



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✗	✓	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✗
RQ	✗	↔	✗
RV	✗	↔	✗

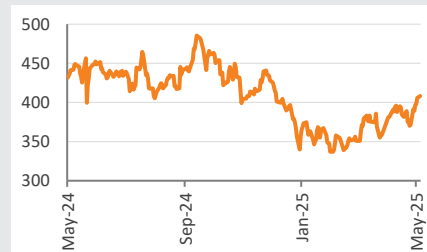
Company details

Market cap:	Rs. 1,30,370 cr
52-week high/low:	Rs. 495 / 326
NSE volume: (No of shares)	76.2 lakh
BSE code:	500400
NSE code:	TATAPOWER
Free float: (No of shares)	169.8 cr

Shareholding (%)

Promoters	46.9
FII	9.4
DII	15.9
Others	27.9

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	6.9	21.0	0.8	-7.5
Relative to Sensex	2.4	13.0	-5.3	-18.4

Source: Mirae Asset Sharekhan Research, Bloomberg

Tata Power Company Ltd

Good Q4; RE business to drive growth

Power Utilities	Sharekhan code: TATAPOWER		
Reco/View: Buy	↔	CMP: Rs. 408	Price Target: Rs. 485 ↔
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- Consolidated Adj. PAT of Rs. 1,025 crore was up 14.5% y-o-y led by good performance of generation business, cell & module plant, Odisha discoms and lower tax rate.
- Standalone PAT of Rs. 409 crore was down 52% y-o-y because of lower other income of Rs. 207 crore (down 70% y-o-y).
- Company intends to add 5.5 GW of renewable capacities in the next two years.
- Tata Power has a well-planned strategy to shift towards clean energy and targets for 2.5x rise in its PAT by FY2030E over FY2024. We maintain a Buy on Tata Power with an unchanged PT of Rs. 485 on a SOTP basis.

Tata Power Company Limited's (TPCL) Q4FY25 Adjusted PAT grew by 14.5% y-o-y to Rs. 1,025 crore and was a little ahead of estimates. The earnings growth is attributable to the traditional generation, coal, Tata Power Solar (cell & module plant), Odisha discoms and a lower tax rate. The thermal generation business (including coal and hydro) reported a PAT of Rs. 469 crore (up 62%) as the Mundra, Coal and shipping's PAT increased to Rs. 171 crore vs a loss last year as there was the benefit of extension of Section 11. Also, traditional generation (including Mumbai and Hydro) PAT of Rs. 283 crore rose 86% y-o-y. The T&D segment posted a decent performance primarily because of Odisha discoms PAT of Rs. Rs. 275 crore, up 3x y-o-y. Renewable portfolio PAT was led by Tata Power Solar (the 4.3 GW cell & module manufacturing plant), which reported a PAT of Rs. 189 crore versus losses last year. The manufacturing plant produced 3.3GW of modules and 0.8GW of cells in FY25.

Key positives

- Odisha discoms PAT rose 3x y-o-y.

Key negatives

- The renewable capacity addition of 1 GW in FY25 is less than the guidance of ~1.5 GW.

Management Commentary

- Power demand was soft in Q4FY25 with a 4% growth y-o-y and management expects a 5% growth for FY26.
- In Tata Power solar, the company has given guidance of 3.7 GW cell & module production in FY26. The Tata Power Solar EPC arm has an orderbook of Rs. 11,000 crore and the rooftop solar business has an orderbook of Rs. 1,000 crore.
- The 1 GW Bhivpuri PSP project work has already started and 1.8 GW Shirawata PSP project will start in the later part of the year.
- Company has added ~1GW of renewable capacity in FY25 and expects to add 5.5 GW capacity in the next two years. The FY26 guidance is of 2.5-2.7 GW
- During FY25, capex spend has been of Rs. 16,200 crore and less than the guidance of 22,000 crore. For FY26, the guidance is of Rs. 25,000 crore.

Our Call

Valuation – We maintain a Buy on TPCL with an unchanged SOTP-based PT of Rs. 485: TPCL's focus on high-growth renewable and power transmission business would play a crucial role for sustained earnings growth (management targets for 2.5x rise in its PAT by FY2030E over FY2024) and improved earnings quality. The share of renewables in PAT is expected to rise to 50% in FY30 from 24% currently. Hence, we maintain Buy on TPCL with an unchanged price target (PT) of Rs. 485. At the CMP, the stock trades at 3.2x/2.8x its FY2026E/ FY2027E P/BV.

Key Risks

- Slower-than-expected ramp-up of renewable energy portfolio and expansion in distribution business,
- lower-than-expected profitability in Solar EPC business.

Valuation (Consolidated)

Particulars	Rs cr				
	FY23	FY24	FY25	FY26E	FY27E
Revenue	55,109	61,449	65,478	73,589	80,503
OPM (%)	14.0	17.5	21.3	21.1	21.7
Adjusted PAT	3,336	3,696	3,971	6,031	6,962
YoY growth (%)	91.6	10.8	7.4	51.9	15.4
Adjusted EPS (Rs.)	10.4	11.6	12.4	18.9	21.8
P/E (x)	39.1	35.3	32.8	21.6	18.7
P/B (x)	4.5	4.0	3.6	3.2	2.8
EV/EBITDA (x)	21.8	15.8	12.7	10.8	9.2
RoNW (%)	13.0	12.1	11.6	15.7	15.8
RoCE (%)	6.1	8.5	9.6	9.6	10.1

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated)

Particulars	Q4FY25	Q4FY24	Y-o-Y (%)	Q3FY25	Q-o-Q (%)
Revenue	17,096	15,847	7.9	17,096	0.0
Total Expenditure	13,850	13,515	2.5	13,850	0.0
Reported operating profit	3,246	2,332	39.2	3,246	0.0
Other Income	351	617	-43.1	351	0.0
Interest	1,213	1,136	6.8	1,213	0.0
Depreciation	1,116	1,041	7.3	1,116	0.0
Exceptional income/(expense)	-18	-39	-53.6	-18	0.0
Reported PBT	1,285	811	58.4	1,285	0.0
Add: Net movement in regulatory deferral account balances (net of tax)	232	409	-43.3	232	0.0
Add: Share of Profit of Associates and JV	83	316	-73.9	83	0.0
PBT after regulatory deferral account and share of profit from JV	1,600	1,537	4.1	1,600	0.0
Tax	294	491	-40.3	294	0.0
Reported PAT before MI	1,306	1,046	24.9	1,306	0.0
Minority Interest	263	150	75.1	263	0.0
Adj. PAT	1,025	895	14.5	1,043	-1.7
No. of Equity Shares (cr)	319.6	319.6	0.0	319.6	0.0
Adj EPS (Rs)	3.2	2.8	14.5	3.3	-1.7
Margins (%)			BPS		BPS
Adjusted OPM	19.0	14.7	427	19.0	0
Adjusted NPM	6.0	5.6	35	6.1	-10
Effective tax rate	18.4	32.0	-1,362	18.4	0

Source: Company; Mirae Asset Sharekhan Research

TPCL's entity wise consolidated performance for Q4FY25

Rs. Crore

₹ Crore unless stated						
Particulars	Op Income		EBITDA ^{^^}		PAT	
	FY25	FY24	FY25	FY24	FY25	FY24
Consolidated before exceptional items	64,502	61,542	14,468	12,701	5,197	4,109
Standalone & Key Subsidiaries						
Tata Power (Standalone)	21,288	20,297	6,905	5,957	3,133	2,230
Maithon Power (MPL) *	2,954	3,360	628	865	346	449
Delhi Discom (TPDDL) **	10,556	10,206	1,649	1,337	842	453
Power Trading (TPTCL)	449	249	128	96	88	67
Solar EPC***	10,043	11,726	836	720	509	391
Renewable Generation (RE Gencos) ***	3,808	3,426	3,421	2,974	602	583
TP Solar (4.3 GW Cell & module Manufacturing Plant)	5,337	233	875	(18)	422	(36)
Coal SPVs incl. TPIPL (Investment Companies)	-	-	41	(9)	(340)	(465)
TERPL (Shipping Co)	961	913	329	328	210	199
TP Central Odisha Dist Ltd (TPCODL)**	6,106	5,450	599	423	150	63
TP Southern Odisha Dist Ltd (TPSODL)**	2,429	2,096	373	265	59	37
TP Western Odisha Dist Ltd (TPWODL)**	6,829	7,085	514	385	73	75
TP Northern Odisha Dist Ltd (TPNODL)**	4,328	3,803	595	453	158	133
Others	1,829	1,112	108	91	(31)	(14)
TOTAL - A	76,919	69,957	17,001	13,867	6,219	4,165
Joint Venture and Associates	-	-	-	-	793	1,178
TOTAL - B	76,919	69,957	17,001	13,867	7,013	5,343
Eliminations#	(12,417)	(8,415)	(2,533)	(1,166)	(1,816)	(1,234)
Exceptional Items	-	-	-	-	(422)	171
TOTAL - C	64,502	61,542	14,468	12,701	4,775	4,280

Previous year numbers are restated for RE and Others including eliminations

*TPCL stake-74%; **TPCL stake-51%; ***Tata Power currently owns 88.57% stake in Renewables (TPREL). # Eliminations include inter-company transactions; ^^ including other income

Source: Company; Mirae Asset Sharekhan Research

TPCL's cluster wise consolidated performance for Q4FY25

Rs. Crore

₹ Crore unless stated

Particulars	Op Income		EBITDA^^		PAT	
	Q4 FY25	Q4 FY24	Q4 FY25	Q4 FY24	Q4 FY25	Q4 FY24
Consolidated before exceptional items	17,328	16,256	3,829	3,358	1,288	1,109
Thermal Generation, Coal and Hydro	5,288	4,855	1,073	787	626	271
Maithon Power Limited (MPL) *	729	903	159	195	99	90
Traditional Generation (incl. Mumbai and Hydro) ##	1,370	1,407	434	290	283	152
IEL *	-	-	-	-	20	19
PPGCL ***	-	-	-	-	26	20
Others (Incl. eliminations#)	30	30	36	32	28	33
Mundra, Coal and Shipping ##	3,159	2,515	444	270	171	(43)
Renewables "	3,457	3,457	1,372	947	469	289
RE Gencos (Incl. CSL)	1,021	847	896	737	162	166
Solar EPC	3,110	4,287	234	324	164	186
TP Solar (4.3 GW Cell & module Manufacturing Plant)	1,506	233	403	4	189	(15)
Others (Incl. eliminations#)	(2,180)	(1,910)	(161)	(119)	(46)	(48)
T&D	9,590	9,025	1,401	1,244	616	411
Transmission						
Mumbai	419	379	267	269	96	109
Powerlinks **	-	-	-	-	10	9
Distribution and Services						
Mumbai	1,060	1,059	202	159	90	56
Odisha **	5,132	4,739	768	436	275	89
Delhi **	2,024	2,230	146	350	138	122
Others (T&D incl, TPADL**, TPTCL and eliminations#)	956	618	17	31	8	24
Others (Incl. Tata Projects, Nelco and inter cluster eliminations#)	(1,007)	(1,081)	(17)	381	(424)	138
Consolidated before exceptional items	17,328	16,256	3,829	3,358	1,288	1,109
Exceptional items	-	-	-	-	18	(63)
Consolidated after exceptional items	17,328	16,256	3,829	3,358	1,306	1,046

Previous year numbers are restated for RE and Others including eliminations

*TPCL stake-74%; **TPCL stake-51%; ***TPCL stake-20%; Tata Power currently owns 88.57% stake in Renewables (TPREL). # Eliminations include inter-company transactions; ^^ including other income; ## Change in Tax rate in PY.

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector View – Power demand to rise and renewable capacity mix to increase

India's power demand is growing more than the GDP growth rate and is expected to clock strong growth in the coming years. The sector is experiencing a fundamental shift towards clean energy, driven by the national target of 500 GW renewable capacity by 2030. The sector sees major opportunities in distribution reforms through RDSS scheme and grid modernization initiatives like smart metering. While thermal power faces challenges from coal costs and environmental regulations, it remains essential for base load. Distribution privatization, renewable energy adoption, and supportive policies create a favorable growth environment. The industry's future hinges on balancing conventional power with renewables while integrating new technologies for grid stability.

■ Company Outlook – Focus on renewable and transmission business to drive robust earnings growth

TPCL has a well-planned strategy to shift towards clean energy and targets a 2.5x rise in its PAT by FY2030E over FY2024. Company has planned of capex of Rs. ~1.5 lakh crore till FY30 with 60% to be invested in renewables, 20% in transmission, 10% in pumped Storage, 7% in distribution and rest in other businesses. Renewable capacity addition of ~5.5 GW is expected in the next two years. We expect PAT to register a CAGR of 32% over FY2025-FY2027E with healthy RoE of ~16% in FY2027E.

■ Valuation – We maintain a Buy on TPCL with an unchanged SOTP-based PT of Rs. 485

TPCL's focus on high-growth renewable and power transmission business would play a crucial role for sustained earnings growth (management targets for 2.5x rise in its PAT by FY2030E over FY2024) and improved earnings quality. The share of renewables in PAT is expected to rise to 50% in FY30 from 21% currently. Hence, we maintain Buy on TPCL with an unchanged price target (PT) of Rs. 485. At the CMP, the stock trades at 3.2x/2.8x its FY2026E/ FY2027E P/BV.

SOTP Valuation

Particulars	Value (Rs./share)	Methodology
Regulated business	70	2x P/B of regulated equity
RE	235	14x FY27 EV/EBITDA
Coal	60	6x FY27 EV/EBITDA
Others	45	1.5 P/B of equity
PSP	15	1.5 P/B of equity
Investments	60	
Price target	485	

Source: Company; Mirae Asset Sharekhan Research

About company

Tata Power is India's largest integrated private power company with presence in power generation (capacity of ~15.8GW), spanning across the entire power value chain - from renewable and conventional energy generation to transmission & distribution (largest private sector player with a customer base of 12.8 million), trading, storage solutions and solar cells and module manufacturing and Solar EPC (largest solar EPC player in India). Tata Power's clean energy capacity is ~6.9 GW and 9.9 GW capacity is under construction.

Investment theme

TPCL has a well-planned strategy to shift towards clean energy and targets a 2.5x rise in its PAT by FY2030E over FY2024. Company has planned of capex of Rs. ~1.5 lakh crore till FY30 with 60% to be invested in renewables, 20% in transmission, 10% in pumped Storage, 7% in distribution and rest in other businesses. Renewable capacity addition of ~5.5 GW is expected in the next two years. We expect PAT to register a CAGR of 32% over FY2025-FY2027E with healthy RoE of ~16% in FY2027E.

Key Risks

- ♦ Slower-than-expected ramp-up of RE portfolio and expansion in distribution business.
- ♦ Lower-than-expected profitability in Solar EPC business.

Additional Data

Key management personnel

Name	Designation
Dr. Praveer Sinha	Managing Director and CEO
Mr. Sanjeev Churiwala	Chief Financial Officer
Mr. Vispi S. Patel	Company Secretary

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	2.96
2	Nippon Life India Asset Management	2.31
3	Vanguard Group Inc/The	1.90
4	Blackrock Inc	1.67
5	Quant Money Managers Ltd	1.53
6	Franklin Resources Inc	1.35
7	Mirae Asset Financial Group	1.24
8	Tata Steel Ltd	1.22
9	General Insurance Corp of India	1.02
10	Canara Robeco Asset Management Co	0.77

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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