

Price: 1,539

Recommendation: Buy

Industry: Integrated Power

Sector: Utilities

Report Date: 01-May-2025

Torrent Power Limited is a leading private sector integrated power utility in India, excelling in generation, transmission, and distribution. With a diversified portfolio spanning thermal, renewable, and distribution segments, the company is scaling its renewable capacity to 4.6 GW. Known for operational efficiency, sustainability, and innovation, Torrent Power drives India's energy transition with robust financial performance.

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	34.5	Sales Growth	13.0 %	Sales Growth	-10.25 %
PEG Ratio	2.35	PAT Growth	-15.58 %	Sales Growth QYoY	1.39 %
EV/EBITDA	16.8	EPS Growth	24.33 %	PAT Growth	-20.47 %
P/B	5.83	Dividend Yield	1.04	PAT Growth QYoY	-3.91 %
Capital Allocation		Holdings		Leverage	
RoE	14.9 %	Promoter	51.1 %	Debt/Equity	0.69
RoA	6.23 %	FII	9.43 %	Debt	9166 Cr
RoCE	15.1 %	DII	21.9 %	Market Cap	77556 Cr
RoIC	13.0 %	Public	9.25 %	Enterprise value	86418 Cr
		No of Shares	50.4 Cr	Cash Equivalents	304 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Torrent Power Limited, a leading private sector integrated power utility, showcased its robust performance and strategic initiatives in the Q3 FY 2024-25 investor presentation. The company emphasized its diversified portfolio across thermal, renewable, and distribution segments, with a strong focus on renewable energy expansion. Torrent Power is actively scaling its renewable portfolio to 4.6 GW, supported by projects in solar, wind, and pumped storage hydro technologies. Notable developments include the commissioning of 420 MWp solar projects and plans for 8.4 GW of pumped storage hydro projects in Maharashtra and Uttar Pradesh. The company's commitment to green energy is further reinforced by its participation in the Production Linked Incentive (PLI) scheme for green hydrogen and ammonia production, targeting 18 KTPA capacity. These initiatives align with Torrent Power's vision of sustainable growth and operational excellence.

The company's strategic approach to transmission and distribution is evident in its selective participation in tariff-based competitive bidding and brownfield opportunities. Torrent Power has secured transmission projects for evacuating renewable energy, including a 4.5 GW project in Khavda, Gujarat, and a 1,500 MW project in Solapur, Maharashtra, with expected costs of 800 crore and 470 crore, respectively. In distribution, Torrent Power continues to excel with industry-leading metrics, such as distribution losses of 2.7% and power availability of 99.9% in licensed areas. Franchisee models like Bhiwandi and Agra have demonstrated significant reductions in AT&C; losses, showcasing the company's operational efficiency and customer-centric focus.

Financially, Torrent Power reported a 10% year-on-year growth in revenue from operations for the nine months ending December 2024, reaching 22,709 crore. EBITDA grew by 23% to 4,550 crore, while profit after tax surged by 37% to 1,981 crore. The company's strong balance sheet, with a net debt-to-equity ratio of 0.8x and net debt-to-EBITDA of 2.25x, provides ample headroom for capitalizing on growth opportunities. Return on equity (ROE) and return on capital employed (ROCE) improved to 14.5% and 11.6%, respectively, reflecting consistent value creation. Torrent Power's integrated generation and distribution business contributed approximately 60% of EBITDA, underscoring its stable and diversified revenue streams.

Looking ahead, Torrent Power aims to leverage its expertise in complex and hybrid solutions, such as renewable energy combined with gas-based generation, to offer competitive round-the-clock power. The company's focus on green molecule technologies, including green hydrogen and pumped storage power, positions it as a key player in India's energy transition. With a proven track record in executing large-scale projects and operational excellence, Torrent Power is well-poised to achieve its ambitious growth targets while maintaining its commitment to sustainability and innovation.

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
NHPC Ltd	86176.35	31.80	9.61%	-25.07%	11.25%	-74.31%	-52.49%
Torrent Power	77555.79	34.47	14.90%	-10.24%	1.40%	-20.56%	-3.92%
NTPC	343795.30	15.64	13.62%	0.80%	5.21%	-4.02%	-1.80%
Power Grid Corpn	285947.06	18.39	19.00%	-0.40%	-2.74%	1.81%	-4.14%
Adani Power	205208.44	16.10	25.63%	4.14%	6.54%	-11.59%	-5.04%

Aspect	Commentary
Revenue	Revenue grew 13% YoY to Rs.22,013 Cr, driven by diversified operations across thermal, renewable, and distribution segments. However, QoQ revenue declined by 10.25%, reflecting seasonal or operational factors. The company's focus on renewable energy expansion supports long-term growth potential.
Profit & Loss	Operating profit for the year reached Rs.4,463 Cr, with a margin of 20.3%, showcasing strong operational efficiency. PAT declined QoQ by 20.47% to Rs.369 Cr, indicating short-term challenges. EPS growth of 24.33% YoY highlights consistent shareholder value creation.
Profitability Matrix	Operating profit margin of 20.3% and EBITDA margin of 19.27% reflect robust cost management. Net profit margin of 8.61% indicates profitability despite sector challenges. ROE of 14.9% and ROCE of 15.1% underscore efficient capital utilization.
Valuation Matrix	Trailing P/E of 34.5 and EV/EBITDA of 16.8 suggest the stock is priced at a premium, reflecting growth potential. PEG ratio of 2.35 indicates moderate valuation relative to earnings growth. Dividend yield of 1.04% provides steady income for investors.
Growth (YoY)	Sales grew 13% YoY, driven by renewable energy expansion and operational efficiency. PAT growth declined by 15.58%, reflecting higher costs or one-time expenses. EPS growth of 24.33% highlights strong earnings performance despite PAT challenges.
Growth (QoQ)	QoQ sales declined by 10.25%, indicating seasonal or operational factors. PAT fell by 20.47%, reflecting short-term profitability pressures. EPS growth remained stable, showcasing resilience in earnings despite revenue and profit fluctuations.
Capital Allocation	ROE of 14.9% and ROCE of 15.1% highlight efficient capital deployment. Debt-to-equity ratio of 0.69 indicates manageable leverage. Cash equivalents of Rs.304 Cr provide liquidity for growth initiatives, while net debt supports expansion plans.
Holdings	Promoter holding of 51.1% ensures strong governance. FII and DII holdings of 9.43% and 21.9%, respectively, reflect institutional confidence. Public holding of 9.25% indicates balanced ownership structure, supporting market stability.
Leverage	Debt-to-equity ratio of 0.69 reflects moderate leverage, supporting growth while maintaining financial stability. Total debt of Rs.9,166 Cr is manageable given EBITDA growth. Enterprise value of Rs.86,418 Cr underscores the company's robust market position.

Analyst viewpoint: Torrent Power Limited demonstrates strong potential for short to mid-term growth, supported by its diversified portfolio across thermal, renewable, and distribution segments. The company's revenue grew 13% YoY to 22,013 crore, driven by its focus on renewable energy expansion and operational efficiency. EBITDA margins of 19.27% and operating profit margins of 20.3% highlight robust cost management, while EPS growth of 24.33% YoY underscores consistent shareholder value creation. Strategic initiatives, such as scaling renewable capacity to 4.6 GW and participating in green hydrogen projects under the PLI scheme, position Torrent Power as a key player in India's energy transition. Additionally, its industry-leading distribution metrics, including 99.9% power availability and 2.7% distribution losses, reflect operational excellence and customer-centric focus. The company's manageable debt-to-equity ratio of 0.69 and strong institutional holdings further reinforce its financial stability and governance.

While QoQ revenue and PAT declined by 10.25% and 20.47%, respectively, these short-term fluctuations appear to be seasonal or operational in nature and do not detract from the company's long-term growth trajectory. Torrent Power's premium valuation metrics, such as a trailing P/E of 34.5 and EV/EBITDA of 16.8, reflect market confidence in its growth potential. With a proven track record in executing large-scale projects and a strategic focus on green energy solutions, Torrent Power is well-positioned to capitalize on emerging opportunities in India's evolving energy landscape.

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

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