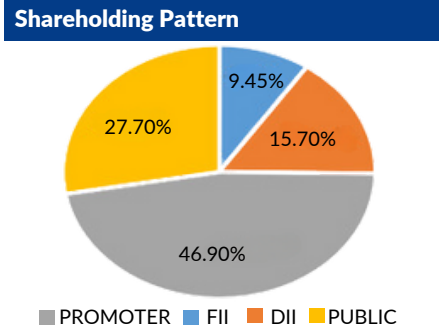


| Key Data | |
|------------------------|-------------|
| BSE Code | 500400 |
| NSE Code | TATAPOWER |
| 52 Week High (₹) | 494.25 |
| 52 Week Low (₹) | 326.00 |
| Market Cap (₹ Cr.) | 112955 |
| Face Value | 1 |
| Coverage Reported Date | 18-Oct-2024 |

| Industry Snapshot | |
|-------------------|----------|
| Customers | Domestic |
| Market Presence | Domestic |
| Govt. Regulations | Medium |
| Msearch View | Positive |



Promoters/ Management

| | |
|-----------------------|----------------------------|
| Mr. N. Chandrasekaran | Chairperson |
| Mr Praveer Sinha | Executive Director, CEO-MD |
| Mr. Sanjeev Churiwala | Chief Financial Officer |
| Ms. Anjali Bansal | Independent Director |

Key Ratios

| | |
|------|--------|
| PE | 29.1 |
| EPS | 12 |
| ROE | 11.30% |
| ROCE | 11.10% |



Research Analyst

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Introduction

Tata Power, India's largest vertically-integrated power company, operates with a total energy capacity of 14,381 MW, primarily from thermal (62%) and renewable sources (29%). It is expanding its renewable energy portfolio with 3,760 MW under construction and leads the EV charging market with 4,900 points across 442 cities, aiming for 1 lakh stations by 2025. Its solar EPC order book exceeds ₹ 18,700 crores, with over 11.5 GW of projects executed. Internationally, Tata Power has hydro projects in Georgia, Zambia, and Bhutan, alongside a 76 MTPA coal mining capacity in Indonesia. Domestically, the acquisition of Odisha's distribution business expanded its customer base to 12 million.

- ### 3Q FY 2025 Result Update
- Company reported ₹ 15391.06 cr, reflecting a 1.9% year-on-year (YoY) growth, while declining 0.8% quarter-on-quarter (QoQ).
 - EBITDA came in at ₹ 3079 cr, registering a 27.4% YoY increase, though down 1.7% QoQ, with an EBITDA margin of 20% from 16.5% in 3QFY 2024. The rise in EBITDA Margin due to robust growth in the standalone business amid strong PLFs and regulatory upside in Mundra and rising contribution from the renewables business amid progressive commissioning of renewable generation capacity and earnings contribution from the cell and module business.
 - PAT was reported at ₹ 1187.54 cr, marking a 10.4% YoY growth major driven by other income, but witnessing a 22.5% QoQ decline.

- ### Company Updates and Management Guidance
- Company spend ₹ 12000 cr in 9MFY 2025, with additional of ₹ 10000 cr planned for Q4FY2025 bring the total planned capex for FY 2025 to ~₹ 220000 cr.
 - The company reported net debt of ₹ 44700 cr, with a D/E ratio of 1.1:1 and a net debt-to-EBITDA ratio below 3.
 - The company commissioned 865MW in 9MFY25, with a target of 600 MW for commissioning in Q4FY25. It plans to add 2-2.5 GW annually in FY26 and FY27, comprising solar and wind capacity.
 - 2 GW Solar Cell line, commissioned in Nov'24, is operating at 90% capacity. An additional 2 GW Cell line, commissioned in Jan'25, is undergoing stabilization and is expected to be fully operational by Feb'25.
 - The aggregate transmission capacity, including ongoing projects, exceeds ~7,000Ckm.
 - The completion of major transmission projects is expected in FY26, with financial contributions beginning thereafter.
 - The stabilization of Odisha DISCOMs reflects improvements in billing, collection efficiency, and AT&C loss reduction and significant enhancements in billing and collections are expected in Q4FY25.
 - The company is actively exploring new bidding opportunities for DISCOM privatization across India, including UP DISCOMs, under a potential public private partnership model.
 - The company has a strong third-party EPC order book, including DCR modules. Execution is expected to be completed within FY25, along with some spill over into FY26. The company has an in-house EPC pipeline of over 2 GW, prioritizing group captive and utility-scale projects.
 - The company is targeting a 70% clean energy mix by FY30 (currently at 43%).
 - Company anticipates peak power demand of 265-270 GW in summer FY25, with recent demand trends indicating a potential upside.
 - The company's nuclear energy business model and its approval process are under evaluation. Regulatory approvals typically take ~24 months, with construction spanning 4-5 years.

MView

Tata Power delivered a stable Q3FY25 performance, maintaining margins and reaffirming its commitment to expansion, as highlighted in the management concall. The company continues to prioritize clean energy, targeting a 70% renewable mix by FY30 (currently at 43%) while also evaluating its nuclear energy business model. We believe companies growth drivers include contributions from its cell and module manufacturing, strong Mundra PLFs, Odisha distribution performance and ~800MW renewable capacity addition YoY. Given its diverse energy portfolio, strong renewable focus and established infrastructure, we believe Tata Power is well-positioned to capitalize on India's growing power demand. We maintain our positive view for the next 12-18 months and recommend investors to HOLD and ACCUMULATE for the long term.

Technical View

The stock has a major support placed around 320-330 mark which is also a good accumulation zone for the same. With the stock consolidating well and volumes being steady, we feel that the stock can witness a bounce from this zone and head towards 450-500 odd levels. A deeper stop loss of around 280 would be ideal to manage and cap risk on the downside.



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

| Particulars ₹ (in Cr) | 3QFY 2025 | 3QFY 2024 | YoY (%) | 2QFY 2025 | QoQ (%) | 9MFY 2024 | 9MFY 2025 | YoY (%) |
|---|---------------|---------------|--------------|--------------|--------------|---------------|---------------|------------|
| Revenue from Operations | 15391 | 14651 | 5.1% | 15697.6 | -2% | 45602.3 | 48382.3 | 6% |
| Expenses: | | | | | | | | |
| Raw Material Consumed | 1450.3 | 1661.1 | -12.7% | 522 | 177.8% | 3668.7 | 3023.4 | -18% |
| Stock Adjustment | -418.2 | -305.2 | 37% | 33.5 | -1347% | -463 | -489.7 | 6% |
| Employee Expense | 1058 | 981.5 | 7.8% | 1040.7 | 1.7% | 2951.5 | 3112.2 | 5% |
| Purchase of Finished Goods | 7.3 | 5.6 | 30.8% | 7.7 | -5.1% | 26.4 | 20.7 | |
| Power, Oil & Fuel | 7959.4 | 8155.4 | -2.4% | 8404.4 | -5.3% | 26178.1 | 26243.6 | |
| Other Expenses | 2255.2 | 1735.1 | 30% | 2558.2 | -11.8% | 5159.1 | 7184.6 | 39% |
| Total Expenditure | 12312 | 12233.6 | 0.6% | 12566.8 | -2% | 37521 | 39094.9 | 4% |
| EBITDA | 3079 | 2417.4 | 27.4% | 3131 | -1.7% | 8081.3 | 9287.4 | 15% |
| EBITDA Margin | 20% | 16.5% | 21.2% | 19.9% | 0.3% | 17.7% | 19.2% | 8% |
| Other Income | 588.5 | 1092 | -46.1% | 771.7 | -23.7% | 2356.7 | 1922.3 | -18% |
| Depreciation | 1041 | 926.2 | 12.4% | 986.6 | 5.5% | 2745.6 | 3000.6 | 9% |
| EBIT | 2626.5 | 2583 | 1.7% | 2915.9 | -9.9% | 7692.5 | 8209.2 | 7% |
| EBIT Margin | 17.1% | 17.6% | -3.2% | 18.6% | -8.1% | 16.9% | 17.0% | 1% |
| Interest | 1170 | 1094.2 | 6.9% | 1143.1 | 2.3% | 3497.5 | 3489.2 | -0% |
| PBT | 1457 | 1488.8 | -2.2% | 1772.9 | -17.8% | 4195 | 4719.9 | 13% |
| Tax | 185.1 | 186.3 | -0.6% | 116.5 | 59% | 525.7 | 483 | -8% |
| Deferred Tax | 84 | 226.4 | -62.9% | 563.3 | -85.1% | 434.8 | 767.7 | 77% |
| Net Profit | 1187.5 | 1076.1 | 10.4% | 1093.1 | 8.6% | 3234.5 | 3469.3 | 7% |
| Minority Interest After NP | 157 | 123.1 | 27.4% | 166.6 | -5.8% | 433.5 | 541.1 | 25% |
| Net Profit after Minority Interest | 1030.7 | 953 | 8.2% | 926.5 | 11.2% | 2801 | 2928.2 | 5% |
| Net Profit MaRGIN | 6.7% | 6.5% | 3.0% | 5.9% | 13.5% | 6.1% | 6.1% | -1% |
| Equity Capital | 319.5 | 319.5 | | 319.5 | | 319.5 | 319.5 | |
| Face Value | 1 | 1 | | 1 | | 1 | 1 | |
| Outstanding Shares | 319.5 | 319.5 | | 319.5 | | 319.5 | 319.5 | |
| Diluted EPS | 3.2 | 3 | 8.2% | 2.9 | 11% | 8.77 | 9.16 | 5% |



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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