September 2026

Initiating Coverage | Sector: Utilities

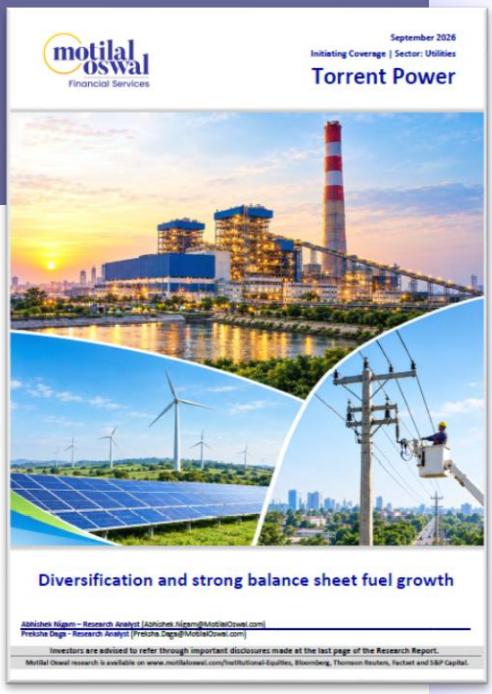
Torrent Power



Diversification and strong balance sheet fuel growth

Abhishek Nigam – Research Analyst (Abhishek.Nigam@MotilalOswal.com)
Preksha Daga - Research Analyst (Preksha.Daga@MotilalOswal.com)

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Torrent Power

BSE Sensex	S&P CNX
72,529	22,716

CMP: INR1,220 **TP: INR1,270 (+4%)** **Neutral**

Stock Info	
Bloomberg	TPW IN
Equity Shares (m)	504
M.Cap.(INRb)/(USDb)	614.9 / 6.4
52-Week Range (INR)	1824 / 1188
1, 6, 12 Rel. Per (%)	6/-9/7
12M Avg Val (INR M)	768
Free float (%)	49.0

Financial snapshot (INRb)

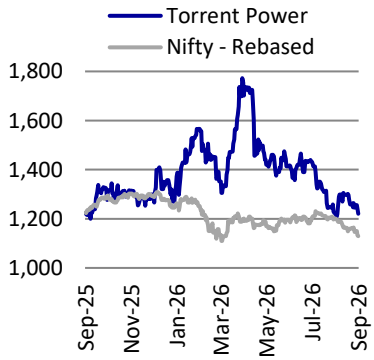
Y/E March	FY27E	FY28E	FY29E
Sales	345.7	383.6	407.0
EBITDA	62.7	76.6	89.7
EBITDA margin %	18.1	20.0	22.1
Adj. PAT	23.8	28.6	29.7
EPS (INR)	47.2	56.7	59.0
BV/Sh. (INR)	406.8	440.9	476.3
Ratios			
ND/Equity	1.2	1.5	1.7
ND/EBITDA	3.8	4.4	4.4
RoE (%)	11.6%	12.9%	12.4%
RoCE (%)	8.7%	8.6%	7.9%
Valuations			
P/E (x)	25.9	21.5	20.7
EV/EBITDA (x)	13.6	12.4	11.3

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	51.1	51.1	51.1
DII	31.0	31.2	29.8
FII	8.5	8.4	9.8
Others	9.4	9.3	9.3

FII includes depository receipts

Stock Performance (one-year)



Diversification and strong balance sheet fuel growth

An integrated power utility play

- We initiate coverage on Torrent Power (TPL) with a Neutral rating and an SoTP-based TP of INR1,270. TPL is an integrated power utility spanning electricity generation, transmission, and distribution. It boasts a diversified installed capacity of 6.6GWp, representing 4.5GW of thermal and ~2.1GWp of renewable (RE) capacity (including ~1.8GW contracted).
- The company holds licenses for distribution in Gujarat's major cities and Dadra & Nagar Haveli/Daman & Diu (~2,050 sqkm), in addition to franchisee operations (1,007 sqkm). It also operates 355km of 400kV and 128km of 220kV transmission lines and has operationalized another 400 kV M/C line of 60km and bay upgradation from 2,000 Amp to 3,150 Amp in Feb'26.

Set to expand footprint in both thermal and RE generation domains

- TPL aims to expand its total RE portfolio to ~6.3GWp by FY29 from ~2.1GWp currently operational (1.8GW contracted). In the 1QFY27 earnings call, management noted that TPL plans to commission 1.2GWp in FY27 and 1.4-1.6GWp in FY28. We model RE capacity additions of 0.6GW/0.9GW/1.2GW in FY27/FY28/FY29, materially enhancing scale and earnings visibility.
- Additionally, TPL has executed a PPA with MP Power Management Company (MPPMCL) for a 1.6GW coal-based thermal power project in Madhya Pradesh (set for commissioning in FY32).
- Despite significant capacity expansion, TPL's balance sheet is robust, and the company is well positioned to continue to bid for new RE projects, targeting mid-to-high-teen equity IRRs.

Strong distribution presence; AT&C losses way below peers

- In FY26, the transmission and distribution business contributed ~62% of EBITDA, with the licensed distribution business recording a distribution loss of only 2.3% with power availability of 99.9%. TPL's distribution loss is significantly lower than that of Tata Power (5-19% in Delhi/Odisha), Adani Energy (~4%), and CESC (6-8% in Kolkata, Noida, and Chandigarh). TPL's superior operational track record reflects its focus on rigorous metering, billing and collection practices, targeted loss-reduction investments and enforcement against theft, enabling it to convert a higher share of input energy into billed and collected units vs. competitors.

Estimate EBITDA/APAT CAGR of 17%/7% over FY26-29E

- Overall, we build in a CAGR of 17%/7% in EBITDA/APAT over FY26-29E. As per our estimates, 37% of FY29E EBITDA will be attributable to the RE business, in which contracted generation capacity is set to grow from 1.8GW as of 1QFY27 end to 4.5GW by FY29 end. Meanwhile, the licensed and franchise distribution businesses should continue to grow at a mid-teen rate. The 1.4GW Nabha thermal power plant acquisition, a 1.6GW thermal project set for commissioning in FY32, and a 3GW pumped storage project set for commissioning in FY30 will support longer-term earnings growth.

Play on upcoming distribution reforms; new license wins can drive upside

- Given its strong track record of operating the distribution business, TPL remains a key beneficiary of proposed electricity distribution reforms. The Draft Electricity Amendment Bill 2025 had proposed several changes, including allowing multiple discoms in the same area and the sharing of existing infrastructure. The most notable among the upcoming distribution opportunities is the distribution privatization in UP, where each player will be allowed to win a maximum of two packages, each catering to 3.0-3.5m customers. As such, should TPL win any additional licenses, these are not factored into our estimates currently.

Strong balance sheet, disciplined capital allocation

- We estimate a total capex of INR377b over FY27-29, given its footprint expansion plans across RE, thermal and distribution businesses. Historically, TPL has sustained a strong financial position, characterized by a robust balance sheet with a debt-to-EBITDA ratio below 2.5x and a net debt-to-equity ratio below 1x, aided by steady cash flows.
- We estimate the net debt-to-EBITDA ratio to rise from 2.3x to 4.4x over FY26-29E due to 1) the operationalization of its 2.7GW RE capacity, 2) steady capex in distribution businesses, and 3) commencement of capex for 3GW PSP and 1.6GW thermal plants.

Valuation and view: Initiate with Neutral rating and TP of INR1,270

- TPL's valuation is segmented across various business units: Licensed distribution business is valued at 2x Sep'28E regulated equity; franchisee distribution business is valued at 12x Sep'28E EBITDA; transmission business is valued at 2x invested equity; conventional generation business (regulated - thermal + gas) is valued at 2.5x Sep'28E regulated equity; DGEN plant (merchant) is valued at 12x Sep'28E EBITDA; Nabha is valued at 10x Sep'28E EBITDA; RE generation is valued at 12x Sep'28E EBITDA, and cash and investments add INR64/share. The sum of these contributions, adjusted for debt, results in a TP of INR1,270.
- TPL is currently trading at FY27E EV/EBITDA of 13.6x vs. its historical 1-year forward average of 8.4x EV/EBITDA. TPL's EBITDA CAGR of 18% over FY26-28E compares with 25% for JSW Energy and 27% for Tata Power.

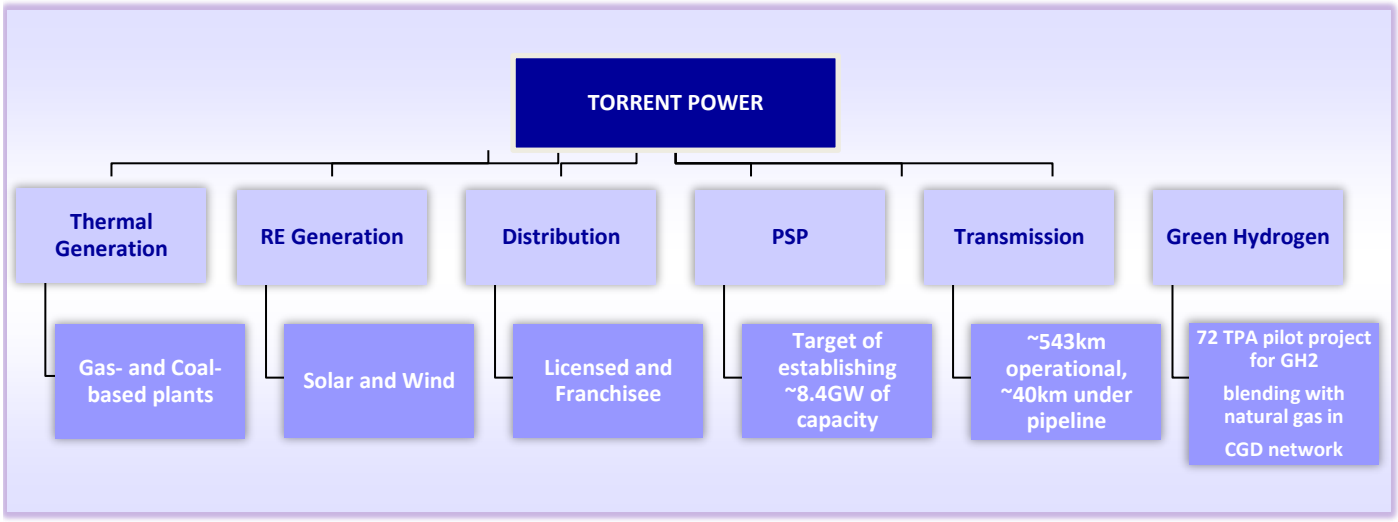
Key risks

- 1) Untied 1.6GW gas plants struggle against cheap coal/RE; 2) volatility in gas prices due to forex fluctuations and geopolitical headwinds; 3) changes in government policies (tariffs and regulations) could affect the company's financial outcomes; and 4) elevated execution risk due to large capex commitments across RE, pumped storage projects, planned greenfield thermal plant and brownfield thermal acquisition from L&T, where any delays or cost overruns could adversely impact cash flows and returns.

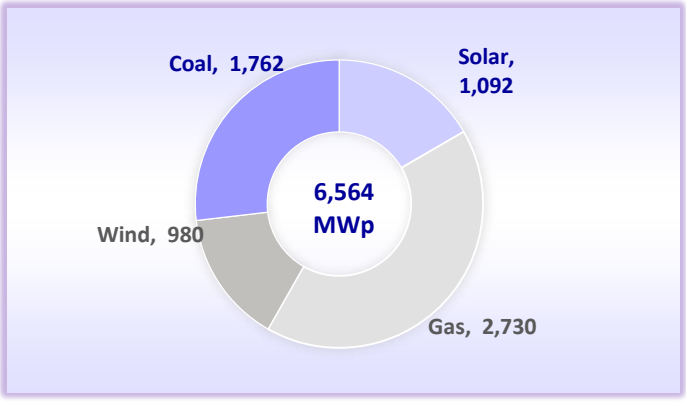
STORY IN CHARTS

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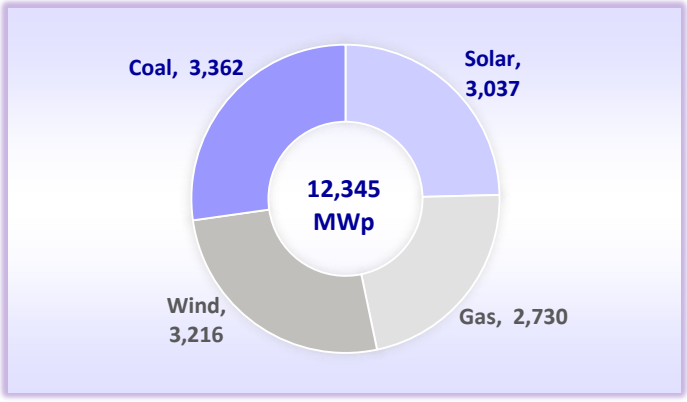
TPL's presence across transmission and distribution



Installed capacity break-up (MWp) at the end of 1QFY27



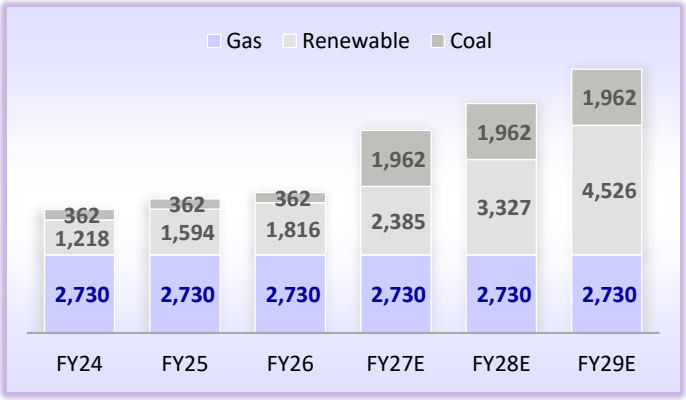
TPL's total portfolio (operational + pipeline; MWp)



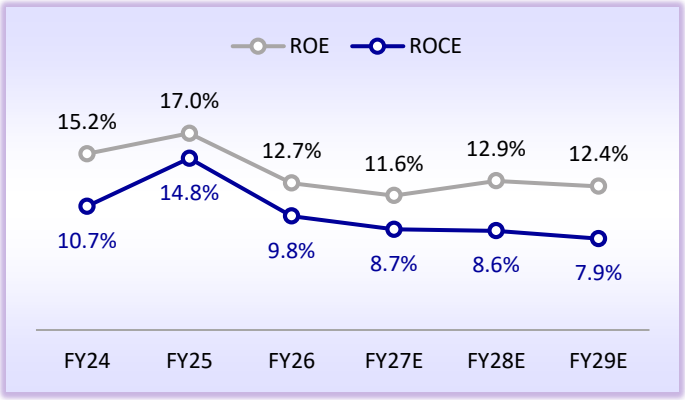
TPL's presence across transmission and distribution

Transmission Business	
-400 kV Double-Circuit Transmission Lines of 355km	
-220 kV Double-Circuit Transmission Lines of 128km	
- 400 kV M/C line of 60km and bay upgradation from 2,000 Amp to 3,150 Amp	
Distribution Business	
Licensed Distribution Assets:	
Region	**Licensed area (sq. km.)**
-Ahmedabad/Gandhinagar	356
-Surat	52
-Dahej	17
-Dholera SIR	920
-Dadra & Nagar Haveli, Daman & Diu	600
-Mandal Becharaji Special Investment Region	103
Franchisee Distribution Assets:	
Region	**Licensed area (sq.km.)**
Bhiwandi	721
Agra	221
Shil, Mumbra, Kalwa (SMK)	65

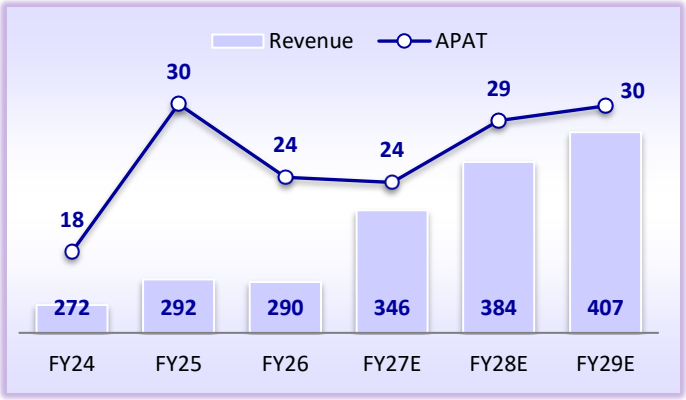
TPL's installed capacity (MW) over FY24-29E



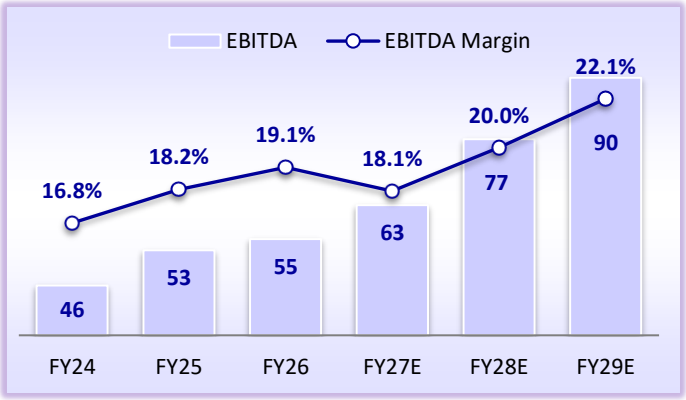
RoE and RoCE trends



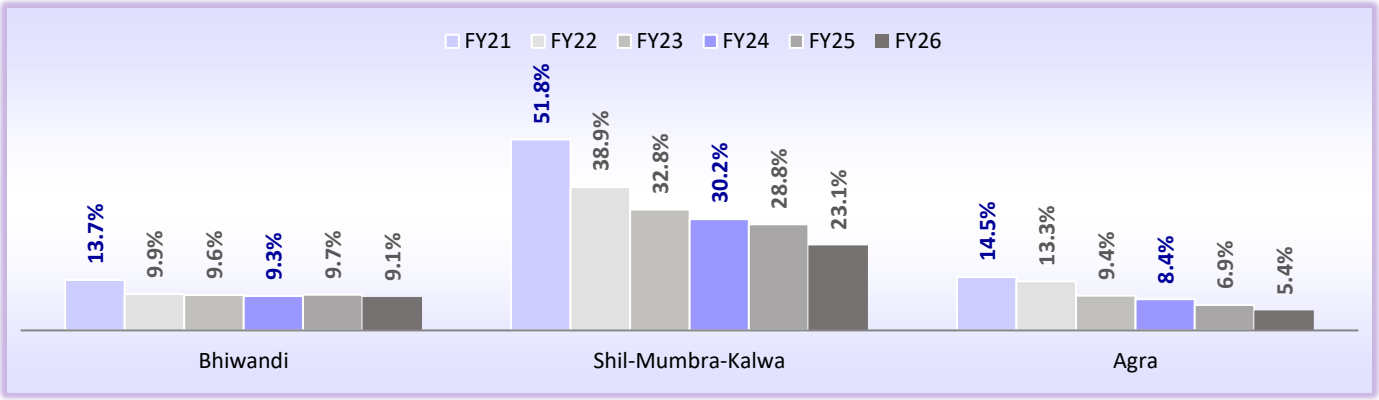
Revenue and APAT trends over FY24-29E (INR b)



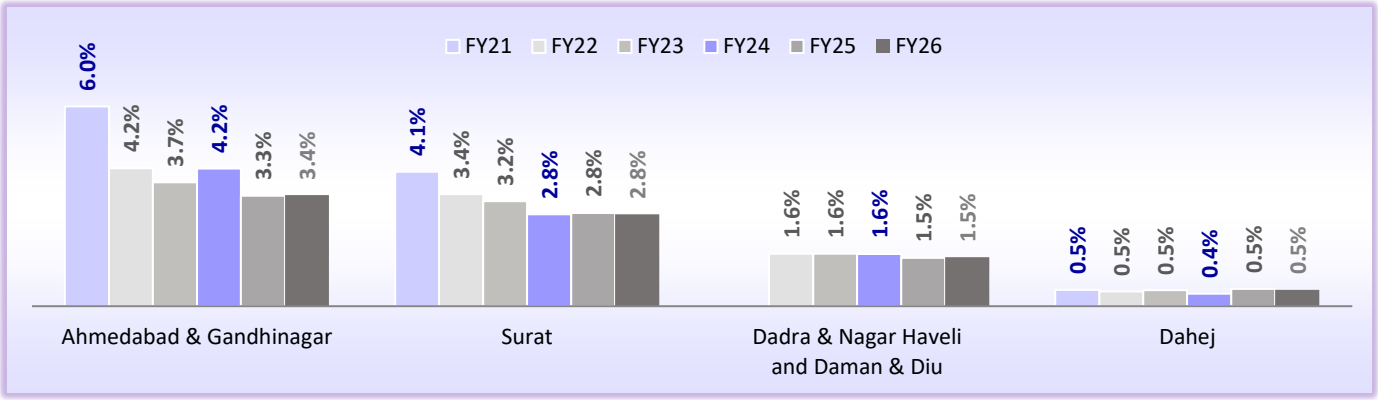
EBITDA and EBITDA margin trends over FY24-29E (INR b)



AT&C losses (%) in the Discom Franchisee business over FY21-26



Distribution losses (%) in the discom licensee business over FY21-26



Valuation (SoTP-based)

Segment	Metric type (Sep'28E)	Value (INRm)	Multiple (x)	Value/share (INR)
Licensed Distribution business	Regulated equity	58,230	2.0	231
Franchisee Distribution business	EBITDA	14,786	12.0	352
Transmission business	Invested equity	2,750	2.0	11
Conventional generation	Regulated equity	19,093	2.5	95
Nabha plant	EBITDA	8,764	10.0	174
DGEN plant	EBITDA	4,431	12.0	106
Renewable generation	EBITDA	27,721	12.0	660
Investments				30
Cash and Bank				34
Less: Debt		2,13,120		423
Target price				**1,270**
CMP				1,220
Upside / (Downside)				4.07%

Building scale across the power value chain

- **TPL – Diversified operations across generation, transmission and distribution:** TPL operates across generation, transmission and distribution. It has a total thermal portfolio of 6.1GW (~4.5GW operational; 1.6GW under development) and ~6.3GWp of renewable portfolio (~2.1GWp operational; 4.6GWp pipeline) as of 1QFY27. Through its wholly owned subsidiary Torrent Energy Storage Solutions, TPL is also developing a 3,000MW/18,000MWh pumped storage project in Raigad, Maharashtra. The company holds licenses for distribution in Gujarat's major cities and Dadra & Nagar Haveli/Daman & Diu (~2,050 sqkm), in addition to franchisee operations (1,007 sqkm). It also operates 355km of 400kV and 128km of 220kV transmission lines and has operationalized another 400 kV M/C line of 60km and bay upgradation from 2,000 Amp to 3,150 Amp in Feb'26.
- **Strong RE growth drive earnings mix shift:** TPL targets expanding its operational RE capacity to ~6.3GWp by FY29 (~2.1GWp currently). We model RE capacity additions of 0.6GW/0.9GW/1.2GW in FY27/FY28/FY29, taking contracted RE capacity from 1.8GW in 1QFY27 to 4.5GW by FY29-end. Consequently, we expect RE to contribute ~37% of FY29E EBITDA, supporting 17%/7% EBITDA/APAT CAGR over FY26–29E. The 1.6GW MPPMCL thermal PPA, 1.4GW Nabha acquisition and 3GW PSP further provide long-term growth visibility.

We expect RE to contribute ~37% of FY29E EBITDA, supporting 17%/7% EBITDA/APAT CAGR over FY26–29E.

Exhibit 1: Operational capacity across the value chain

Generation Business	
Operational generation portfolio	**Capacity (MWp)**
Solar	1,092
Gas	2,730
Wind	980
Coal	1,762
Total	**6,564**
Transmission Business	
-400 kV Double-Circuit Transmission Lines of 355km	
-220 kV Double-Circuit Transmission Lines of 128km	
-400 kV M/C line of 60km and bay upgradation from 2,000 Amp to 3,150 Amp	
Distribution Business	
Licensed Distribution Assets:	
Region	**Licensed area (sq.km.)**
-Ahmedabad/Gandhinagar	356
-Surat	52
-Dahej	17
-Dholera SIR	920
-Dadra & Nagar Haveli, Daman & Diu	600
-Mandal Becharaji Special Investment Region	103
Franchisee Distribution Assets:	
Region	**Licensed area (sq.km.)**
Bhiwandi	721
Agra	221
Shil, Mumbra, Kalwa (SMK)	65

Source: Company

Thermal generation: Stronger scale with Nabha acquisition

TPL's thermal generation portfolio totals 4,492 MW (1QFY27 end), with 2,730MW from natural gas-based plants and 1,762MW from coal-based plants.

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  - 885MW/278MW capacity of SUGEN/UNOSUGEN plants is tied up under long-term PPAs and regulated by CERC regulations, which allow cost plus post-tax RoE of 15.50% as part of the regulated tariff structure. The untied capacity of the three plants (~1.6GW) is utilized to supply power in merchant markets as per the demand.
  - **Acquisition of 1.4GW thermal power plant**
    - ✓ On 16th Feb'26, TPL acquired a 1,400MW supercritical coal-based power plant of NPL from L&T Power Development Company for an enterprise value of INR68.9b. NPL is backed by a 25-year PPA (12 years have passed) with Punjab State Power Corporation Limited (PSPCL), ensuring long-term revenue visibility.
    - ✓ For FY26, reported EBITDA stood at ~INR6.1b under existing lease accounting treatment; however, adjusting for lease accounting, EBITDA would be ~INR10-11b, reflecting stronger underlying cash generation.
    - ✓ The transaction implies an FY25 EV/adj. EBITDA multiple of 5.97x and a capital cost of ~INR49m/MW. The transaction was completed on 25th Jun'26.
    - ✓ The company is currently not paying cash taxes due to the availability of MAT credit and does not expect significant tax outgo over the next 2-3 years.
    - ✓ This has boosted TPL's installed thermal capacity to 4.5GW (1QFY27 end) from 3.1GW (FY26 end) and extends TPL's footprint in the thermal sector without execution risks, accelerating growth.
- **Long-term sourcing via Petronet provides fuel security:** The company has contracted storage-cum-regasification capacity of 1mmtpa with Dahej Terminal of Petronet LNG for 20 years from Apr'17. Thus, it has assured infrastructure to import LNG, store it, and regasify it for use in its plants.
- **Long-term LNG supply agreement with JERA to support gas-based generation and CGD:** In 3QFY26, TPL inked an agreement with JERA, Japan's largest power generation company, under which JERA will supply four LNG cargoes per year, of ~270,000 tons per annum. This supply is scheduled for a period of 10 years, commencing in 2027. The company has signed an agreement with BP Singapore for the supply of up to 0.41mmtpa of LNG from 2027 to 2036. The LNG procured under these agreements will be strategically utilized by the company to operate its gas-based power plants to meet the country's rising power demand and balancing RE. It will also support TGL's growing requirement of LNG to ensure a reliable supply of gas for households, commercial and industrial consumers, and CNG vehicles.
- **Muted medium-term growth:** The generation business witnessed a sharp decline in EBITDA from INR16.5b in FY23 to INR11.5bn in FY24, followed by a recovery to INR15.6b in FY25 before moderating again to INR13.2b in FY26. This volatility reflects fluctuating contributions from the thermal portfolio, partly driven by lower revenues from RLNG trading. Looking ahead, the thermal generation segment is expected to deliver EBITDA CAGR of ~16% over FY26-29E,

The thermal generation segment is expected to deliver EBITDA CAGR of ~16% over FY26-29E, largely attributable to Nabha acquisition.

largely attributable to Nabha acquisition. Over the longer term, the commissioning of a 1,600MW coal-based thermal project in Madhya Pradesh is expected to enhance scale and improve the contribution of the conventional generation business to total EBITDA.

Exhibit 2: Snapshot of operational thermal assets

Plant	SUGEN	UNOSUGEN	DGEN	AMGEN
Capacity (MW)	❖ 1,147.5	❖ 382.5	❖ 1,200	❖ 362
Plant type	❖ Gas-based CCPP	❖ Gas-based CCPP	❖ Gas-based CCPP	❖ Coal-based
Location	❖ Surat, Gujarat	❖ Surat, Gujarat	❖ Bharuch, Gujarat	❖ Ahmedabad, Gujarat
COD	❖ Aug'09	❖ Apr'13	❖ Nov'14	❖ 1988
Fuel	❖ Domestic gas & Imported LNG	❖ Domestic gas & RLNG	❖ Imported LNG	❖ Domestic and Imported Coal
PPA	❖ 835 MW for the distribution areas of Ahmedabad / Gandhinagar & Surat ❖ 50 MW with MPPTCL	❖ 278 MW for the distribution areas of Ahmedabad / Gandhinagar & Surat	❖ No tie-up	❖ Embedded generation for licensed areas of Ahmedabad / Gandhinagar
Regulated return	❖ 15.50% RoE under regulated tariff structure + Performance Incentives	❖ 15.50% RoE under regulated tariff structure + Performance Incentives	❖ NA	❖ 14% RoE/RoCE + Performance Incentives

Source: Company

Strategic expansion in thermal power

TPL's 1600MW greenfield coal project backed by a 25-year PPA

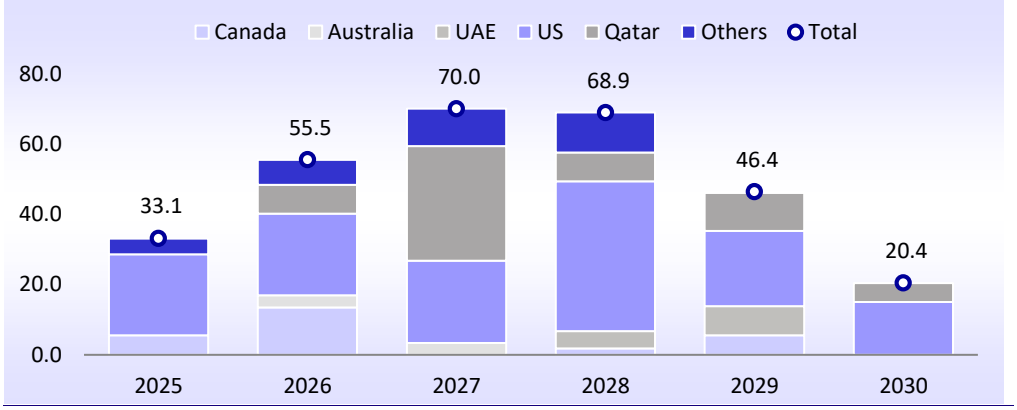
- TPL executed a 25-year PPA with MPPMCL for a 1,600MW coal-based thermal project in Madhya Pradesh. The greenfield plant, based on 2x800MW ultra-supercritical technology, will be developed under the design, build, finance, own, and operate (DBFOO) model at a tariff of INR5.829/kWh. We expect the plant to be commissioned by FY32. The ultra-supercritical technology promises more efficiency and emits less carbon compared to conventional plants. Coal for the plant will be provided by MPPMCL under the Ministry of Coal's SHAKTI policy.
- Unit 1 is expected to be commissioned in 66 months and Unit 2 in 72 months of signing the 25-year PPA. The project involves a capex of INR230b (capex of INR4.5b has already been incurred till 1QFY27). The majority of the required land for the project is in place, with a contract for the balance of plant, boiler, turbine, and generator (BTG) unit awarded and environment clearance received.
- While we are building in a PLF of 20-30% for existing gas plants, there can be upside if gas prices decline sharply because a large, supply-heavy LNG cycle is likely to structurally soften gas prices from 2HCY27 onward, improving gas plant competitiveness and allowing higher PLF than the 20-30% currently assumed.

Upside to generation estimates from weak LNG outlook

- **Global liquefaction capacity is set to rise by 10%/11% YoY in CY26/CY27:** As per IEA, between CY25 and CY30, ~295bcm (54% of current capacity) of new LNG export capacity is projected to come online from projects that have already reached the final investment decision or are currently under construction. According to the IEA, annual liquefaction capacity additions are projected to rise steadily from ~33bcm in CY25 (6% of current capacity) to a peak of ~70bcm (13% of current capacity) in CY27, before moderating during CY28-30. This marks the largest capacity additions in any five-year period in the history of the LNG market.
- **Stalled 67bcm LNG projects could unlock significant supply upside:** Notably, this estimate excludes potential additions from Russia's Arctic LNG 2 (27bcm/year), Mozambique LNG (18bcm/year), and Qatar's North Field West expansion (22bcm/year), all of which have been approved but are not progressing toward commercial operations due to various delays and challenges.
- **Iran attack wiped out 17% of Qatar's LNG export capacity:** The Iranian attacks during the West Asia crisis have knocked out 17% of Qatar's LNG export capacity. The repairs will sideline ~12.8mmtpa of LNG for 3-5 years. Thus, we expect the LNG prices to be elevated in the medium-term. While this delays the LNG glut, we continue to believe LNG prices should see structural weakening in coming years.
- **LNG prices to come under pressure in 2HCY27 and beyond:** Historically, global LNG demand has seen a CAGR of 5-6% vs. expected liquefaction capacity CAGR of 7.5% during CY24-30. As such, we expect global LNG prices to come under pressure in 2HCY27 and beyond. Lower landed price for LNG should improve cost competitiveness for gas plants and improve the PLF for TPL's plants.

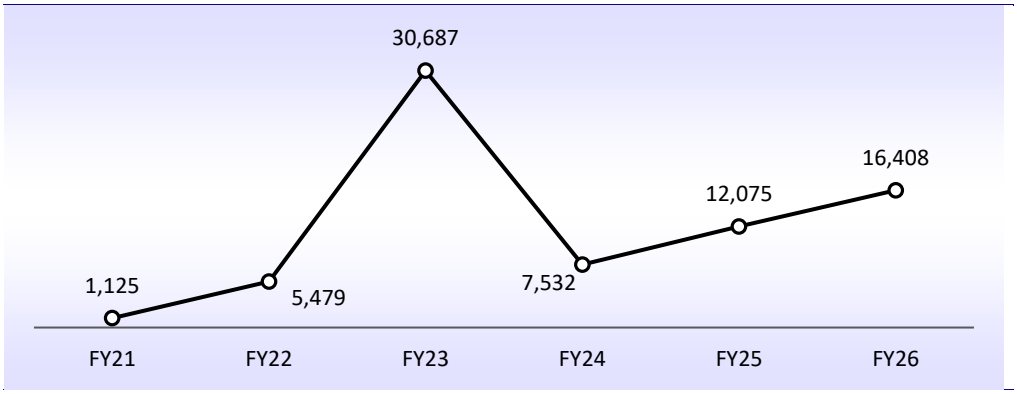
Higher LNG supply growth could pressure prices from 2HCY27 which should improve the cost competitiveness and PLFs of TPL's gas-based plants.

Exhibit 3: ~295bcm/year LNG liquefaction capacity upcoming globally during CY25-30



Source: IEA, MOFSL

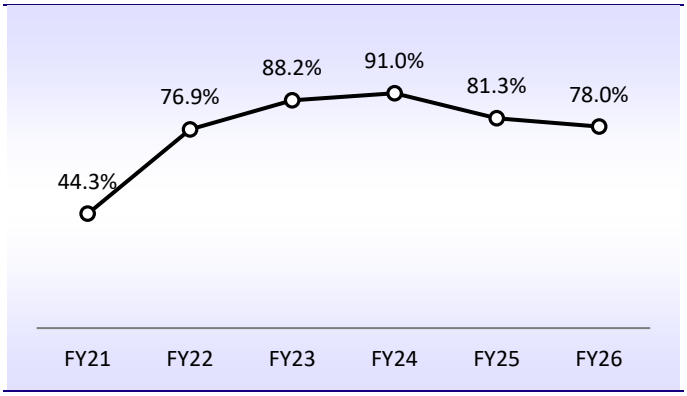
Exhibit 4: Revenue from trading of RLNG (INR m)



Source: Company, MOFSL

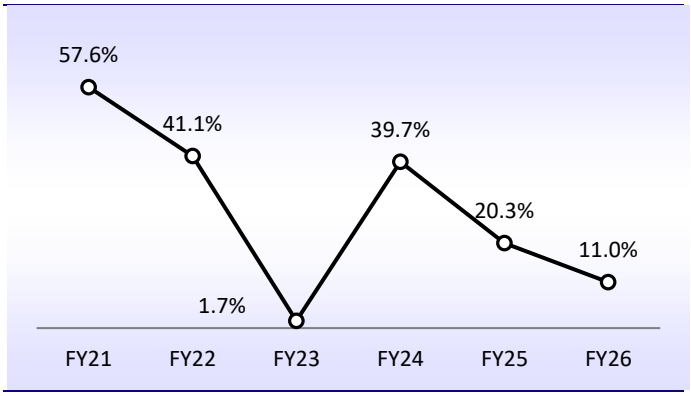
- **PLF trends:** In FY26, the overall PLF for gas-based plants remained marginally subdued, primarily due to reduced offtake from long-term beneficiaries amid higher gas prices.

Exhibit 5: PLF trends – AMGEN Plant



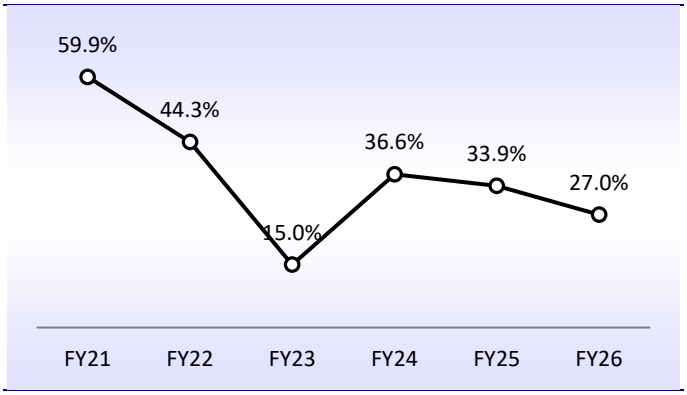
Source: Company

Exhibit 6: PLF trends – UNOSUGEN Plant



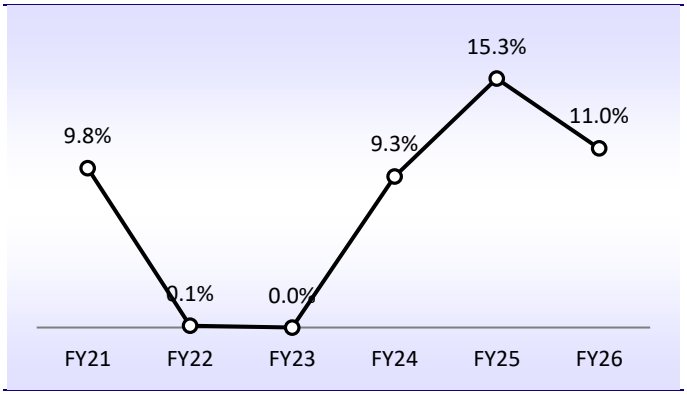
Source: Company

Exhibit 7: PLF trends – SUGEN Plant



Source: Company

Exhibit 8: PLF trends – DGEN Plant



Source: Company

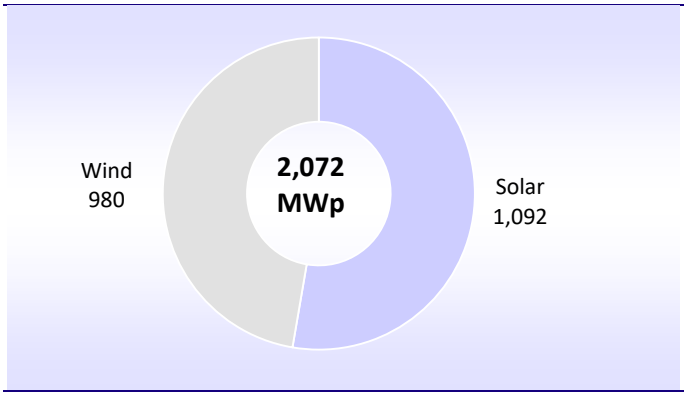
Renewable generation: Strong pipeline to drive EBITDA growth

- **RE portfolio and project pipeline:** TPL's operational RE portfolio stands at 2,072MWp as of 1QFY27, comprising 1,092MWp/980MW of solar/wind capacity. Contracted capacity stands at 1,814MW (solar/wind-894MW/920MW).
- The company has an under-development contracted RE pipeline of ~4.2GWp (contracted- ~2.6GW). These projects are being developed through various subsidiaries under Torrent Green Energy Private Limited, a wholly owned subsidiary of TPL.

We estimate TPL to add 0.6GW/0.9GW/1.2GW in FY27/FY28/FY29 driving a 44% CAGR in the RE segment's EBITDA over FY26-29E

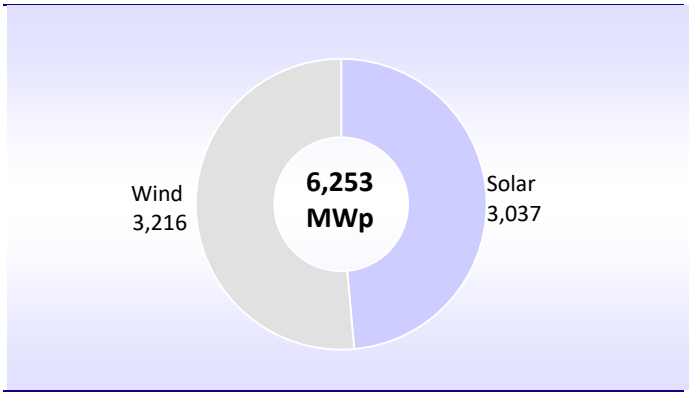
- **Building in COD of 0.6GW/0.9GW/1.2GW in FY27/FY28/FY29:** We estimate the company to add 0.6GW/0.9GW/1.2GW in FY27/FY28/FY29. We assume an avg. EBITDA margin of 82% over FY27-29, which is in line with TPL's historical trends and in line with industry standards.
- **Strong EBITDA growth, rising RE increasing contribution:** We estimate a CAGR of 44% in the RE segment's EBITDA over FY26-29E, driven by the commissioning of the under-construction pipeline. Consequently, the contribution of RE EBITDA to consolidated EBITDA is expected to increase from ~17% in FY26 to 34% by FY29E, enhancing earnings visibility and stability.

Exhibit 9: RE installed capacity (at 1QFY27 end)



Source: Company

Exhibit 10: RE capacity, including pipeline (MWp)



Source: Company

Exhibit 11: TPL's RE pipeline

Project	Technology	Contracted Capacity (MW)	Capacity Under Installation (MWp)	Tariff (INR/unit)	Off-taker	Remarks
MSEDCL	Solar	306	367	3.1	MSEDCL	❖ Part project commissioned, SCOD extensions applied
SECI XII	Wind	300	300	2.9	SECI	❖ Partly in FY27 & balance in FY28
SECI XVI	Wind	100	122	3.6	SECI	❖ Partly in FY27 & balance in FY28
SECI XVIII	Wind	300	300	4.0	SECI	❖ In FY28
TPL-D	Hybrid	450	830	3.7	Own Discom	❖ Progressively from FY27 to FY29
REMCL	Hybrid	100	401	4.3	REMCL	❖ Partly in FY27 & balance in FY28
TPL-D (FDRE)	Hybrid	250	500	4.9	Own Discom	❖ SCOD 24 months from PPA
Merchant	Hybrid	0	603	Merchant	Merchant	❖ Progressively from FY27 to FY28
C&I Projects	Hybrid	776	1,161	Multiple	Multiple	❖ To be commissioned progressively
Total		**2,582**	**4,584**			

Source: Company

TPL currently lags peers on scale, making timely RE pipeline execution key to enhance competitive positioning in the RE segment.

- **Peer comparison: RE portfolio still has scope to scale further**
  - TPL continues to ramp up its RE portfolio compared with key peers in the sector as of FY26, both in terms of operational scale and growth pipeline. TPL has an RE capacity of 2,072MWp, comprising 1,092MWp of solar and 980MW of wind.
  - In contrast, as of FY26 end, NTPC Green leads the group with 10,076MW of operational RE capacity (9,309MW solar and 767MW wind), followed by JSW Energy with 7,795 MW (2,370 MW solar, 1,030 MW wind and 1,631MW hydro). Tata Power has built a diversified RE portfolio of 7,413 MW spanning solar, wind, and hydro assets, while Acme Solar operates 2,990 MW, entirely in solar, as of FY26 end.
  - Accordingly, TPL currently lags peers on scale, underscoring the importance of the timely execution of its under-construction RE pipeline to narrow the gap and enhance competitive positioning in the RE segment.

Exhibit 12: Benchmarking the renewable business of TPL vs. RE business verticals of peers for FY26

Particulars	Torrent Power	Acme Solar	JSW Energy*	NTPC Green	Tata Power (RE Generation) *
Operational Renewable Capacity (MW)	**2,002**	**2,990**	**7,795**	**10,076**	**7,388**
Operational Capacity Portfolio Breakup (MW):					
Solar	1081	2,840	2,370	9,309	5,273
Wind	921	150	3,794	767	1,235
Hydro	0	0	1,631	0	880
Under Construction / Pipeline capacity (MW)	**3,950**	**5,081**	**13,609**	**19,894**	**6,830**
Revenue for FY26 (INR m)	12,411	20,230	56,258	28,584	41,310
Generation units (MUs)	3,337	6,464	18,217	14,596	10,466
Average Tariff FY26 (INR/unit)* **	**3.72**	**3.13**	**3.09**	**1.96**	**3.95**
Revenue / Installed capacity (INRm/MW)	6.2	6.8	7.2	2.8	5.6
EBITDA for FY26 (INRm)	10,124	17,809	49,149	24,751	35,190
EBITDA / Installed capacity (INRm/MW)	5.1	6.0	6.3	2.5	4.8
EBITDA margin for FY26:	81.6%	88.0%	87.4%	86.6%	85.2%
PLF for FY26:					
Solar	20.3%	25.9%	21.0%	22.3%	21.2%
Wind	24.5%	NA	25.0%	24.4%	19.9%
Hydro	-	-	48.0%	-	-

Source: Companies, MOFSL

*Only the RE business verticals of JSW Energy and Tata Power are considered

***Calculated as Revenue/Generation units

Under construction capacity for Tata Power includes Wind, Solar, Hybrid, Hydro, Complex/FDRE

JSW Energy EBITDA is calculated as Renewable EBIT + Total depreciation*(Renewable assets/Total assets)

Distribution business

TPL operates licensed distribution businesses across Gujarat and DNH&DD, while Bhiwandi, Agra and SMK are served under the franchisee model.

- The company is a licensed operator for electricity distribution in Ahmedabad, Gandhinagar, Surat, Dahej SEZ, Dholera SIR, and Mandal Becharaji SIR, and in the union territory of DNH&DD, whereas the distribution in Bhiwandi, Agra, and Shil-Mumbra-Kalwa (SMK) is under the franchisee model.
- **Licensee distribution model vs. franchisee distribution model**
  - **In the licensee model**, the distribution company (discom) owns and manages the entire grid infrastructure, including substations, transformers, and distribution lines. The licensee is responsible for all aspects of power distribution, i.e., infrastructure investment, maintenance, consumer service, and regulatory compliance. This model is capital-intensive and provides the licensee with full operational control and long-term revenue from tariffs set by regulators. In licensed distribution assets, capex acts as the key growth driver as continued investments enable the company to expand its regulated asset base and generate incremental RoE.
  - **In the franchisee model**, the franchisee does not own the grid infrastructure but is given the right to operate and manage distribution activities such as billing, revenue collection, maintenance, and consumer service within a defined area. The franchisee pays the original licensee (usually a state discom) for the power supplied at an input point and earns a margin by improving efficiency and reducing losses. This model is asset-light for the franchisee, with risk-reward linked mainly to operational performance rather than infrastructure ownership.
- **Highlights of the licensed distribution business**
  - The company is a licensed operator for electricity distribution in several regions of Gujarat, including Ahmedabad, Gandhinagar, Surat, Dahej SEZ, Dholera SIR, Mandal Becharaji SIR, and in the union territory of DNH&DD, covering an aggregate area of ~2,050 sq. km. The licensed distribution business in Gujarat is regulated by Gujarat Electricity Regulatory Commission (GERC), and in DNH&DD, it is regulated by Joint Electricity Regulatory Commission (JERC), which allows cost plus post-tax RoE/RoCE, along with performance incentives as part of a regulated tariff structure.
  - The Ahmedabad-Gandhinagar region is TPL's largest licensed distribution area by both customer base and peak demand, with over 2.1m customers and peak demand of 1,967MW in FY26. In FY26, the company's licensed distribution business recorded a loss of just 2.3%, among the lowest in the country and on par with global benchmarks.
  - The company's power availability has remained above 99.9% in its distribution areas.
- **Highlights of franchisee distribution business**
  - The company operates as a franchisee for electricity distribution in Bhiwandi, Agra, and SMK, covering approximately 1,007 sq.km and serving a customer base of ~1.3 million.
  - Bhiwandi was India's first of its kind distribution franchisee agreement with the Maharashtra State Electricity Distribution Company (MSEDCL). The Agra distribution franchisee, covering 221 sq. km., recorded a historic low AT&C loss of 5.4% in FY26, which marks a substantial reduction from 58.8% at the time of operational takeover in 2010. This was the result of the company's enhanced

surveillance, theft deterrence systems, strict enforcement, and comprehensive network. A similar impact has been observed in the SMK distribution, with AT&C losses falling to 23.1% in FY26 from 48% at the time of takeover.

- In FY26, the franchised distribution areas recorded an estimated 4% YoY growth in sales, led mainly by Agra and SMK due to higher electricity demand from new residential connections, harsher summer conditions, and stable load growth. In contrast, Bhiwandi saw a sales decline, driven largely by weak industrial activity, particularly in the power loom segment.

Exhibit 13: Snapshot of the licensed distribution assets as of FY26 end

Region	Licensed area (sq.km.)	Customer base	Peak demand (MW)	License Validity*	Sales (MUs)	Distribution loss (Actual %)	Distribution loss (Normative %)
Ahmedabad/Gandhinagar	356	>2.1m	1,967	2025	8,807	3.4	3.7
Surat	52	>0.6m	764	2028	3,952	2.8	2.8
Dahej	17	146	117	2034	807	0.5	0.5
Dholera SIR	920	NA	18	2044	NA	NA	NA
Dadra & Nagar Haveli, Daman & Diu	603	>0.2m	1,437	2047	10,867	1.5	1.6

*unless revoked will be automatically renewed for further 25 years

Source: Company

Exhibit 14: Snapshot of the franchisee distribution assets as of FY26 end

Region	Licensed area (sq.km.)	Peak demand (MVA)	License validity	Sales (MUs)	Distribution loss %	Customer base (m)
Bhiwandi	721	634	25-Jan-27	3,740	9.1	0.4
Agra	221	588	31-Mar-30	2,296	8.4	0.5
Shil, Mumbra, Kalwa	65	165	29-Feb-40	686	23.7	0.4

Source: Company

In FY26, the company's licensed distribution business recorded a loss of just 2.3%, underscoring its operational excellence.

- **AT&C losses among the lowest in the country:** In FY26, the company's licensed distribution business recorded a loss of just 2.3%, underscoring its operational excellence. This figure ranks among the lowest in the country and is on par with global benchmarks. Over the same period, the company's overall franchisee distribution business recorded a loss of 11.75%. TPL's power availability has remained above 99.9% in its distribution areas. Its distribution assets operate with materially lower AT&C losses than most peers, underscoring their strong operational discipline and network efficiency. Across key licensed and franchised areas such as Ahmedabad-Gandhinagar, Surat, Dahej, DNH&DD, and Agra, AT&C losses largely remain in the low- to mid-single digits, which is significantly below the double-digit levels seen in several peer entities. This sharp contrast reflects TPL's focus on rigorous metering, billing, and collection practices, targeted loss-reduction investments, and consistent enforcement against theft, enabling it to convert a higher share of input energy into billed and collected units than competitors.

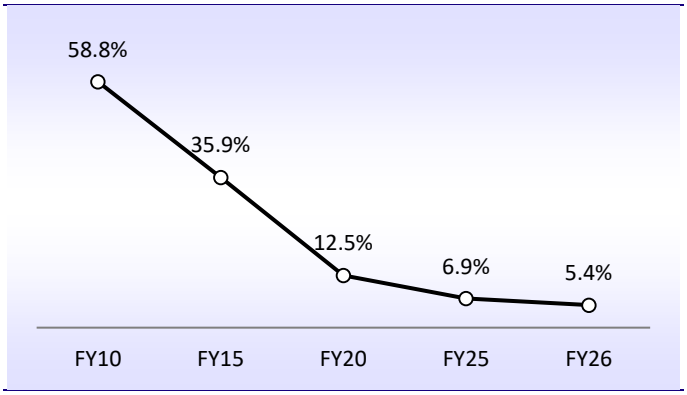
Exhibit 15: Benchmarking of the distribution business arms of TPL vs. peers for FY26

Company	Distribution losses	Sales units (MUs)	Consumer Base (m)	Revenue (INR m)	EBITDA (INR m)
Torrent Power					
Ahmedabad/Gandhinagar	3.4%	8,807	2.2		
Surat	2.8%	3,952	0.6		
Dahej	0.5%	807	146**		
Dadra & Nagar Haveli, Daman & Diu	1.5%	10,867	0.2		
Bhiwandi	9.1%	3,740	0.4		
Agra	8.4%	2,296	0.5		
Shil, Mumbra, Kalwa (SMK)	23.7%	686	0.4		
Total		**31,155**		**2,47,640***	**37,930***
Tata Power^^					
TPWR Odisha:					
TPCODL	18.0%	10,013	9.95^	63,130	7,620
TPSODL	18.8%	3,672		25,420	5,870
TPWODL	15.3%	9,503		63,550	7,260
TPNODL	9.9%	69,750		47,690	8,350
TPWR Delhi	5.4%	10,981	2.19	1,04,260	23,420
Total		**1,03,919**		**3,04,050**	**52,520**
Adani Energy Solutions	**4.2%**	**10,584**	**3.27**	**1,82,960**	**87,260**
CESC					
Kolkata	6.1%	11,990	NA	99,390	NA
Noida	6.9%	3,888	NA	30,010	NA
Chandigarh	8.3%	1746	NA	10,070	NA
Bikaner DF	10.9%	864	NA	7,760	NA
Malegaon DF	36.3%	922	NA	7,990	NA
Total		**19,410**		**1,55,220**	

Source: Company, MOFSL

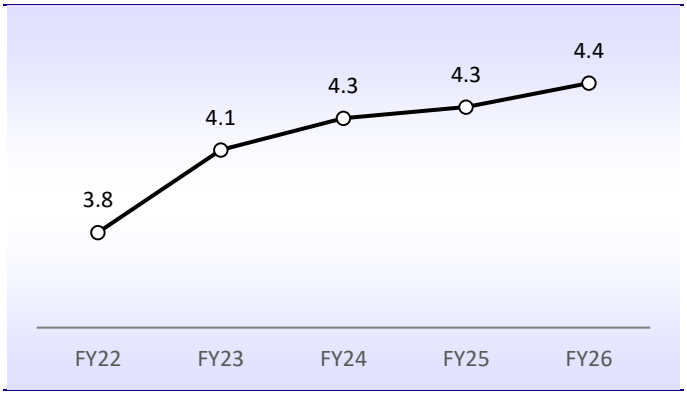
*Includes numbers for the transmission and distribution business of TPL
**Absolute number (not in million)
^Cumulative consumer base for TPCODL, TPSODL, TPWODL, and TPNODL
Note: EBITDA for TPWR includes other income
^^Distribution loss column for TPWR reflects AT&C losses

Exhibit 16: AT&C losses Agra - historic low AT&C loss of 5.4% in FY26 vs. 58.8% in FY10



Source: Company

Exhibit 17: Consumer base across the distribution business (in m)



Source: Company

- **T&D segment to deliver a 4% EBITDA CAGR over FY26-29E:** TPL's T&D business has delivered steady EBITDA growth of ~32% over FY24-26. Looking ahead, we model an EBITDA CAGR of 4% over FY26-29E, supported by steady expansion in the consumer base, a structurally improving loss profile, and robust demand from residential, commercial, and industrial segments. The distribution business (licensed and franchisee) has recorded consumer base growth at a CAGR of ~2% over FY24-26, reflecting both organic demand growth and effective network penetration. We expect this momentum to continue, aided by further reductions in AT&C losses and healthy volume growth across end-user segments, underpinning steady earnings visibility over the medium term.

Exhibit 18: Distribution business – Consumer base (in m)

Particulars	FY22	FY23	FY24	FY25	FY26
Ahmedabad/Gandhinagar	2.0	2.0	2.1	2.1	2.2
Growth YoY		*1.6%*	*1.4%*	*1.1%*	*1.4%*
Surat	0.6	0.6	0.6	0.6	0.6
Growth YoY		*0.8%*	*0.6%*	*0.3%*	*0.9%*
Dadra & Nagar Haveli, Daman & Diu	0.0*	0.2	0.2	0.2	0.2
Growth YoY			*5.1%*	*3.0%*	*1.2%*
Bhiwandi	0.4	0.4	0.4	0.4	0.4
Growth YoY		*4.7%*	*4.0%*	*4.3%*	*4.6%*
Agra	0.5	0.5	0.5	0.5	0.5
Growth YoY		*2.5%*	*2.2%*	*1.4%*	*2.5%*
Shil, Mumbra, Kalwa (SMK)	0.3	0.3	0.3	0.4	0.4
Growth YoY		*7.3%*	*9.2%*	*7.5%*	*6.4%*
Total Consumer base	**3.8**	**4.1**	**4.3**	**4.3**	**4.4**

Source: Company

Exhibit 19: Peak demand (MW)

Particulars	FY22	FY23	FY24	FY25	FY26
Ahmedabad/Gandhinagar	1,646	1,900	1,834	2,117	1,967
Growth YoY		*15.4%*	*-3.5%*	*15.4%*	*-7.1%*
Surat	689	742	757	812	764
Growth YoY		*7.7%*	*2.0%*	*7.3%*	*-5.9%*
Dadra & Nagar Haveli, Daman & Diu	-*	1,281	1,333	1,406	1,437
Growth YoY			*4.1%*	*5.5%*	*2.2%*
Dahej	93	106	115	114	117
Growth YoY		*14.0%*	*8.5%*	*-0.9%*	*2.6%*
Bhiwandi	566	595	609	609	634
Growth YoY		*5.1%*	*2.4%*	*0.0%*	*4.1%*
Agra	472	510	505	572	588
Growth YoY		*8.1%*	*-1.0%*	*13.3%*	*2.8%*
Shil, Mumbra, Kalwa (SMK)	132	146	155	167	165
Growth YoY		*10.6%*	*6.2%*	*7.7%*	*-1.2%*

* The operation of Dadra & Nagar Haveli, Daman & Diu were taken over w.e.f. 1 April, 2022

Source: Company

Transmission portfolio: Regulated assets provide stable cash flows

TPGL operates 483km of transmission lines under CERC-regulated tariffs, with the ~INR6b Khavda project commissioned in Feb'26 expected to add INR0.7b/0.2b to FY27 EBITDA/PAT.

- **Operational key projects:** The company transmits power from its gas-based plants to various offtake centers through 128km of 220 kV double-circuit lines and 355km of 400 kV double-circuit lines. The transmission lines under TPGL operations are governed by CERC tariff regulations, which allow for a post-tax RoE of 15.50%, plus additional incentives.
- **Recent Commissioning - Khavda Transmission Project:** In FY23, TPGL was awarded a transmission scheme in Khavda, Gujarat, for the evacuation of 4.5 GW of renewable power. The project scope covers laying of 60km 400 kV D/C line together with bay upgradation from 2,000 Amp to 3,150 Amp. The project will have a regulated tariff as per CERC Regulations, which allow a cost plus post-tax RoE of 15% for 35 years. The project cost was ~INR6b. The company successfully commissioned the transmission project in Feb'26. We expect the EBITDA/PAT contribution from this project to be INR0.7b/0.2b in FY27 and INR0.8b/0.2b FY28.
- **Pipeline project:** The transmission pipeline involves expanding and upgrading grid infrastructure to accommodate increased RE capacity.
  - **Solapur Transmission Project:** In FY24, the company emerged as a successful bidder for the establishment of an inter-state transmission system on a Build, Own, Operate & Transfer (BOOT) basis for a period of 35 years under the tariff-based competitive bidding (TBCB) process for the evacuation of 1.5 GW of renewable power. Project scope covers laying of 44km 400 kV D/C line together with 2-line bays and 1 substation. The project is scheduled to be commissioned in 1HFY27. The project is being implemented by Solapur Transmission, a wholly owned subsidiary of the company. The expected project cost is ~INR5b. The project will be generating annual revenue of INR500m over its 35-year tenure due to a fixed tariff structure. With an expected EBITDA margin of ~84-87%, driven by low opex post-capitalization, minimal variable costs, this translates into ~INR425m-INR435m in annual EBITDA contribution for 35 years, bolstering stable cash flows amid flat regulated equity growth.

Foraying into pumped storage and green hydrogen

TPL signed a 40-year ESFA with MSEDCL for 2,000MW/16,000MWh PSP, with expected annual revenue of INR16.8b and we est. SCOD in FY30.

- **3GW pumped storage hydro project – under development:** TPL, through its wholly owned subsidiary Torrent Energy Storage Solutions, is developing a 3,000MW/18,000 MWh pumped storage project (PSP) in Raigad, Maharashtra (project cost INR140b, of which capex of INR3.3b has been incurred till 1QFY27). The company executed a 40-year energy storage facility agreement (ESFA) with MSEDCL for 2,000MW/16,000MWh pump storage capacity, with expected annual revenue INR16.8b and we estimate SCOD in FY30. LoA has been awarded for the civil & hydro mechanical package and the electrical & mechanical package, with environment clearance already received.
- TPL has secured in-principle allotments for four PSP sites in Maharashtra and Uttar Pradesh, with a capacity of 8,350 MW across four locations. The sites are under planning and feasibility assessment. Through this, the company is reinforcing its commitment to grid stability and renewable integration.
- **Exploring investment opportunities in the sunrise sector of green hydrogen:** The company, through its wholly owned subsidiary, Torrent Akshay Urja, emerged as one of the successful bidders for getting production-linked incentive (PLI) under the tender invited by SECI for production of 18,000 tons p.a. of green hydrogen under the MNRE SIGHT Mode-I Tranche-I scheme. TPL is exploring and evaluating various opportunities for supplying green hydrogen and green ammonia to domestic and international markets.
- The company has also been granted in-principle approval for the allocation of ~17,500 hectares of government land in Gujarat for the development of a production plant for green hydrogen and its derivatives, along with associated renewable capacity. The company has commissioned a pilot project for blending ~2% green hydrogen with natural gas in the CGD network of TGL in Gorakhpur, Uttar Pradesh.

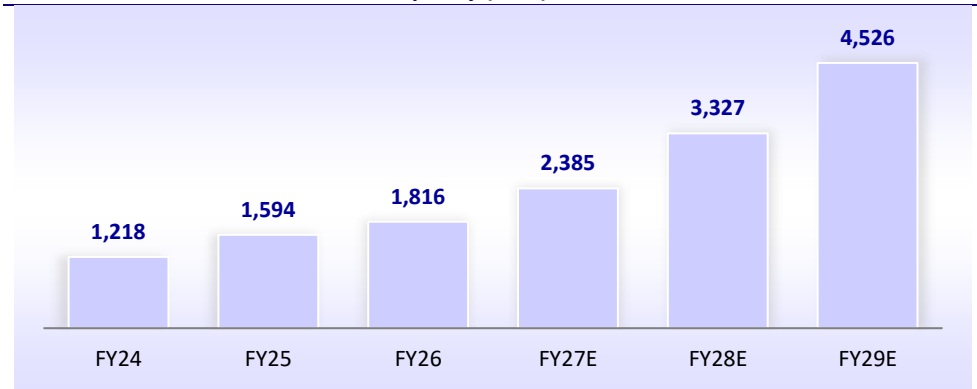
RE capacity expansion, continued growth in distribution to boost financial performance

- **Contracted and regulated assets provide earnings stability:** The gas-based portfolio provides a solid earnings floor, with SUGEN/UNOSUGEN contracted to 76% of capacity and the total gas portfolio contracted to 43% of capacity, while retaining upside from merchant opportunities. Earnings visibility is further supported by the ramp-up in renewables, with RE capacity expected to increase 2.5x to 4.5GW by FY29. AMGEN operates under a regulated equity framework with assured returns, while one of the upcoming transmission lines benefits from regulated equity and the other contributes fixed revenue of INR500m, collectively de-risking cash flows and underpinning stable EBITDA. The recently consummated Nabha plant is fully tied up with PSPCL, and management has guided that it shall add INR100b in EBITDA annually.
- **RE capacity expansion enhances medium-term visibility:** TPL is targeting a total RE portfolio of ~6.3GWp by FY29 (2.1GWp operational + 4.2GWp under development). Current contracted RE capacity is 1.8GW, and we build in further RE capacity additions of 0.6GW/0.9GW/1.2GW in FY27/FY28/FY29, taking RE capacity to 4.5GW by FY29 (2.5x), which should materially enhance scale and earnings visibility. These upcoming projects are expected to drive the renewable EBITDA CAGR of 44% over FY26-29E. Accordingly, we model the operational RE portfolio to reach ~2.4GW/3.3GW/4.5GW by FY27/FY28/FY29 while maintaining an EBITDA margin of over 81% across FY27-29E.

We build in an EBITDA/APAT CAGR of 17%/7% over FY26-FY29E, driven by the combination of an expanding RE portfolio and steady growth in the distribution business, supporting predictable cash flows and long-term earnings stability

- **Building in EBITDA/APAT CAGR of 17%/7% over FY26-29E**: Overall, we build in an EBITDA/APAT CAGR of 17%/7% over FY26-FY29E, driven by the combination of an expanding RE portfolio and steady growth in the distribution business, supporting predictable cash flows and long-term earnings stability. Longer-term earnings growth/outlook is supported by 1) the start of the PSP project in FY30, 2) the start of the 1.6GW thermal project in MP in FY32, 3) securing additional distribution licenses, and 4) securing additional projects in the renewable generation space.

Exhibit 20: Renewables – installed capacity (MW)



Source: Company, MOFSL

- **Back-end loaded growth drivers**
  - 1,600 MW coal-based thermal project in Madhya Pradesh: TPL has executed a PPA with MPPMCL for a 1,600 MW coal-based thermal power project in Madhya Pradesh. Unit 1 is expected to be commissioned within 66 months and Unit 2 within 72 months from the signing of a 25-year PPA.
  - Pumped Storage Project: The PSP is expected to be commissioned in FY30. Consequently, FY30 and FY31 are expected to witness an incremental EBITDA contribution of ~INR22.5b per annum, assuming an EBITDA of INR7.5m/MW, driven by the phased ramp-up of PSP capacity.

We estimate cumulative capex of ~INR377b over FY27-29E, primarily toward the coal-based thermal project, RE pipeline, PSP, and transmission assets.

Balance sheet well placed to fund rising capex

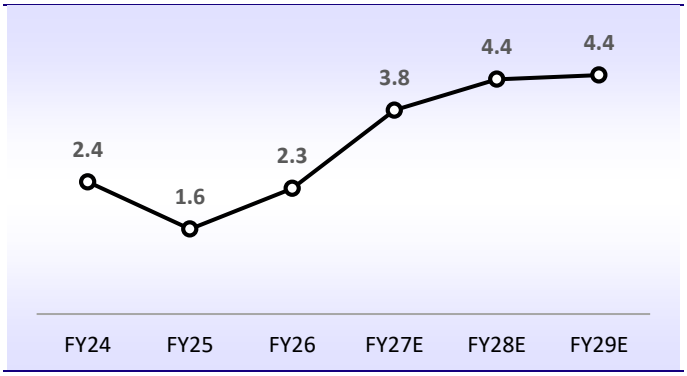
In FY26, TPL deployed ~INR94b in capex, of which ~INR65b was directed toward the RE projects. We estimate cumulative capex of ~INR377b over FY27-29E, primarily toward the coal-based thermal project, RE pipeline, PSP, and transmission assets. This capex is expected to be funded through a combination of (i) project-level debt, (ii) operating cash flows generated over FY27-29E, and (iii) refinancing of debt associated with projects that achieve commissioning during this period, which is likely to increase the overall debt proportion beyond the initial 70-75%.

Leverage in control despite Nabha acquisition and mounting capex

Net debt-to-EBITDA ratio is expected to rise through FY26-29E, reflecting the peak capex phase and the large share of projects under construction. Note that we have incorporated the 1.4GW Nabha acquisition into our estimates as the deal has been consummated in 1QFY27.

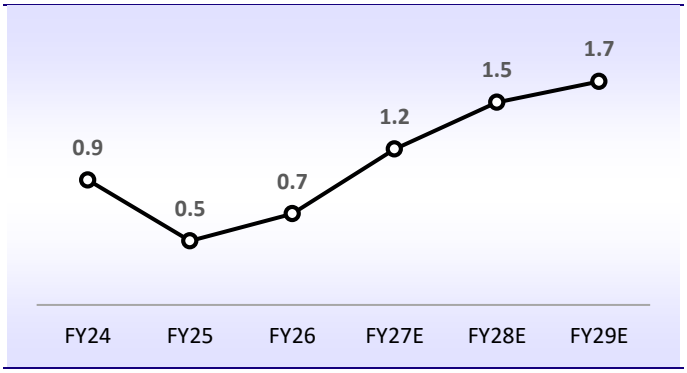
The net debt-to-EBITDA ratios are estimated at 3.8x/4.4x/4.4x for FY27E/FY28E/FY29E. Net debt may appear inflated in the interim years due to heavy capitalization of under-construction assets, with full-year EBITDA contributions from these projects expected to commence from FY28 onward.

Exhibit 21: ND/EBITDA trend



Source: Company, MOFSL

Exhibit 22: ND/Equity trend



Source: Company, MOFSL

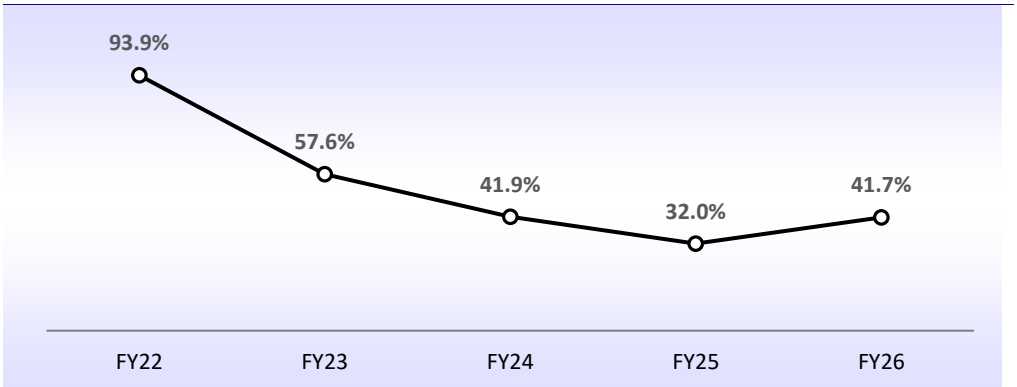
TPL's net debt-to-equity ratio is projected to increase gradually to 1.2x/1.5x/1.7x in FY27E/FY28E/FY29E.

Capital structure and dividend policy

TPL's net debt-to-equity ratio averaged 0.9x over FY22-24 before improving to 0.5x/0.7x in FY25/FY26. This is projected to increase gradually to 1.2x/1.5x/1.7x in FY27E/FY28E/FY29E, reflecting incremental debt undertaken to support the upcoming capex cycle.

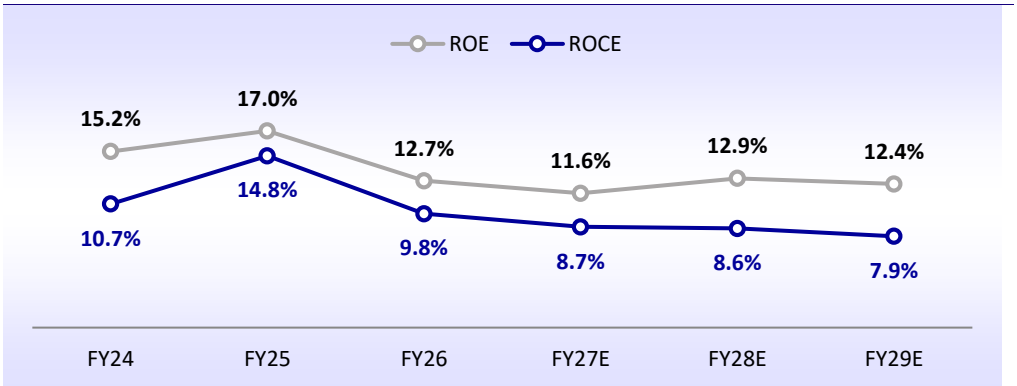
The company maintained a high dividend payout ratio of 93.9% in FY22 and 57.6% in FY23, which moderated to 41.9%/32%/41.7% in FY24/FY25/FY26 as internal accruals were retained to fund growth initiatives. Over FY27E-29E, we expect the payout ratio to remain intact at 40%, striking a balance between shareholder returns and funding requirements for investments across transmission, RE, pumped storage, and green hydrogen projects.

Exhibit 23: Historical dividend payout trends



Source: Company

Exhibit 24: ROE/RoCE trends



Source: Company, MOFSL

Valuation and view

- The valuation of TPL is segmented across various business units:
  - While we value the regulated business of Tata Power at 2.5x FY28E regulated equity, we value TPL's licensed distribution business at 2x Sep'28E regulated equity.
  - Franchisee distribution business is valued at 12x Sep'28E EBITDA.
  - The transmission business is valued at 2x invested equity.
  - Conventional generation business (regulated - thermal + gas) is valued at 2.5x Sep'28E regulated equity, while DGEN plant (merchant) is valued at 12x Sep'28E EBITDA.
  - Nabha plant is valued at 10x Sep'28E EBITDA.
  - the RE generation business of TPL is valued at 12x Sep'28E EBITDA.
  - Cash and investments add INR64/share.
- The sum of these contributions, adjusted for debt results in a TP of INR1,270.

Exhibit 25: Valuation (SoTP)

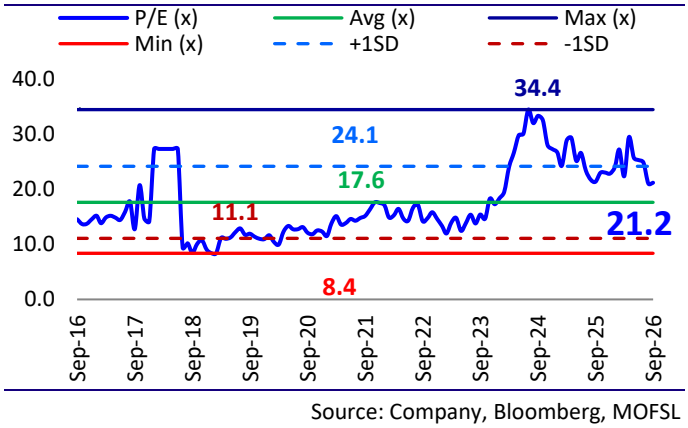
Segment	Metric type (Sep'28E)	Value (INRm)	Multiple (x)	Value/share (INR)
Licensed Distribution business	Regulated equity	58,230	2.0	231
Franchisee Distribution business	EBITDA	14,786	12.0	352
Transmission business	Invested equity	2,750	2.0	11
Conventional generation	Regulated equity	19,093	2.5	95
Nabha plant	EBITDA	8,764	10.0	174
DGEN plant	EBITDA	4,431	12.0	106
Renewable generation	EBITDA	27,721	12.0	660
Investments				30
Cash and Bank				34
Less: Debt		2,13,120		423
Target price				**1,270**
CMP				1,220
Upside / (Downside)				4.07%

Exhibit 26: Peer comparison

Company	CMP (INR)	Mcap (INRb)	ROE (%)			PE (x)			PB (x)		
			FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
Torrent Power	1,220	614	12.7	11.6	12.9	25.4	25.9	21.5	3.2	3.0	2.8
JSW Energy	501	919	5.4	5.8	7.6	56.4	46.8	31.4	2.9	2.5	2.3
Acme Solar Holdings	438	310	10.4	12.6	17.8	53.4	35.7	18.1	5.2	3.5	3.0
NTPC	323	3,137	9.9	10.6	10.6	16.3	14.0	13.0	1.5	1.4	1.3
Tata Power Company Ltd	359	1,147	10.1	11.9	13.9	30.1	23.2	17.9	2.9	2.6	2.3
Adani Energy Solutions Ltd	1,306	1,597	9.6	12.6	13.4	72.5	45.7	37.7	6.5	5.6	4.8

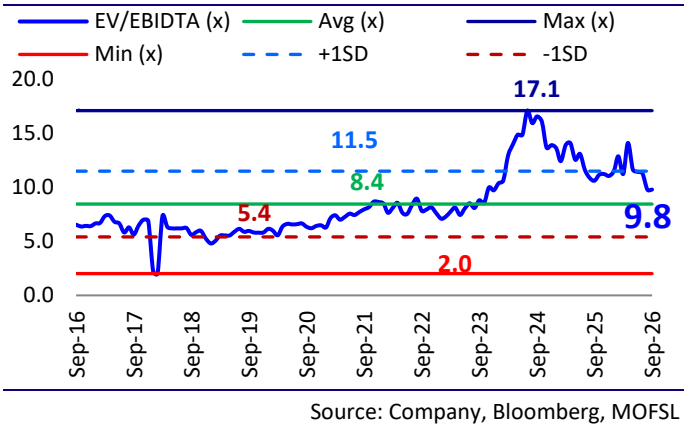
Source: Company, Bloomberg

Exhibit 27: One-year forward P/E



Source: Company, Bloomberg, MOFSL

Exhibit 28: One-year forward EV/EBITDA



Source: Company, Bloomberg, MOFSL

Key Risks

- **Exposure to uncontracted gas-based capacity:** The company operates 2,730 MW of gas-based generation capacity, of which 1,163 MW is contracted under long-term PPAs as of 31st Mar'26. The remaining 1,567 MW of untied capacity is dependent on short-term power contracts. The Company deploys the untied capacity in the short-term market, particularly during periods of elevated demand. However, the significant availability of coal-based generation, combined with the government's push to expand RE capacity and the continued decline in RE tariffs, presents a challenge to the company's uncontracted gas-based generation portfolio.
- **Fuel price volatility and foreign exchange risk:** Gas prices are inherently volatile and exposed to foreign exchange movements, geopolitical factors, and supply-demand imbalances. As a result, there may be periods when power generated from gas plants becomes uncompetitive.
- **Regulatory and policy uncertainty:** The power sector's profitability is influenced by government tariffs and regulations. Changes in government policies could affect the company's financial outcomes.
- **Execution Risk on large capital projects:** TPL has large capex commitments across renewables, pumped storage projects, planned greenfield thermal plants, and brownfield thermal acquisitions from L&T. Delays or cost overruns can hurt cash flows and returns. Key challenges include land acquisition hurdles and right-of-way constraints for transmission lines, delays in obtaining statutory and environmental clearances, supply chain disruptions, and contractor or logistics bottlenecks.
- **Environmental compliance challenges:** TPL must adhere to strict environmental regulations. Failure to manage emissions, water usage, and waste effectively could result in penalties and legal issues.

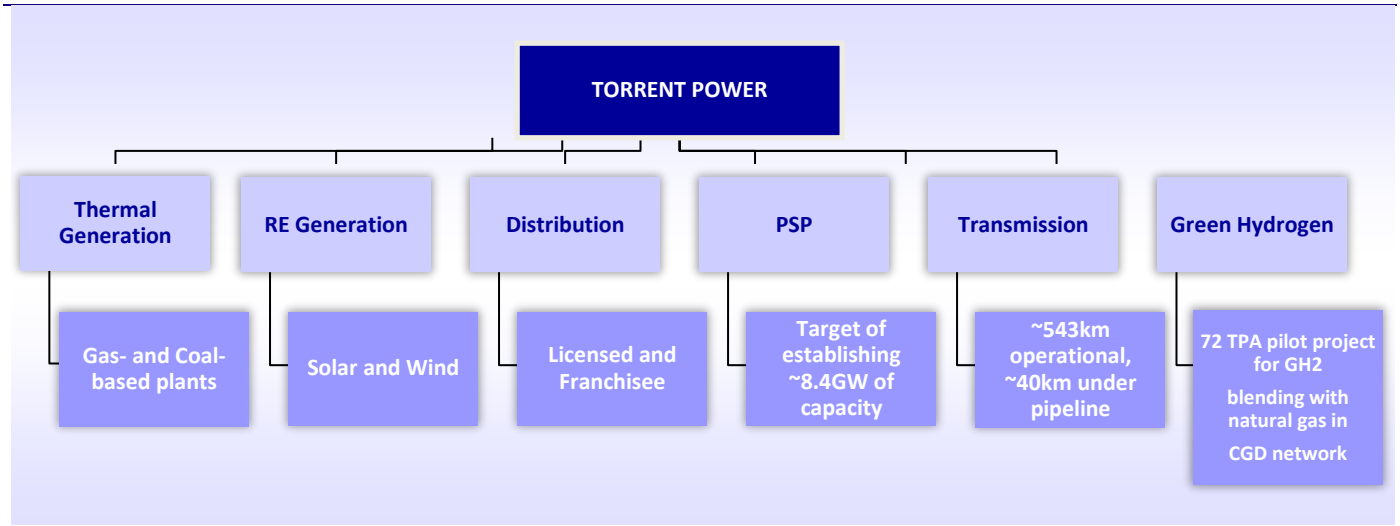
Company overview

- **Diversified conglomerate with interests in power, pharma, and city gas:** Torrent Group is a diversified conglomerate with key businesses spanning pharmaceuticals, power, and city gas distribution (CGD). Torrent Pharmaceuticals is a major generics player with a strong global footprint. TPL is a leading private integrated power utility with presence across generation, transmission, and distribution, maintaining a strong customer-service-focused operating record. Torrent Gas has expanded its CGD business to 17 geographical areas across 34 districts in seven states and one Union Territory, backed by an extensive pipeline network.
- **TPL – Diversified operations across generation, transmission and distribution:** The company operates as an integrated power utility engaged in the businesses of electricity generation, transmission and distribution, with operations spanning 10 states, namely Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh, Haryana, Telangana, Andhra Pradesh, and Tamil Nadu and one Union Territory, Dadra & Nagar Haveli and Daman & Diu (DNH&DD).
- **Generation business**
  - Diversified portfolio: As of 1QFY27, TPL boasts a diversified total portfolio of 6.1GW of thermal capacity (~4.5GW operational and 1.6GW under development) and ~6.3GWp of renewable capacity (~2.1GWp operational and 4.6GWp in pipeline).
  - Thermal mix: The company has an operational thermal power generation capacity of 4.5GW (1QFY27), comprising 2.7GW of gas-based capacity (61%) and 1.8GW of coal-based capacity (39%).
  - Renewables mix: Solar capacity is 1,092MWp (894MW contracted) and wind capacity stands at 980MW (920MW contracted).
  - The company, through its wholly owned subsidiary Torrent Energy Storage Solutions, is developing a 3,000MW/18,000 MWh pumped storage project (PSP) in Raigad, Maharashtra.
  - The company, through its wholly owned subsidiary Torrent Akshay Urja, has emerged as one of the successful bidders for production-linked incentives (PLI) under the tender invited by SECI for the production of 18,000 tons p.a. of Green Hydrogen under the MNRE SIGHT Mode-I Tranche-I scheme. The company has commissioned a pilot project for blending ~2% Green Hydrogen with natural gas in the CGD network of Torrent Gas in Gorakhpur, Uttar Pradesh.
- **Distribution business**
  - The company is the licensed operator for electricity distribution in major cities of Gujarat, namely Ahmedabad, Gandhinagar, Surat, Dahej SEZ, Dholera Special Investment Region (SIR), and Mandal Bechraji SIR, and in the Union Territory of DNH&DD, serving ~2,050 sq. km area. The company's licensed distribution business in Gujarat is regulated by Gujarat Electricity Regulatory Commission (GERC) and in DNH&DD by Joint Electricity Regulatory Commission (JERC), which allows cost plus post-tax RoE/RoCE, along with performance incentives as part of a regulated tariff structure.

- The company also operates as a franchisee for electricity distribution in the cities of Bhiwandi, Agra, and Shil, Mumbra, and Kalwa (SMK), covering ~1,007 sq. km of area.

- **Transmission business:**
  - TPL currently operates 355km of 400kV D/C transmission lines and 128km of 220kV D/C transmission lines for the transmission of power generated at its gas-based power plants to various off-take centers, through Torrent Power Grid (TPGL), a subsidiary of the company. Operations are governed by the Central Electricity Regulatory Commission's (CERC) tariff regulations, which allow for a post-tax RoE of 15.50% plus additional incentives.
  - TPGL had secured a transmission project for evacuating power from a 4.5GW RE project at Khavda in Gujarat, to be implemented under CERC tariff regulations. The project offers a post-tax RoE of 15.0% plus incentives for 35 years. The company has successfully commissioned the transmission project in Feb'26.
  - Solapur Transmission, a wholly owned subsidiary, is implementing a transmission system for the evacuation of power from RE projects in Solapur (1.5 GW) SEZ in Maharashtra. It is expected to be commissioned by 1HFY27.

Exhibit 29: TPL is one of the leading private sector integrated power utilities



Source: Company

SWOT analysis

S – STRENGTH

- Comprehensive value chain capabilities, aided by robust RE pipeline.
- High earnings visibility in upcoming coal plant and transmission.
- In key licensed/franchised areas, AT&C losses are in the low- to mid-single digits, significantly below the double-digit levels for several peers.



W – WEAKNESS

- 1,567 MW of untied capacity of gas-based plant is dependent on short-term power contracts.
- Subdued regulated equity growth caps near-term EBITDA/PAT growth through FY28.



O – OPPORTUNITY

- Expansion in RE (solar, wind, hybrid) is aligned with India's energy transition.
- Emerging opportunities in pumped hydro, thermal and power distribution.



T – THREATS

- Rising competition in RE leading to margin compression in new bids.
- Fuel price volatility and foreign exchange risk



Bull and Bear cases



Bull case

- ☑ In our bull case scenario, in the renewable segment, we anticipate a 5% higher EBITDA margin in FY27/ FY28/FY29 vs. the base case over the same period.
- ☑ We increased the valuation multiple for the Licensed Distribution business to 3x FY28 regulated equity (base case 2x), Franchisee Distribution business to 14x FY28 EBITDA (base case 12x) and the renewable generation business to 15x FY28 EBITDA (base case 12x).
- ☑ Based on the above assumptions, the company's bull case valuation would be INR1,650/sh.



Bear case

- ☑ In our bear case scenario, in the renewable segment, we anticipate a 5% lower EBITDA margin in FY27/FY28/FY29 vs. the base case over the same period.
- ☑ We cut our valuation multiple for the Licensed Distribution business to 1x FY28 regulated equity (base case 2x), Franchisee Distribution business to 9x FY28 EBITDA (base case 12x) and the renewable generation business to 9x FY28 EBITDA (base case 12x).
- ☑ Based on the above assumptions, the company's bear case valuation would be INR860/sh.

Exhibit 30: Scenario analysis – Bull case

INR m	FY27E	FY28E	FY29E
Net revenue	3,45,743	3,83,617	4,06,958
EBITDA	63,550	78,006	90,951
PAT	24,403	29,582	30,740
Target price (INR)	**1,650**		
Upside (%)	**35%**		

Source: MOFSL, Company

Exhibit 31: Scenario analysis – Bear case

INR m	FY27E	FY28E	FY29E
Net revenue	3,45,743	3,83,617	4,06,958
EBITDA	61,796	75,290	86,921
PAT	23,116	27,590	27,390
Target price (INR)	**860**		
Downside (%)	**-30%**		

Source: MOFSL, Company

ESG initiatives



Environment

- In FY26, TPL harvested ~2.12lakh m^3 rainwater and recycled 4,367.97mt waste.
- The company has utilized 100% of fly ash from its coal -based plant.
- TPL planted additional ~2,000 trees in FY26 while reserving existing greenbelt across its facilities.
- TPL is reducing CO^2 emission through logistic optimization with route design and by improving transport efficiency.

Social

- In FY26, the company provided training to 90% of employees.
- It has a customer satisfaction score of 94%.
- In FY26, the company spent ~INR830m on community development.
- The company runs a program aimed at reducing malnutrition and anemia among children aged six months to six years. During the year, baseline screening camps were conducted at multiple villages in Gujarat. During these camps, children are assessed for anemia and malnutrition. These interventions have resulted in improved health outcomes, reflected in the progressive reduction of anemia and malnutrition levels among beneficiaries. More than 20,000 children (184,000 cumulative) were screened in FY26.

Governance

- The company has a robust governance structure in place.
- The board comprises experienced professionals with extensive expertise and impressive qualifications, crucial in driving the company toward achieving its strategic goals and aspirations.

Management Overview



Mr. Samir Mehta, Chairman

- Mr. Samir, 62, is the Chairman of Torrent Group and has guided the group's entry and growth in the power sector.
- His emphasis on efficiency and reliability has led TPL to demonstrate exemplary operational capabilities and high customer orientation, thus setting new benchmarks in the sector and attracting many accolades. He mentored the group's entry in the emerging CGD sector.



Mr. Jinal Mehta, Vice-Chairman and Managing Director

- Mr. Jinal, 43, has done his Bachelor of Business Studies (BBS) and Master of Business Administration (MBA) from the University of Technology Sydney, Australia.
- He has more than 18 years of experience across all facets of the power sector – generation, transmission, and distribution. He was involved in the project and operation phases of the SUGEN Project and was responsible for the implementation of the DGEN Project. Thereafter, he took charge of the distribution business of TPL and led significant operational improvements in both the licensed and franchised distribution businesses.



Mr. Jigish Mehta, Whole-time Director

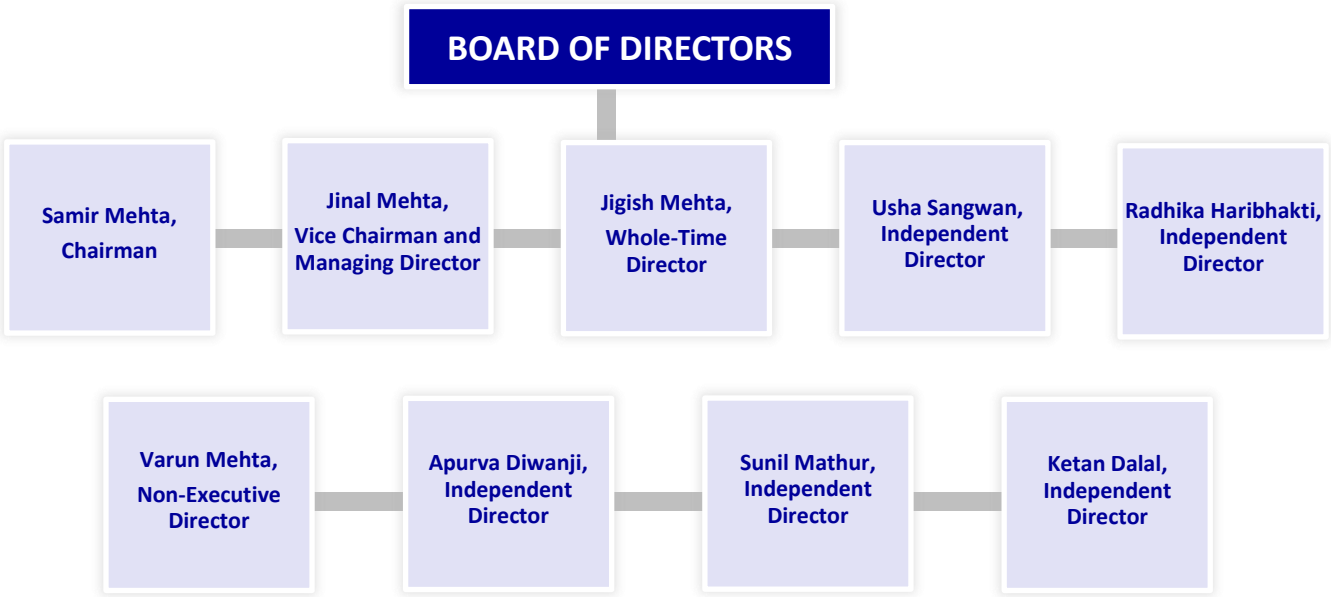
- Mr. Jigish, 51, is designated as Director (Generation) of TPL. He heads the generation and procurement functions of the company.
- His key contributions include - aggressively pursuing sale of merchant gas and power; effective utilization of SUGEN and DGEN plants; stabilizing ~1.7 GW of operating RE capacity and executing ~3.2 GW of RE pipeline to achieve 10 GW RE capacity by 2030; developing RE C&I business; leading the green energy foray into green hydrogen and pumped storage power with 3 GW under construction, including 2 GW tied-up with Maharashtra.



Mr. Varun Mehta, Non-Executive Director

- Mr. Varun is a BSc (with honors) in Management from the University of Warwick, UK, and an MBA from INSEAD, France.
- During his tenure with TPL, he has worked across different business segments – namely renewables, thermal generation, and distribution.
- Under his leadership, TPL's distribution business has widened its lead over the competition and strengthened its position as a benchmark utility.

Board of Directors



Financials and valuations

Consolidated Income Statement — INR m

Y/E March	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	**2,71,832**	**2,91,653**	**2,89,663**	**3,45,743**	**3,83,617**	**4,06,958**
Change (%)	*6%*	*7%*	*-1%*	*19%*	*11%*	*6%*
EBITDA	**45,592**	**53,074**	**55,414**	**62,673**	**76,648**	**89,742**
EBITDAM (%)	*17%*	*18%*	*19%*	*18%*	*20%*	*22%*
Depn. & Amortization	13,775	14,971	16,128	18,865	24,439	29,879
EBIT	**31,817**	**38,102**	**39,286**	**43,808**	**52,209**	**59,863**
Net Interest and finance cost	9,434	10,449	9,345	15,897	20,430	25,359
Other income	3,443	4,872	3,226	4,226	4,976	5,226
PBT	**25,826**	**32,526**	**33,168**	**32,137**	**36,755**	**39,731**
Tax	6,866	1,940	8,474	7,838	7,532	9,327
Rate (%)	*27%*	*6%*	*26%*	*24%*	*20%*	*23%*
Reported PAT	**18,960**	**30,586**	**24,694**	**24,299**	**29,223**	**30,403**
Minority	628	701	529	539	637	669
Adjusted PAT	**18,332**	**29,885**	**24,164**	**23,760**	**28,586**	**29,735**
YoY change (%)	*-13%*	*63%*	*-19%*	*-2%*	*20%*	*4%*

Consolidated Balance Sheet — INR m

As on Y/E March	FY24	FY25	FY26	FY27E	FY28E	FY29E
Share Capital	4,806	5,039	5,039	5,039	5,039	5,039
Reserves	1,15,811	1,71,114	1,85,714	1,99,970	2,17,122	2,34,962
Net Worth	**1,20,617**	**1,76,153**	**1,90,753**	**2,05,009**	**2,22,161**	**2,40,001**
Minority Interest	5,358	6,005	6,334	6,873	7,510	8,179
Loans	99,164	73,102	1,18,714	2,30,729	3,12,613	3,95,864
Deferred Tax Liabilities	12,337	13,522	16,286	16,286	16,286	16,286
Other non-current liabilities	18,318	21,057	22,715	22,715	22,715	22,715
Non-current liabilities	**1,29,819**	**1,07,681**	**1,57,714**	**2,69,729**	**3,51,613**	**4,34,864**
Capital Employed	**2,55,794**	**2,89,839**	**3,54,802**	**4,81,611**	**5,81,284**	**6,83,045**
Gross Block	3,46,349	3,85,096	4,14,475	4,87,725	6,03,282	7,25,853
Less: Accum. Deprn.	1,30,037	1,43,949	1,60,077	1,78,942	2,03,381	2,33,260
Net Fixed Assets	**2,16,312**	**2,41,146**	**2,54,398**	**3,08,783**	**3,99,901**	**4,92,594**
Capital WIP	24,724	22,498	69,648	97,128	1,13,971	99,314
Goodwill	1,711	1,711	1,711	38,034	38,034	38,034
Investments	170	225	245	245	245	245
Other Non-current Assets	5,945	13,953	33,537	33,537	33,537	33,537
Non-current assets	**2,48,861**	**2,79,533**	**3,59,539**	**4,77,728**	**5,85,688**	**6,63,723**
Curr. Assets, Loans&Adv.	**85,064**	**86,201**	**92,394**	**1,10,113**	**1,13,974**	**1,38,479**
Account Receivables	21,909	23,623	23,298	29,364	32,581	34,564
Cash and Cash equivalents	4,187	3,800	8,314	12,457	7,653	27,046
Cash	3,508	2,891	7,666	11,809	7,004	26,398
Bank Balance	679	909	648	648	648	648
Current Investments	9,374	8,730	15,072	15,072	15,072	15,072
Inventory	8,005	6,580	5,072	11,731	12,635	12,962
Other Current Assets	41,589	43,468	40,639	41,489	46,034	48,835
Curr. Liability & Prov.	**78,131**	**75,895**	**97,131**	**1,06,230**	**1,18,379**	**1,19,157**
Account Payables	18,119	18,241	18,792	27,891	30,040	30,819
Loans	16,686	14,265	18,615	18,615	28,615	28,615
Provisions	2,017	1,982	2,264	2,264	2,264	2,264
Other Current Liability	41,308	41,407	57,460	57,460	57,460	57,460
Net Current Assets	**6,933**	**10,306**	**(4,737)**	**3,883**	**(4,404)**	**19,321**
Appl. of Funds	**2,55,794**	**2,89,839**	**3,54,802**	**4,81,611**	**5,81,284**	**6,83,045**

Financials and valuations

Cashflow Statement						INR m
Particulars	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Profit/(loss) for the year before tax	**25,826**	**32,526**	**33,168**	**32,137**	**36,755**	**39,731**
Changes in Working Capital	2,385	(3,871)	5,407	(4,478)	(6,517)	(4,332)
Depreciation	13,775	14,971	16,128	18,865	24,439	29,879
Others	5,574	6,633	6,107	15,897	20,430	25,359
Direct taxes paid	(4,976)	(2,211)	(6,167)	(7,838)	(7,532)	(9,327)
CF from Op. Activity	**42,584**	**48,049**	**54,642**	**54,583**	**67,576**	**81,309**
Capex	(35,991)	(41,970)	(76,206)	(1,37,054)	(1,32,400)	(1,07,914)
FCFF	**6,593**	**6,079**	**(21,565)**	**(82,471)**	**(64,824)**	**(26,605)**
Interest income	576	667	1,134	-	-	-
Others	(30)	4,887	(5,804)	-	-	-
CF from Inv. Activity	**(35,444)**	**(36,416)**	**(80,877)**	**(1,37,054)**	**(1,32,400)**	**(1,07,914)**
Share capital	-	34,398	-	-	-	-
Borrowings	10,811	(28,544)	50,161	1,12,014	91,884	83,251
Finance cost	(9,967)	(11,114)	(10,386)	(15,897)	(20,430)	(25,359)
Dividend	(7,711)	(9,017)	(10,212)	(9,504)	(11,434)	(11,894)
Others	1,353	2,113	1,447	-	-	-
CF from Fin. Activity	**(5,513)**	**(12,165)**	**31,010**	**86,613**	**60,020**	**45,999**
(Inc)/Dec in Cash	**1,626**	**(531)**	**4,775**	**4,143**	**(4,804)**	**19,394**
Opening balance	1,882	3,508	2,891	7,666	11,809	7,004
Adjustments*		(86)				
Closing balance	**3,508**	**2,891**	**7,666**	**11,809**	**7,004**	**26,398**

Ratios						
Particulars	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Basic (INR)						
EPS	38.1	59.3	48.0	47.2	56.7	59.0
Cash EPS	66.8	89.0	80.0	84.6	105.2	118.3
BV/Share	251.0	349.6	378.6	406.8	440.9	476.3
DPS	16.0	19.0	20.0	18.9	22.7	23.6
Payout	41.9%	32.0%	41.7%	40.0%	40.0%	40.0%
Valuation (x)						
P/E	32.0	20.6	25.4	25.9	21.5	20.7
Cash P/E	18.3	13.7	15.3	14.4	11.6	10.3
P/BV	4.9	3.5	3.2	3.0	2.8	2.6
EV/EBITDA	15.3	13.2	13.4	13.6	12.4	11.3
Return Ratios (%)						
RoE	15.2%	17.0%	12.7%	11.6%	12.9%	12.4%
RoCE (post-tax)	10.7%	14.8%	9.8%	8.7%	8.6%	7.9%
RoIC (post-tax)	10.3%	13.6%	10.6%	8.9%	9.0%	8.2%
Working Capital Ratios						
Fixed Asset Turnover (x)	0.8	0.8	0.7	0.7	0.6	0.6
Asset Turnover (x)	1.1	1.0	0.8	0.7	0.7	0.6
Debtor (Days)	29	30	29	30	29	29
Payable (Days)	29	28	29	29	29	28
Leverage Ratio (x)						
Current ratio	1.1	1.1	1.0	1.0	1.0	1.2
Interest coverage ratio	3.4	3.6	4.2	2.8	2.6	2.4
Net Debt/Equity	0.9	0.5	0.7	1.2	1.5	1.7
Net Debt/EBITDA	2.4	1.6	2.3	3.8	4.4	4.4

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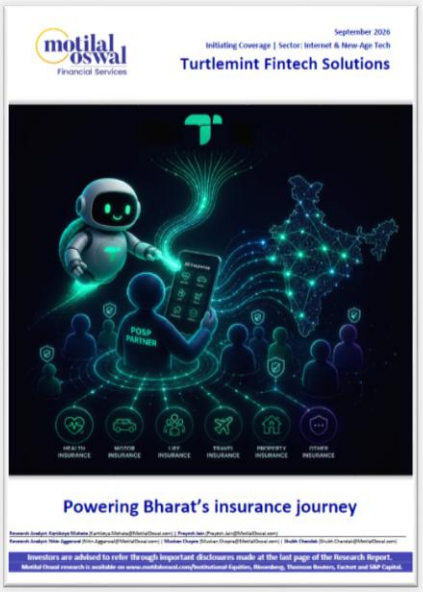
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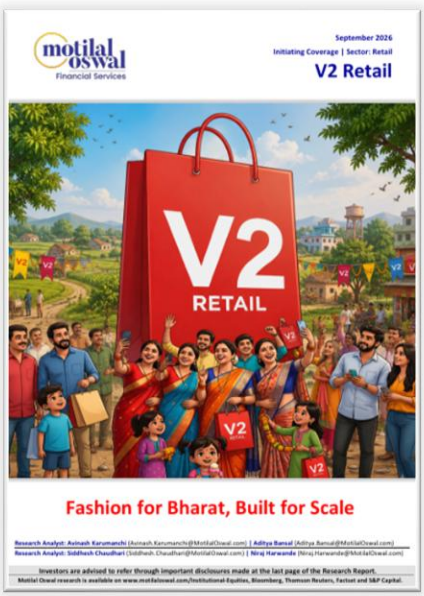




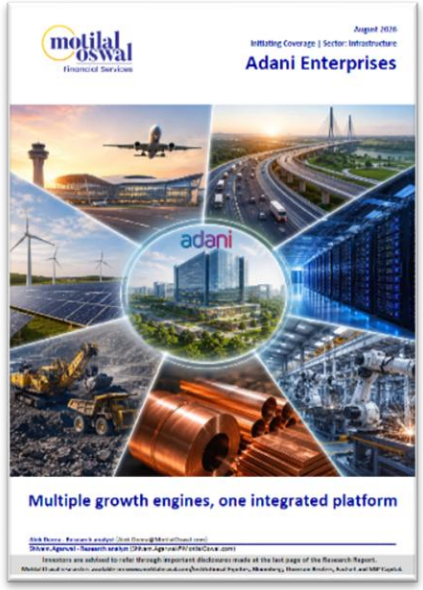














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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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