b>50</b>	<b>52</b>
% change	22	(13)	27	4	4
<b>DPS (Rs.)</b>	<b>22</b>	<b>16</b>	<b>18</b>	<b>19</b>	<b>19</b>

### Balance Sheet

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	344	419	380	557	679
Accounts Receivable	2,246	2,191	2,362	2,417	2,671
Inventories	820	800	658	693	663
Other Cur. Assets	3,255	4,159	4,347	4,697	5,098
Investments	939	1,049	1,001	1,082	1,174
Gross Fixed Assets	30,770	34,635	38,616	47,373	60,279
Net Fixed Assets	18,342	20,913	23,428	30,155	40,476
CWIP	2,625	2,472	2,250	3,492	2,572
Intangible Assets	927	890	859	842	823
Def. Tax (Net)	39	66	115	124	134
Other Assets	374	433	1,175	1,269	1,378
<b>Total Assets</b>	<b>29,910</b>	<b>33,392</b>	<b>36,573</b>	<b>45,328</b>	<b>55,668</b>
Current Liabilities	5,072	5,943	5,965	6,688	6,997
Provisions	264	202	198	214	232
Debt Funds	10,496	11,585	8,737	14,840	22,940
Other Liabilities	2,591	3,065	3,458	3,787	4,056
Equity Capital	481	481	504	504	504
Reserves & Surplus	11,006	12,117	17,712	19,295	20,939
Shareholder's Fund	11,487	12,598	18,216	19,799	21,443
<b>Total Liabilities</b>	<b>29,910</b>	<b>33,392</b>	<b>36,573</b>	<b>45,328</b>	<b>55,668</b>
<b>BVPS (Rs.)</b>	<b>234</b>	<b>253</b>	<b>365</b>	<b>396</b>	<b>429</b>

### Cash Flow

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Net inc. + Depn.</b>	<b>3,832</b>	<b>3,462</b>	<b>4,529</b>	<b>4,559</b>	<b>5,214</b>
Non-cash adj.	547	557	663	1,096	1,700
Changes in W.C	(924)	238	(387)	444	(241)
<b>C.F – Operation</b>	3,456	4,258	4,805	6,100	6,673
Capital exp.	(3,089)	(3,656)	(4,330)	(10,000)	(11,985)
Change in inv.	146	104	(24)	0	0
Other invest.CF	(273)	8	628	0	0
<b>C.F – Investment</b>	(3,216)	(3,544)	(3,642)	(10,000)	(11,985)
Issue of equity	0	0	3,440	0	0
Issue/repay debt	530	88	(3,966)	5,007	6,400
Dividends paid	(1,062)	(771)	(902)	(930)	(966)
Other finance.CF	191	132	211	0	0
<b>C.F – Finance</b>	<b>(341)</b>	<b>(551)</b>	<b>(1,216)</b>	<b>4,078</b>	<b>5,434</b>
Chg. in cash	(101)	163	(53)	177	121
<b>Closing cash</b>	<b>344</b>	<b>419</b>	<b>380</b>	<b>557</b>	<b>679</b>

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	18.5	16.8	18.2	18.9	21.1
EBIT margin (%)	13.5	11.7	13.1	12.4	13.5
Net profit mgn. (%)	8.4	7.0	8.3	8.0	7.6
ROE (%)	20.2	15.7	15.7	13.2	12.7
ROCE (%)	8.9	10.7	9.1	11.6	7.4
<b>W.C &amp; Liquidity</b>					
Receivables (days)	27	30	28	27.7	27
Inventory (days)	13	14	12	11	10
Payables (days)	29	35	37	39	40
Current ratio (x)	1.3	1.3	1.3	1.3	1.3
Quick ratio (x)	1.2	1.1	1.2	1.1	1.2
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	0.9	0.8	0.8	0.7	0.6
Total asset T.O (x)	0.9	0.9	0.8	0.8	0.7
Int. coverage ratio (x)	3.0	2.5	3.4	2.7	2.0
Adj. debt/equity (x)	0.9	0.9	0.5	0.7	1.0
<b>Valuation</b>					
EV/Sales (x)	3.2	3.0	2.8	2.6	2.4
EV/EBITDA (x)	17.2	18.0	15.4	13.7	11.3
P/E (x)	33.1	38.3	30.1	29.0	27.9
P/BV (x)	6.2	5.8	4.0	3.7	3.4

## Recommendation Summary (last 3 years)



Dates	Rating	Target
28-Mar-23	ACCUMULATE	550
22-Jun-23	ACCUMULATE	747
12-Dec-23	SELL	833
21-Feb-24	SELL	1,038
3-Sep-24	ACCUMULATE	1,893
31-Dec-24	BUY	1,709
14-Feb-25	ACCUMULATE	1,377
01-July-25	ACCUMULATE	1,636

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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