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Retail Equity Research

Tata Power Company Limited

HOLD

Sector: Electric Utilities

25th February, 2026

Key Changes	Target	Rating	Earnings
	▼	▼	▲

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	TPWR:IN	82,226	TATAPOWER	500400	12 Months

Target	**Rs. 410**
CMP	**Rs. 380**
Return	**+8%**

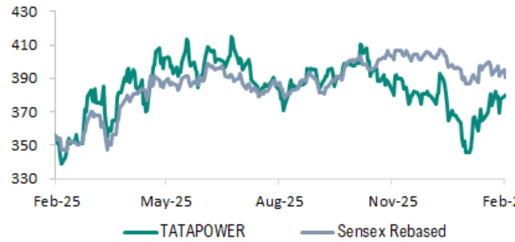
Data as of: 24-Feb-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	121,343
52 Week High — Low (Rs.)	417 - 332
Enterprise Value (Rs. cr)	192,022
Outstanding Shares (cr)	319.5
Free Float (%)	52.4
Dividend Yield (%)	0.6
6m average volume (cr)	0.5
Beta	1.6
Face value (Rs.)	1.0

Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	46.9	46.9	46.9
FII's	10.1	10.2	10.0
MFs/Institutions	16.3	16.7	17.5
Public	24.8	24.3	23.7
Others	2.0	2.0	2.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-0.7%	-1.5%	7.1%
Absolute Sensex	-3.2%	1.1%	10.4%
Relative Return	2.5%	-2.6%	-3.4%

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



Y.E March (cr)	FY26E	FY27E	FY28E
Sales	68,621	78,914	83,649
Growth (%)	*4.8*	*15.0*	*6.0*
EBITDA	14,744	17,357	18,961
EBITDA Margin (%)	*21.5*	*22.0*	*22.7*
PAT Adjusted	4,317	5,291	5,971
Growth (%)	5.5	22.6	12.9
Adjusted EPS	13.5	16.6	18.7
Growth (%)	*5.5*	*22.6*	*12.9*
P/E	28.1	22.9	20.3
P/B	3.1	2.8	2.5
EV/EBITDA	13.0	11.2	10.5
ROE (%)	*13.0*	*14.4*	*14.7*
D/E	1.5	1.4	1.4

Strong pipeline, visibility remains moderate

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 Q3FY26, consolidated revenue decreased 9.4% YoY to Rs. 13,948cr, primarily due to lower thermal and hydro segment revenue.
- Thermal and hydro revenue declined 58.9% YoY to Rs. 2,022cr, impacted by lower PLFs, planned outages and suspension of Mundra operation in Q3FY26.
- The renewable segment's revenue surged 78.3% YoY to Rs. 3,785cr, driven by an increase of 4,906 MW in solar capacity and an addition of 1,221 MW in wind capacity, supporting higher generation and execution.
- T&D revenue rose 8.8% YoY to Rs. 9,626cr, driven by strong operational performance at Delhi and Odisha distribution companies, which served 13mn customers, with more than 7,300 ckm transmission lines.
- EBITDA fell 10.1% YoY to Rs. 3,376cr, due to higher cost of raw material and employee benefits. Thus, EBITDA margin contracted 20bps YoY to 24.2%.
- PAT was largely flat YoY to Rs. 1,194cr, mainly due to higher regulatory income.

Outlook & Valuation

The company's revenue and profitability were primarily impacted by lower revenue from the thermal and hydro segment. However, management continues to lay emphasis on long-term value creation through expansion of clean energy platform, strengthening of transmission infrastructure and scaling of new-age energy solutions. Focus remains on accelerating execution of renewable projects and expanding rooftop solar adoption and EV charging presence across the market. These initiatives supports long term growth visibility, improves business mix, enhance competitiveness and provide stable earnings potential overtime. However, project delays, execution challenges, approval timeliness, cost pressure and weak conventional generation expected to weigh on near term performance. Therefore, **we downgrade our rating on the stock to HOLD, with a rolled forward target price of Rs. 410, based on 9.2x FY28E EV/EBITDA.**

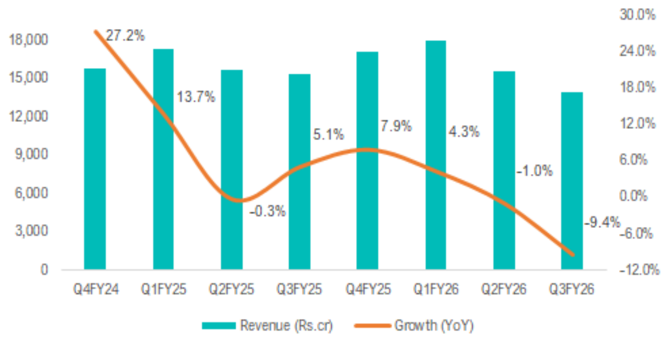
Quarterly Finance Consolidated

Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	13,948	15,391	*-9.4*	15,545	*-10.3*	47,528	48,382	*-1.8*
EBITDA	3,376	3,755	*-10.1*	3,807	*-11.3*	11,684	11,847	*-1.4*
Margin (%)	*24.2*	*24.4*	*-20bps*	*24.5*	*-30bps*	*24.6*	*24.5*	*10bps*
EBIT	2,168	2,714	*-20.1*	2,645	*-18.1*	8,153	8,847	*-7.8*
PBT	1,540	1,457	*5.7*	1,680	*-8.3*	4,839	4,720	*2.5*
Rep. PAT	1,194	1,188	*0.6*	1,245	*-4.1*	3,702	3,469	*6.7*
Adj PAT	1,037	1,031	*0.7*	1,079	*-3.8*	3,176	3,068	*3.5*
Adj. EPS (Rs)	3.2	3.2	*0.7*	3.4	*-3.8*	9.9	9.6	*3.5*

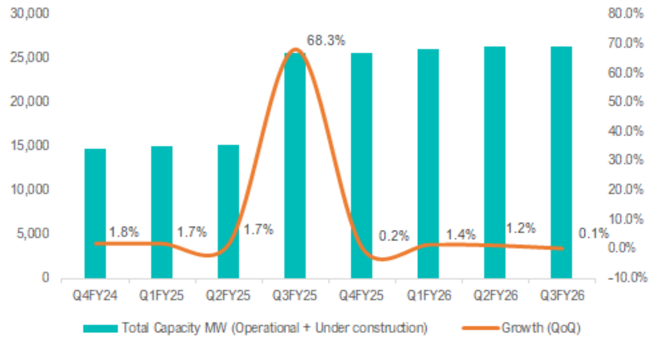
Key concall highlights

- The company has commenced construction of the 600 MW Khorlochhu hydro project in Bhutan, backed by a signed Rs. 4,829cr loan agreement, with commissioning targeted by September FY29.
- Management reiterated its target to achieve over 70% clean energy mix by FY30, positioning renewables as the primary long-term driver.
- The company expects rooftop installations to increase a significant 50-60% YoY in FY26, supported by recently introduced government initiatives.
- The company continues to evaluate energy storage opportunities, including 2.8MW of pumped storage MoUs, to support grid stability.
- The company highlights that India's transmission sector is set for Rs. 9.2trillion capex during FY25-FY32E, including Rs. 6.6trillion inter-state and Rs. 2.7trillion intra-state, supporting peak demand growth 242 GW to 458 GW.
- The company expects to complete 400-500 MW of projects this quarter. From FY27 onwards, the project pipeline will primarily consist of internal projects, as all major third-party projects have concluded.
- Tata Power has commissioned 2.2 GW tin FY26 and is set to achieve 2.7 GW for the FY27,supported by a 5.5 GW project pipeline.

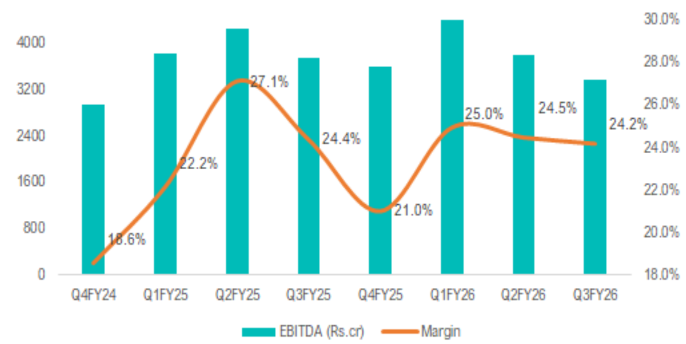
Revenue



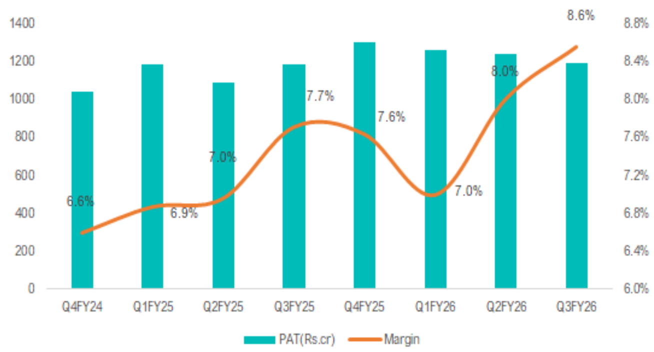
Total Capacity



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates			Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**
Revenue	74,973	81,870	68,621	78,914	83,649	*-8.5*	*-3.6*
EBITDA	15,260	17,611	14,744	17,357	18,961	*-3.4*	*-1.4*
Margins (%)	*20.4*	*21.5*	*21.5*	*22.0*	*22.7*	*110bps*	*50bps*
Adj. PAT	4,105	4,708	4,317	5,291	5,971	*5.2*	*12.4*
EPS	12.8	14.7	13.5	16.6	18.7	*5.5*	*12.6*

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	**61,449**	**65,478**	**68,621**	**78,914**	**83,649**
% change	*11.5*	*6.6*	*4.8*	*15.0*	*6.0*
EBITDA	**12,607**	**15,444**	**14,744**	**17,357**	**18,961**
% change	*39.0*	*21.4*	*-5.4*	*17.5*	*9.0*
Depreciation	3,786	4,117	4,381	4,887	5,523
EBIT	**8,821**	**11,327**	**10,363**	**12,470**	**13,438**
Interest	4,633	4,702	4,801	5,430	5,701
Other Income	1,544	-305	762	765	1,072
PBT	**5,732**	**6,320**	**6,324**	**7,805**	**8,809**
% change	*5.0*	*10.3*	*0.1*	*23.4*	*12.9*
Tax	1,452	1,544	1,233	1,522	1,718
Tax Rate (%)	*25.3*	*24.4*	*19.5*	*19.5*	*19.5*
Reported PAT	**4,280**	**4,775**	**5,091**	**6,283**	**7,091**
PAT att. to common shareholder-	3,696	3,971	4,317	5,291	5,971
Adj.*	-273	122	-	-	-
Adj. PAT	**3,423**	**4,093**	**4,317**	**5,291**	**5,971**
% change	*2.6*	*19.6*	*5.5*	*22.6*	*12.9*
No. of shares (cr)	319.6	319.5	319.5	319.5	319.5
Adj EPS (Rs.)	**10.7**	**12.8**	**13.5**	**16.6**	**18.7**
% change	*2.6*	*19.6*	*5.5*	*22.6*	*12.9*
DPS (Rs.)	2.0	2.3	2.7	3.3	3.7

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	9,152	11,751	9,421	10,472	11,930
Accts. Receivable	7,402	5,710	5,991	6,910	7,361
Inventories	4,420	4,572	4,879	5,650	5,935
Other Cur. Assets	15,791	15,033	15,886	14,846	15,673
Investments	14,838	15,014	13,908	12,619	11,431
Gross Fixed Assets	**94,453**	**109,313**	**132,195**	**150,346**	**167,076**
Net Fixed Assets	63,993	75,351	95,276	110,077	122,899
CWIP	11,561	12,679	12,045	11,443	10,871
Intangible Assets	3,217	3,023	2,941	2,863	2,791
Def. Tax -Net	499	518	567	852	962
Other Assets	8,681	13,061	13,533	9,583	7,741
Total Assets	**139,553**	**156,711**	**174,446**	**185,315**	**197,594**
Current Liabilities	30,841	31,506	31,304	34,284	35,644
Provisions	1,865	2,549	2,600	2,652	2,705
Debt Funds	50,027	58,820	72,561	75,252	80,300
Other Liabilities	18,488	21,231	21,149	21,068	20,990
Equity Capital	320	320	320	320	320
Res. & Surplus	32,036	35,521	38,975	43,207	47,984
Shareholder Funds	**32,355**	**35,841**	**39,294**	**43,527**	**48,303**
Minority Interest	5,977	6,765	7,539	8,532	9,652
Total Liabilities	**139,553**	**156,711**	**174,446**	**185,315**	**197,594**
BVPS	101	112	123	136	151

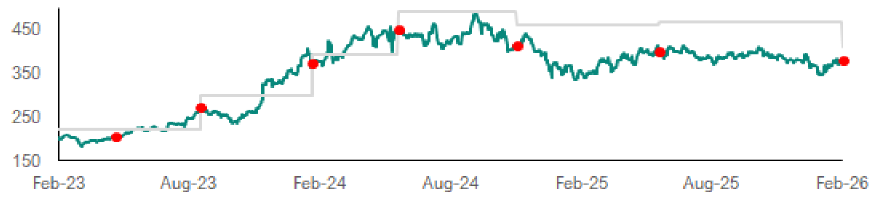
Cashflow

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	7,681	8,283	8,765	10,312	11,644
Non-cash adj.	4,271	4,202	1,542	10,661	6,187
Other adjustments	-	-	-	-	-
Changes in W.C	552	195	41	-238	-221
C.F. Operation	**12,504**	**12,680**	**10,347**	**20,735**	**17,609**
Capital exp.	-13,095	-17,038	-22,882	-18,150	-16,730
Change in inv.	950	-733	260	208	167
Other invest.CF	3,202	2,322	2,650	2,876	3,123
C.F - Investment	**-8,943**	**-15,449**	**-19,971**	**-15,066**	**-13,440**
Issue of equity	1,118	2,253	-	-	-
Issue/repay debt	513	8,570	13,741	2,692	5,047
Dividends paid	-887	-965	-863	-1,058	-1,194
Other finance.CF	-5,241	-5,566	-5,584	-6,252	-6,564
C.F - Finance	**-4,497**	**4,292**	**7,294**	**-4,618**	**-2,710**
Chg. in cash	-936	1,524	-2,330	1,051	1,458
Closing Cash	**9,152**	**11,751**	**9,421**	**10,472**	**11,930**

Ratio

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	20.5	23.6	21.5	22.0	22.7
EBIT margin (%)	14.4	17.3	15.1	15.8	16.1
Net profit mgn.(%)	6.0	6.1	6.3	6.7	7.1
ROE (%)	13.2	13.3	13.0	14.4	14.7
ROCE (%)	10.0	11.2	8.7	9.8	9.7
W.C & Liquidity					
Receivables (days)	44.0	31.8	31.9	32.0	32.1
Inventory (days)	40.8	42.8	42.7	43.0	43.3
Payables (days)	80.9	83.0	83.0	83.2	83.6
Current ratio (x)	0.9	0.8	0.8	0.8	0.8
Quick ratio (x)	0.4	0.4	0.4	0.4	0.4
Turnover &Leverage					
Gross asset T.O (x)	0.7	0.6	0.6	0.6	0.5
Total asset T.O (x)	0.5	0.4	0.4	0.4	0.4
Int. covge. ratio (x)	1.9	2.4	2.2	2.3	2.4
Adj. debt/equity (x)	1.3	1.4	1.5	1.4	1.4
Valuation					
EV/Sales (x)	2.8	2.7	2.8	2.5	2.4
EV/EBITDA (x)	13.7	11.3	13.0	11.2	10.5
P/E (x)	36.8	29.3	28.1	22.9	20.3
P/BV (x)	3.9	3.3	3.1	2.8	2.5

Recommendation Summary - (last 3 years)



Dates	Rating	Target
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
25-Feb-26	HOLD	410

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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Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

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