

# Tata Power Company Limited

**BUY**

Sector: Electric Utilities

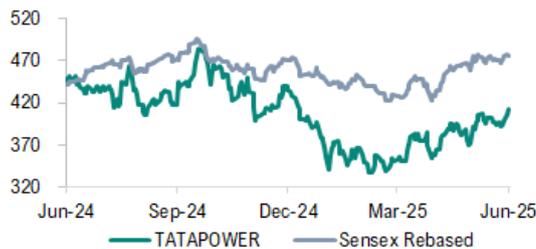
12<sup>th</sup> June, 2025

<b>Key Changes</b>	<b>Target</b> ▲	<b>Rating</b> ●	<b>Earnings</b> ▼	<b>Target</b>	<b>Rs. 468</b>		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs. 412</b>
Large Cap	TPWR:IN	82,515	TATAPOWER	500400	12 Months	<b>Return</b>	<b>+14%</b>

Data as of: 11-June-2025

Company Data			
Market Cap (Rs.cr)	131,627		
52 Week High — Low (Rs.)	495 - 326		
Enterprise Value (Rs. cr)	182,667		
Outstanding Shares (cr)	319.6		
Free Float (%)	52.4		
Dividend Yield (%)	1.0		
6m average volume (cr)	0.8		
Beta	1.7		
Face value (Rs. )	1.0		
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	46.9	46.9	46.9
FII's	9.2	9.5	9.4
MFs/Institutions	17.0	16.0	16.2
Public	25.5	26.0	26.0
Others	1.5	1.6	1.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	16.8%	-5.2%	-8.2%
Absolute Sensex	11.4%	1.2%	7.9%
Relative Return	5.4%	-6.4%	-16.1%

\*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	65,478	74,973	81,870
Growth (%)	6.6	14.5	9.2
EBITDA	15,444	15,260	17,611
EBITDA Margin (%)	23.6	20.4	21.5
PAT Adjusted	4,093	4,105	4,708
Growth (%)	19.6	0.3	14.7
Adjusted EPS	12.8	12.8	14.7
Growth (%)	19.6	0.3	14.7
P/E	29.3	32.1	28.0
P/B	3.3	3.4	3.1
EV/EBITDA	11.3	13.2	12.3
ROE (%)	13.3	12.8	13.2
D/E	1.4	1.5	1.6

## Power play with green edge

**Tata Power Company Ltd generates and supplies electricity. It constructs and operates independent power plants and specialises in transmission and distribution (T&D) of electricity.**

- In Q4FY25, consolidated revenue increased 7.9% YoY to Rs. 17,096cr, driven by strong performance in T&D, higher generation from thermal assets.
- The thermal generation, coal and hydro revenue grew 8.9% YoY to Rs. 5,288cr, driven by higher plant load factor (PLF) across thermal units and consistent hydro generation, leveraging a total capacity of 8,860 MW thermal and 880 MW hydro.
- The renewable segment's revenue remained flat YoY at Rs. 3,457cr, despite 1,026 MW capacity being added during the year, due to project delays from the transmission readiness issue.
- T&D revenue rose 6.3% YoY to Rs. 9,589cr, driven by strong operational performance in Delhi and Odisha distribution companies (discoms), which served 12.8mn customers, with more than 4,633 ckm transmission lines.
- EBITDA grew 22.0% YoY to Rs. 3,597cr and EBITDA margin expanded 240bps YoY to 21%, driven by efficient cost management.
- Reported PAT grew 24.9% YoY to Rs. 1,306cr, led by topline growth.

## Outlook & Valuation

The company's overall performance was strong, driven by efficient execution in its renewable pipeline, full-scale solar cell and module operations, and sustained leadership in rooftop solar and EV infrastructure. Strategic initiatives such as pumped hydro development, clean energy expansion and digital grid modernisation underscore its commitment to long-term growth. Management's calibrated capital allocation, rural electrification push and third-party EPC order execution offer structural tailwinds. With India's accelerating shift towards clean energy, the company is well-positioned to leverage growth in renewables, storage and distribution. Therefore, **we retain our rating on the stock to BUY, with a revised target price of Rs. 468, based on 10.2x rolled-forward FY27E EV/EBITDA.**

## Quarterly Finance Consol.

Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	17,096	15,847	7.9	15,391	11.1	65,478	61,449	6.6
EBITDA	3,597	2,949	22.0	3,755	-4.2	15,444	12,607	22.5
Margin (%)	21.0	18.6	240bps	24.4	-340bps	23.6	20.5	310bps
EBIT	2,480	1,908	30.0	2,714	-8.6	11,327	8,821	28.4
PBT	1,600	1,537	4.1	1,457	9.8	6,320	5,732	10.3
Rep. PAT	1,306	1,046	24.9	1,188	10.0	4,775	4,280	11.6
Adj PAT	1,025	857	19.7	1,031	-0.6	4,093	3,423	19.6
Adj. EPS (Rs)	3.2	2.7	19.7	3.2	-0.6	12.8	10.7	19.6



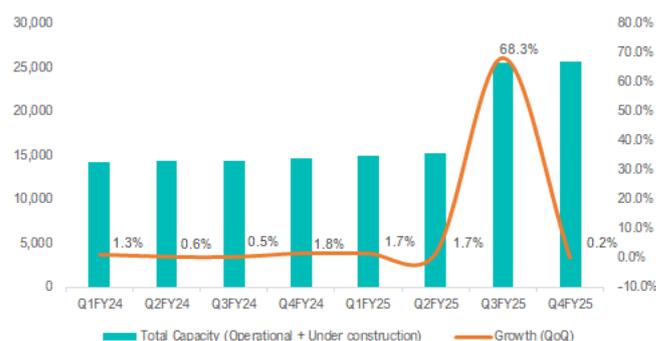
## Key concall highlights

- Tata Power plans to commission 2.5-2.7 GW of renewable energy project in FY26.
- The solar cell and module manufacturing facility in Tirunelveli has ramped up and is operating above 90% utilisation, aiming to produce over 3.7 GW in FY26.
- Tata Power continues to lead in rooftop solar with presence in over 700 cities; demand is expected to double in FY26 due to government initiatives such as PM Surya Ghar Yojana.
- The company signed an MoU with Druk Green Power to develop 5,100 MW of clean energy in Bhutan, aligning with Bhutan's 2040 hydro and solar vision.
- Construction has started on the 600MW Khorlochhu hydro project in Bhutan; commissioning is expected by November 29.
- Tata Power plans Rs. 25,000cr in capex for FY26, with ~60% allocated to renewables and ~30% to transmission projects.
- Its utility-scale EPC and rooftop EPC order books stand at Rs. 11,381cr and Rs. 864cr, respectively.
- The company successfully launched a 300MW TOPCon pilot line, indicating a shift towards advanced solar cell technology.
- The 1,000 MW Bhivpuri and 1,800 MW Shirawata pumped hydro projects have commenced or will begin shortly, supporting Tata Power's long-term green energy storage.

## Revenue



## Total Capacity



## EBITDA



## PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	75,848	-	74,973	81,870	-1.2	-
EBITDA	14,381	-	15,260	17,611	6.1	-
Margins (%)	19.0	-	20.4	21.5	140bps	-
Adj. PAT	5,070	-	4,105	4,708	-19.0	-
EPS	15.9	-	12.8	14.7	-19.5	-



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>55,109</b>	<b>61,449</b>	<b>65,478</b>	<b>74,973</b>	<b>81,870</b>
% change	28.7	11.5	6.6	14.5	9.2
<b>EBITDA</b>	<b>9,144</b>	<b>12,607</b>	<b>15,444</b>	<b>15,260</b>	<b>17,611</b>
% change	7.6	39.0	21.4	-1.9	15.1
Depreciation	3,439	3,786	4,117	4,692	5,473
<b>EBIT</b>	<b>5,705</b>	<b>8,821</b>	<b>11,327</b>	<b>10,567</b>	<b>12,138</b>
Interest	4,372	4,633	4,702	5,083	5,892
Other Income	4,124	1,544	-305	1,111	1,166
<b>PBT</b>	<b>5,457</b>	<b>5,732</b>	<b>6,320</b>	<b>6,594</b>	<b>7,412</b>
% change	81.7	5.0	10.3	4.3	12.4
Tax	1,647	1,452	1,544	1,649	1,853
Tax Rate (%)	30.2	25.3	24.4	25.0	25.0
<b>Reported PAT</b>	<b>3,810</b>	<b>4,280</b>	<b>4,775</b>	<b>4,946</b>	<b>5,559</b>
PAT att. to com-	3,336	3,696	3,971	4,105	4,708
Adj.*	-	-273	122	-	-
<b>Adj. PAT</b>	<b>3,336</b>	<b>3,423</b>	<b>4,093</b>	<b>4,105</b>	<b>4,708</b>
% change	76.4	2.6	19.6	0.3	14.7
No. of shares (cr)	319.6	319.6	319.5	319.5	319.5
<b>Adj EPS (Rs.)</b>	<b>10.4</b>	<b>10.7</b>	<b>12.8</b>	<b>12.8</b>	<b>14.7</b>
% change	76.4	2.6	19.6	0.3	14.7
DPS (Rs.)	2.0	2.0	2.3	3.9	4.1

### Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	6,894	7,681	8,283	8,931	10,170
Non-cash adj.	4,044	4,271	4,202	3,904	4,967
Other adjustments	-	-	-	-	-
Changes in W.C	-3,779	552	195	209	17
<b>C.F. Operation</b>	<b>7,159</b>	<b>12,504</b>	<b>12,680</b>	<b>13,044</b>	<b>15,154</b>
Capital exp.	-7,606	-13,095	-17,038	-23,616	-23,906
Change in inv.	-3,549	950	-733	-65	-27
Other invest.CF	3,780	3,202	2,322	2,650	2,876
<b>C.F - Investment</b>	<b>-7,375</b>	<b>-8,943</b>	<b>-15,449</b>	<b>-21,031</b>	<b>-21,057</b>
Issue of equity	5,461	1,118	2,253	-	-
Issue/repay debt	1,169	513	8,570	9,851	11,502
Dividends paid	-787	-887	-965	-1,232	-1,318
Other finance.CF	-4,502	-5,241	-5,566	-5,866	-6,714
<b>C.F - Finance</b>	<b>1,341</b>	<b>-4,497</b>	<b>4,292</b>	<b>2,753</b>	<b>3,470</b>
Chg. in cash	1,125	-936	1,524	-5,234	-2,433
Closing Cash	11,207	9,152	11,751	6,517	4,084

### Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	11,207	9,152	11,751	6,517	4,084
Accts. Receivable	6,952	7,402	5,710	6,485	6,975
Inventories	3,943	4,420	4,572	5,523	5,897
Other Cur. Assets	17,423	15,791	15,033	15,855	15,785
Investments	15,520	14,838	15,014	14,257	13,369
Gross Fixed As-sets	85,840	94,453	109,313	132,930	156,836
Net Fixed Assets	58,507	63,993	75,351	91,785	108,674
CWIP	5,376	11,561	12,679	15,849	18,226
Intangible Assets	3,240	3,217	3,023	3,051	3,079
Def. Tax -Net	253	499	518	544	611
Other Assets	5,928	8,681	13,061	13,253	13,449
<b>Total Assets</b>	<b>128,349</b>	<b>139,553</b>	<b>156,711</b>	<b>173,119</b>	<b>190,150</b>
Current Liabilities	27,062	30,841	31,506	34,092	35,285
Provisions	1,420	1,865	2,549	2,600	2,652
Debt Funds	50,385	50,027	58,820	68,671	80,173
Other Liabilities	15,278	18,488	21,231	21,436	21,479
Equity Capital	320	320	320	320	320
Res. & Surplus	28,468	32,036	35,521	38,395	41,785
Shareholder Funds	28,787	32,355	35,841	38,714	42,104
Minority Interest	5,417	5,977	6,765	7,606	8,457
<b>Total Liabilities</b>	<b>128,349</b>	<b>139,553</b>	<b>156,711</b>	<b>173,119</b>	<b>190,150</b>
BVPS	90	101	112	121	132

### Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	16.6	20.5	23.6	20.4	21.5
EBIT margin (%)	10.4	14.4	17.3	14.1	14.8
Net profit mgn.(%)	6.1	6.0	6.1	5.5	5.8
ROE (%)	13.2	13.2	13.3	12.8	13.2
ROCE (%)	6.7	10.0	11.2	9.2	9.3
<b>W.C &amp; Liquidity</b>					
Receivables (days)	46.0	44.0	31.8	31.6	31.1
Inventory (days)	39.1	40.8	42.8	42.6	42.2
Payables (days)	73.5	80.9	83.0	83.2	83.6
Current ratio (x)	0.9	0.9	0.8	0.7	0.6
Quick ratio (x)	0.4	0.4	0.4	0.3	0.2
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	0.7	0.7	0.6	0.6	0.6
Total asset T.O (x)	0.5	0.5	0.4	0.5	0.5
Int. covge. ratio (x)	1.3	1.9	2.4	2.1	2.1
Adj. debt/equity (x)	1.5	1.3	1.4	1.5	1.6
<b>Valuation</b>					
EV/Sales (x)	1.9	2.8	2.7	2.7	2.6
EV/EBITDA (x)	11.5	13.7	11.3	13.2	12.3
P/E (x)	18.0	36.8	29.3	32.1	28.0
P/BV (x)	2.1	3.9	3.3	3.4	3.1



## Recommendation Summary - (last 3 years)



Dates	Rating	Target
2-Aug-22	HOLD	246
20-Feb-23	HOLD	223
15-May-23	HOLD	224
11-Sep-23	BUY	301
14-Feb-24	HOLD	393
13-Jun-24	HOLD	490
25-Nov-24	BUY	460
12-Jun-25	BUY	468

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
<b>Buy</b>	Upside is above 10%	Upside is above 15%	Upside is above 20%
<b>Accumulate</b>	-	Upside is between 10%-15%	Upside is between 10%-20%
<b>Hold</b>	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
<b>Reduce/sell</b>	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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

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

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