

# Torrent Power Ltd.

**BUY**

Sector: Power

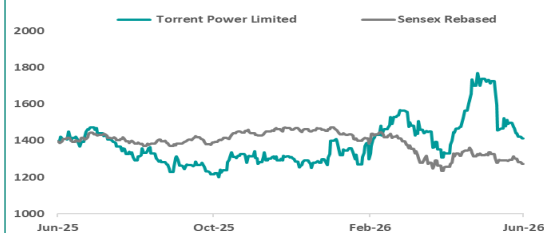
3<sup>rd</sup> June, 2026

<b>Key Changes</b>	<b>Target</b> ▲	<b>Rating</b> ▲	<b>Earnings</b> ▲	<b>Target</b>	<b>Rs. 1,638</b>
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	TPW:IN	74,650	TORNTPOWER	532779	12 Months
				<b>CMP</b>	<b>Rs. 1,424</b>
				<b>Return</b>	<b>+15%</b>

Data as of: 02-06-2026 18:00 hrs

Company Data			
Market cap. (Rs. cr)	71,773		
52 Week High — Low (Rs.)	1,824 – 1,188		
Enterprise Value (Rs. cr)	84,890		
Outstanding Shares (cr)	50.4		
Free Float (%)	37.6		
Dividend Yield (%)	1.4		
6m average volume (cr)	0.06		
Beta	1.4		
Face value (Rs)	10.0		
Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	51.1	51.1	51.1
FII's	8.8	8.3	8.4
MFs/Institutions	22.2	22.7	22.8
Public	17.9	17.9	17.7
Total	100.0	100.0	100.0
Promoter Pledge	-	-	-
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-9.3%	7.7%	1.2%
Absolute Sensex	-7.4%	-12.8%	-8.7%
Relative Return	-1.8%	20.5%	9.9%

## \*over or under performance to benchmark index



Y.E March (Rs. cr.)	FY26A	FY27E	FY28E
Sales	28,966	32,057	35,432
Growth (%)	-0.7	10.7	10.5
EBITDA	5,541	7,092	8,436
EBITDA Margin (%)	19.1	22.1	23.8
PAT Adjusted	2,560	2,807	3,257
Growth (%)	14.5	9.6	16.0
Adjusted EPS	51	56	65
Growth (%)	10.9	9.6	16.0
P/E	25.7	25.6	22.0
P/B	3.3	3.4	3.1
EV/EBITDA	14.2	13.0	12.1
ROE (%)	13.5	13.7	14.6
D/E	0.7	1.0	1.3

Author: Arun Kailasan, Research Analyst

## Compounding Franchise, Elevated Capex...

**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.**

- FY26 consolidated revenue from operations declined 0.7% YoY to Rs. 28,996cr, impacted by lower power generation and subdued DISCOM offtake.
- Gross profit increased 9% YoY to Rs. 8,374cr, with gross margin expanding by 258 bps, supported by a 2% decline in power purchase costs and a 19% reduction in fuel expenses.
- FY26 PBDIT grew 5.4% YoY to Rs. 6,125cr, with margins improving by 122 bps to 21.1%. The improvement was driven by a 197 bps margin expansion in the distribution segment, partly offset by lower profitability in the generation and renewable businesses and higher other expenses.
- FY26 PBT rose 2% YoY to Rs. 3,317cr, as lower finance costs largely offset the impact of higher depreciation expenses and lower other income.
- FY26 PAT declined 19.3% YoY to Rs. 2,469cr due to a higher tax outgo. Adjusted for non-recurring items, PAT increased 14.5% YoY to Rs. 2,560cr.

## Outlook & Valuation

Torrent Power is expected to deliver a revenue CAGR of 10.6% during FY26–28E, driven by the gradual commissioning of its renewable energy pipeline and the consolidation of Nabha Power from Q1FY27. The new tariff framework could support a 100 bps improvement in ROE on the distribution assets, subject to performance milestones. Timely execution of renewable projects remains the key monitorable while higher commissioning and leverage could pressure bottom-line performance. However, any weakness in the stock price thereof presents an opportunity for investors to gain exposure to a quality power utility backed by one of the strongest distribution asset base in the country with a growing renewable portfolio. **With earnings projected to grow at a 12.8% CAGR, we upgrade our rating to BUY, assigning a target price of Rs. 1,638 per share based on our SOTP valuation.**

## Quarterly Financials Consol.

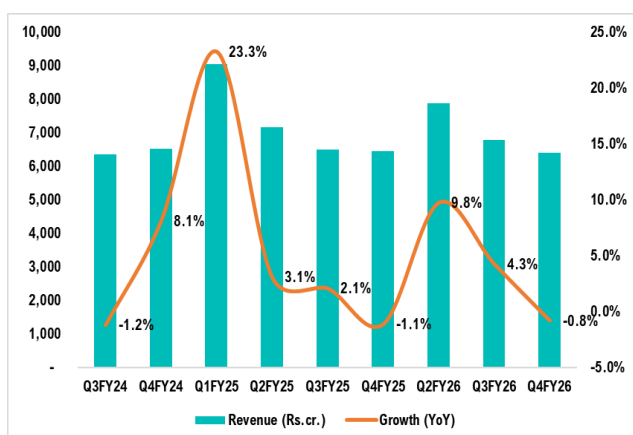
Rs. cr	Q4FY26	Q4FY25	YoY (%)	Q3FY25	QoQ (%)	FY26	FY25	YoY (%)
Sales	6,406	6,456	-0.8	6,778	-5	28,966	29,165	-0.7
EBITDA	1,149	1,130	1.7	1,403	-18	5,541	5,307	4.4
Margin (%)	17.9	17.5	43bps	21	-276bps	19	18	93bps
EBIT	728	741	-1.8	990	-26	3,929	3,810	3.1
PBT	547	619	-11.6	805	-32	3,317	3,253	2.0
Rep. PAT	331	1,077	-69.2	655	-49	2,469	3,059	-19.3
Adj PAT	435	440	-1.2	621	-30	2,560	2,236	14.5
EPS (Rs)	8.6	8.7	-1.2	12.3	-30	51	46	10.9



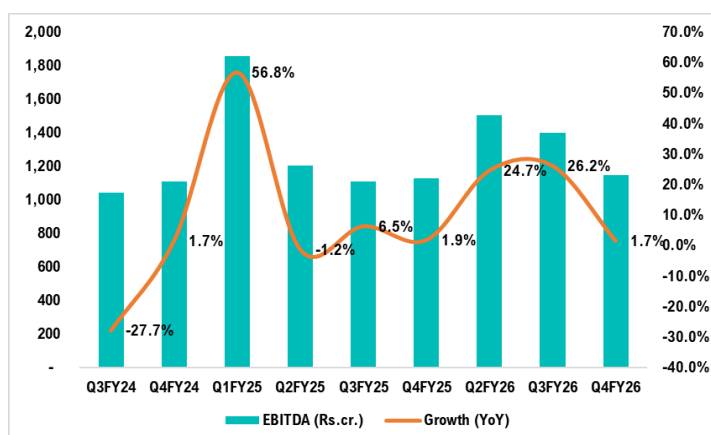
## Key Concall Highlights

- Management expects closure of Nabha Power Acquisition in Q1FY27, with Nabha running a two-part tariff model under 25-year PPAs with Punjab State Power Corporation.
- Gas availability is not an issue, as LNG supply is secured for summer. The company has contracted 3 cargoes for summer demand, of which 2 were received and 1 cargo is expected in June. All cargoes are sourced outside the Strait of Hormuz. BP+JERA contracts to become available from CY2027 onwards. Spot cargo is expected to bridge the balance period.
- FY27E is expected to be capex heavy with the run rate expected to be significantly higher than FY26. Management has guided for 1.2-1.4GW of renewable commissioning in FY27. Grid connectivity is in place for most projects, transmission timeline flagged as execution dependency.

## Revenue



## EBITDA



Source: Company, Geojit Research

## SOTP Valuation

Business Vertical	Valuation Methodology	Year	Operational Metric (Rs. Cr.)	Multiple	Value (Rs. cr)
Generation Business	EV/PBDIT	FY28E	1,713	7.0X	11,989
Distribution Business	EV/PBDIT	FY28E	4,414	9.0X	34,208
Renewable Business	EV/PBDIT	FY28E	2,851	12.0X	39,725
Less: Other income					395
<b>A. Total</b>					<b>85,527</b>
<b>B. Value of New Projects</b>					<b>27,590</b>
Pumped Storage Project	DCF				3,998
Torrent Power PGCIL JV	DCF				1,755
MP Thermal Project	DCF				21,837
<b>C. Debt</b>					<b>(30,477)</b>
<b>D. Minority interest</b>					<b>(633)</b>
<b>E. Cash and Cash Equivalents</b>					<b>528</b>
<b>Equity Value (A+B+C+D+E)</b>					<b>82,535</b>
<b>Target Price (Per share)</b>					<b>1,638</b>

## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	34,207	-	32,057	35,432	-6	-
EBITDA	7,213	-	7,092	8,436	-2	-
Margins (%)	21.1	-	22.1	23.8	104bps	-
Adj. PAT	2,610	-	2,807	3,257	8	-
EPS	52	-	56	65	7	-



## Consolidated Financials

### Profit & Loss

Y.E March (Rs cr)	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Revenue</b>	<b>27,183</b>	<b>29,165</b>	<b>28,966</b>	<b>32,057</b>	<b>35,432</b>
% change	6	7	(1)	11	11
<b>EBITDA</b>	<b>4,559</b>	<b>5,307</b>	<b>5,541</b>	<b>7,092</b>	<b>8,436</b>
% change	(4)	16	4	28	19
Depreciation	1,378	1,497	1,613	1,866	2,224
<b>EBIT</b>	<b>3,182</b>	<b>3,810</b>	<b>3,929</b>	<b>5,225</b>	<b>6,212</b>
Interest	943	1,045	934	1,840	2,264
Other Income	344	487	323	357	395
<b>PBT</b>	<b>2,583</b>	<b>3,253</b>	<b>3,317</b>	<b>3,743</b>	<b>4,343</b>
% change	(15)	26	2	13	16
<b>Tax</b>	<b>687</b>	<b>194</b>	<b>847</b>	<b>936</b>	<b>1,086</b>
Tax Rate (%)	27	6	26	25	25
<b>Reported PAT</b>	<b>1,896</b>	<b>3,059</b>	<b>2,469</b>	<b>2,807</b>	<b>3,257</b>
Adj*	0	(822)	91	0	0
<b>Adj PAT</b>	<b>1,896</b>	<b>2,236</b>	<b>2,560</b>	<b>2,807</b>	<b>3,257</b>
% change	(9)	18	14	10	16
No. of shares (cr)	<b>48</b>	<b>49</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Adj EPS (Rs.)</b>	<b>39</b>	<b>46</b>	<b>51</b>	<b>56</b>	<b>65</b>
% change	(9)	16	11	10	16
<b>DPS (Rs.)</b>	<b>16</b>	<b>18</b>	<b>20</b>	<b>23</b>	<b>27</b>

### Cash Flow

Y.E March (Rs cr)	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Net inc. + Depn.</b>	<b>3,462</b>	<b>4,529</b>	<b>4,313</b>	<b>4,673</b>	<b>5,481</b>
Non-cash adj.	557	663	611	1,840	2,264
Changes in W.C	<b>238</b>	<b>(387)</b>	<b>541</b>	<b>(318)</b>	<b>168</b>
<b>C.F – Operation</b>	<b>4,258</b>	<b>4,805</b>	<b>5,464</b>	<b>6,195</b>	<b>7,913</b>
Capital exp.	<b>(3,656)</b>	<b>(4,330)</b>	<b>(7,705)</b>	<b>(10,733)</b>	<b>(13,811)</b>
Change in inv.	104	(24)	7	0	0
Other invest.CF	<b>8</b>	<b>628</b>	<b>(556)</b>	<b>0</b>	<b>0</b>
<b>C.F – Investment</b>	<b>(3,544)</b>	<b>(3,642)</b>	<b>(8,088)</b>	<b>(10,733)</b>	<b>(13,811)</b>
Issue of equity	<b>0</b>	<b>3,440</b>	<b>0</b>	<b>0</b>	<b>0</b>
Issue/repay debt	88	(3,966)	3,979	5,406	7,234
Dividends paid	<b>(771)</b>	<b>(902)</b>	<b>(1,021)</b>	<b>(1,161)</b>	<b>(1,347)</b>
Other finance.CF	132	211	143	0	0
<b>C.F – Finance</b>	<b>(551)</b>	<b>(1,216)</b>	<b>3,101</b>	<b>4,246</b>	<b>5,887</b>
Chg. in cash	163	(53)	477	(292)	(11)
<b>Closing cash</b>	<b>419</b>	<b>380</b>	<b>831</b>	<b>539</b>	<b>528</b>

### Balance Sheet

Y.E March (Rs cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	419	380	831	539	528
Accounts Receivable	2,191	2,362	2,330	2,872	2,873
Inventories	800	658	507	753	608
Other Cur. Assets	4,159	4,347	4,064	4,497	4,971
Investments	1,049	1,001	1,881	2,081	2,301
Gross Fixed Assets	34,635	38,510	41,448	51,441	64,441
Net Fixed Assets	20,913	23,428	24,787	32,943	43,757
CWIP	2,472	2,250	6,962	7,704	8,515
Intangible Assets	890	859	828	795	757
Def. Tax (Net)	66	115	148	164	181
Other Assets	433	1,175	2,856	3,161	3,494
<b>Total Assets</b>	<b>33,392</b>	<b>36,573</b>	<b>45,193</b>	<b>55,510</b>	<b>67,985</b>
Current Liabilities	5,943	5,965	7,625	8,518	9,149
Provisions	202	198	226	251	277
Debt Funds	11,585	8,737	13,733	20,979	30,477
Other Liabilities	3,065	3,458	3,900	4,408	4,817
Equity Capital	481	504	504	504	504
Reserves & Surplus	12,117	17,712	19,205	20,851	22,761
Shareholder's Fund	12,598	18,216	19,709	21,355	23,265
<b>Total Liabilities</b>	<b>33,392</b>	<b>36,573</b>	<b>45,193</b>	<b>55,510</b>	<b>67,985</b>
<b>BVPS (Rs.)</b>	<b>262</b>	<b>373</b>	<b>391</b>	<b>424</b>	<b>462</b>

### Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	16.8	18.2	19.1	22.1	23.8
EBIT margin (%)	11.7	13.1	13.6	16.3	17.5
Net profit mgn.(%)	7.0	7.7	8.8	8.8	9.2
ROE (%)	15.7	14.5	13.5	13.7	14.6
ROCE (%)	10.7	9.1	11.9	7.7	8.2
<b>W.C &amp; Liquidity</b>					
Receivables (days)	30	28	30	30	30
Inventory (days)	14	12	10	10	10
Payables (days)	35	37	39	39	39
Current ratio (x)	1.3	1.3	1.0	1.0	1.0
Quick ratio (x)	1.1	1.2	0.9	0.9	0.9
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	0.8	0.8	0.7	0.7	0.6
Total asset T.O (x)	0.9	0.8	0.7	0.6	0.6
Int. coverage ratio (x)	2.5	3.4	3.1	2.1	2.1
Adj. debt/equity (x)	0.9	0.5	0.7	1.0	1.3
<b>Valuation</b>					
EV/Sales (x)	2.8	2.8	2.7	2.9	2.9
EV/EBITDA (x)	16.8	15.2	14.2	13.0	12.1
P/E (x)	34.4	32.5	25.7	25.6	22.0
P/BV (x)	5.2	4.0	3.3	3.4	3.1



## 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
03-Sep-24	ACCUMULATE	1,893
31-Dec-24	BUY	1,709
14-Feb-25	ACCUMULATE	1,377
01-July-25	ACCUMULATE	1,636
03-Jun-26	BUY	1,638

## 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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