

**Price:** 1,497

**Recommendation:** Buy

**Industry:** Integrated Power

**Sector:** Utilities

**Report Date:** 07-Apr-2025

Torrent Power Limited is advancing its operational efficiency and market presence through strategic initiatives. With a CAPEX plan of 2,000 crores, the focus is on renewable energy and infrastructure. The company is reducing debt using QIP proceeds and securing LNG contracts to enhance profitability. A 300 MW solar project boosts its capacity to 4.7 GW. Committed to innovation, Torrent Power is trialing green hydrogen blending, aiming for a sustainable energy future.

Sales		Profit & Loss		Profitability Matrix	
Current Year	22013 Cr	Operating Profit(Year)	4463 Cr	Operating Profit Margin	20.3 %
Previous Year	18836 Cr	Operating Profit(Quarter)	923 Cr	EBITDA Margin	19.27 %
Current Quarter	4746 Cr	PAT (Year)	1718 Cr	Net Profit Margin	8.61 %
Previous Quarter	5288 Cr	PAT (Quarter)	369 Cr	EPS	46.5
Revenue (QYoY)	4681 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	33.5	Sales Growth	13.0 %	Sales Growth	-10.25 %
PEG Ratio	2.29	PAT Growth	-15.58 %	Sales Growth QYoY	1.39 %
EV/EBITDA	16.4	EPS Growth	24.33 %	PAT Growth	-20.47 %
P/B	5.67	Dividend Yield	1.07	PAT Growth QYoY	-3.91 %
Capital Allocation		Holdings		Leverage	
RoE	14.9 %	Promoter	51.1 %	Debt/Equity	0.69
RoA	6.23 %	FII	9.93 %	Debt	9166 Cr
RoCE	15.1 %	DII	21.2 %	Market Cap	75412 Cr
RoIC	13.0 %	Public	9.42 %	Enterprise value	84274 Cr
		No of Shares	50.4 Cr	Cash Equivalents	304 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

In the recent conference call, Torrent Power Limited outlined several strategic initiatives and business strategies aimed at enhancing its operational efficiency and expanding its market presence. The company has committed to a significant capital expenditure (CAPEX) plan, with a focus on renewable energy projects and infrastructure development. For the next fiscal year, Torrent Power plans to maintain a CAPEX guideline of approximately 2,000 crores, with 250 crores allocated to franchisee operations and 1,750 crores dedicated to license distribution business. This strategic allocation underscores the company's commitment to strengthening its core operations while exploring new growth avenues. Additionally, the company is actively pursuing opportunities in the renewable energy sector, with a pipeline of projects totaling 19,000 crores over the next two to three years. This includes a mix of solar, wind, and pump storage projects, reflecting Torrent Power's commitment to diversifying its energy portfolio and reducing its carbon footprint.

The company is also exploring innovative business strategies to enhance its financial performance. A key highlight from the call was the discussion on the use of funds from a recent Qualified Institutional Placement (QIP). Torrent Power has utilized 75% of the QIP proceeds to prepay existing debt, thereby strengthening its balance sheet and reducing interest expenses. This strategic move not only improves the company's financial health but also positions it to leverage future growth opportunities. Furthermore, the company is evaluating long-term contracts for LNG to secure stable fuel supplies and mitigate market volatility. This proactive approach to fuel management is expected to enhance the profitability of its thermal generation business, which has already seen improved performance due to higher merchant sales and LNG trading.

Looking ahead, Torrent Power is optimistic about its growth prospects, driven by its robust project pipeline and strategic initiatives. The company has successfully commissioned a 300 MW solar project, bringing its total generation capacity to 4.7 GW. With ongoing projects in renewable energy and infrastructure, Torrent Power is well-positioned to capitalize on the growing demand for clean energy solutions. The company's pilot project on green hydrogen blending with CNG in Uttar Pradesh is a testament to its commitment to innovation and sustainability. This project, one of the largest private sector blending initiatives in India, is currently under trial runs and represents a significant step towards achieving a greener energy mix.

While the company's strategic initiatives and growth prospects are promising, there are areas where further improvements could enhance its competitive edge. For instance, the timely execution of its project pipeline, particularly in the renewable energy sector, will be crucial in realizing its growth ambitions. Additionally, maintaining a balanced approach to debt and equity financing will be essential to ensure financial stability and optimize returns on investment. As the company navigates the evolving energy landscape, its ability to adapt to regulatory changes and market dynamics will be key to sustaining its growth trajectory. Overall, Torrent Power's strategic focus on diversification, innovation, and financial prudence positions it well for

TORNTPOWER Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
<b>Adani Energy Sol</b>	97916.24	56.90	8.59%	-5.72%	27.78%	-16.77%	72.91%
<b>JSW Energy</b>	85428.49	45.50	8.40%	-24.67%	-4.09%	-81.55%	-31.94%
<b>Torrent Power</b>	75411.88	33.52	14.90%	-10.24%	1.40%	-20.56%	-3.92%
<b>NTPC</b>	339140.99	15.43	13.62%	0.80%	5.21%	-4.02%	-1.80%
<b>Power Grid Corpn</b>	269251.09	17.32	19.00%	-0.40%	-2.74%	1.81%	-4.14%

Aspect	Commentary
<b>Revenue</b>	The company shows a robust revenue increase, with a 13% YoY growth, indicating strong market demand and effective sales strategies. However, a QoQ decline suggests potential seasonal fluctuations or market challenges that need addressing to sustain growth momentum.
<b>Profit &amp; Loss</b>	Operating profit remains strong, but a notable decline in PAT indicates rising costs or inefficiencies. The company must focus on cost management and operational efficiency to improve net profitability and shareholder value.
<b>Profitability Matrix</b>	The company maintains healthy margins, with an operating profit margin of 20.3% and a net profit margin of 8.61%. These figures suggest effective cost control and pricing strategies, though there's room for improvement in net profitability.
<b>Valuation Matrix</b>	The valuation metrics indicate a high market valuation with a trailing P/E of 33.5 and a PEG ratio of 2.29. This suggests investor confidence but also highlights the need for sustained growth to justify the premium valuation.
<b>Growth (YoY)</b>	The company exhibits strong sales and EPS growth, but a decline in PAT growth suggests challenges in converting revenue into profit. Strategic initiatives to enhance operational efficiency and cost control are essential for sustainable growth.
<b>Growth (QoQ)</b>	The company faces a QoQ sales decline, reflecting potential market volatility or seasonal effects. Addressing these challenges through strategic initiatives and market diversification could stabilize quarterly performance.
<b>Capital Allocation</b>	The company demonstrates effective capital allocation with a RoE of 14.9% and RoCE of 15.1%. These figures reflect efficient use of capital, though continuous evaluation of investment strategies is crucial for long-term growth.
<b>Holdings</b>	The promoter holding of 51.1% indicates strong control, while FII and DII holdings suggest institutional confidence. Balancing promoter and public holdings could enhance market perception and liquidity.
<b>Leverage</b>	With a debt/equity ratio of 0.69, the company maintains a moderate leverage level, suggesting prudent financial management. Continued focus on debt reduction and cash flow optimization will strengthen financial stability.

**Analyst viewpoint:** Torrent Power Limited demonstrates a strong growth trajectory with significant strategic initiatives aimed at enhancing operational efficiency and market presence. The company plans a CAPEX of 2,000 crores this fiscal year, focusing on renewable energy and infrastructure, indicating a robust forward-looking strategy. With sales growth of 13% YoY and the successful commissioning of a 300 MW solar project, Torrent Power is positioned to capitalize on the increasing demand for clean energy solutions. Their dedication to innovation is further evidenced by trials in green hydrogen blending, projecting a sustainable energy future that differentiates them from peers like Adani Energy Sol and JSW Energy.

Despite these strengths, a notable decline in Quarter-on-Quarter sales growth and PAT growth implies potential seasonal or operational challenges that require strategic attention. The company faces a delicate balance in maintaining financial prudence while pursuing aggressive growth, especially as it manages a debt/equity ratio of 0.69. This positions Torrent Power as a compelling investment opportunity in the short to mid-term, with a vigilant eye on executing its ambitious project pipeline and optimizing financial strategies amid market dynamics. While the recent strong performance and solid future outlook justify its premium market valuation, ensuring stable project execution and financial stability remains essential.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

#### Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Disclaimers:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

**Terms & Conditions:**

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

**Payment and Renewal:**

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

**Limitation of Liability:**

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

**No Investment Advice:**

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

**Termination:**

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

**No Guarantee:** While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

**Review and Update:** Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to [hello@goalfi.app](mailto:hello@goalfi.app)

Website: [goalfiresearch.smallcase.com](http://goalfiresearch.smallcase.com)