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7th August 2026

Quarterly Result Update

Tata Power Company Ltd



Tata Power Company Ltd

Reco BUY

Industry	Utilities
LTP (Aug 06, 2026)	382
Entry Range	375-385
Add on Dips	350-360
Base case target	410
Bull case target	430
Time Horizon	4 Quarters

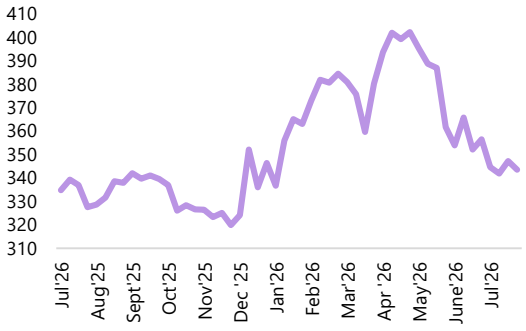
Stock Info

BSE Code	500400
NSE Code	TATAPOWER
Bloomberg	TPWR IN
Equity Capital (Rs Cr)	320
Face Value (Rs)	1.0
Equity Share O/S (Cr)	320
Market Cap (Rs Cr)	1,18,690
Adj. Book Value (Rs)	124
Avg. 52 Wk Volumes	59,93,961
52 Week High	465
52 Week Low	342

Share Holding Pattern (%) (Jun'26)

Promoters	46.8
Institutions	28.2
Non-Institutions	0.3
Total	24.7
	100.0

One Year Price Chart



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Structural capex tailwind; valuation remains supportive

Revenue for the quarter came in at Rs 19,051 Cr (+5.6%/+27.9% YoY/QoQ) as Mundra UMPP remains operational from Section 11 implementation. EBITDA was reported at Rs 4,013 Cr, declining by -3% YoY/54.4% QoQ due to higher power purchase and fuel costs. EBITDA margins contracted to 21.2% against 22.9% in Q1FY26 as TPADL and Odisha Discoms noticed significantly higher AT&C losses YoY and QoQ. Reported PAT for the quarter was Rs 1,400 Cr (+11%/-1.1% YoY/QoQ) as expansion plans elevated finance costs for the company.

Thermal & Hydro: Revenues grew 7% YoY to Rs 5,192 Cr from resumption of Munda Thermal plant and healthy generation at Hydro facilities. Meanwhile, EBIT grew +29% YoY while margins rose to 21.1% against 17.6% in Q1FY26. Mundra plant remains operational; however, the applicable tariff is restricted to cost recovery and is not RoE-accretive. As a result, while the plant will contribute to reported revenues, profitability from Mundra is expected to remain muted.

Renewables: Revenue grew 4% YoY, to Rs 3,771 Cr, where strong solar module revenues were offset from lower revenue realisation in EPC projects. Nonetheless, EBIT for renewables improved 8% YoY to Rs 1,210 Cr led by contribution from high margin RE Generation business. Modules/cells produced for the quarter were 940 MW/862 MW, marginally lower YoY due to technical upgradation undertaken for the cell lines. RE Generation improved from capacity commissioning of ~200 MW while EPC numbers were muted as the company shifts its priority towards captive RE generation projects.

Transmission & Distribution: T&D business revenues grew 14% YoY to Rs 11,440 Cr, driven by sustained operational improvements higher RoE and rising consumer demand. EBIT also rose 7% YoY to Rs 775 Cr, but EBIT margins saw a substantial drop to 6.8% against 7.2% in Q1FY26.

Odisha and TPADL Discoms reported lower-than-expected numbers, from delayed payments and high summer demand leading to elevated AT&C losses. Nonetheless, T&D business outlook (mainly distribution franchisees) is expected to deliver robust numbers on an annual basis, supported by commissioning of multiple transmission lines in FY27,

*We relation to our previous recommendation on the stock (link), **we trim our Base Case/Bull Case target for the company from 430/460 to 415/430** , as we expect TPCL to deliver a Revenue/EBITDA/PAT CAGR of 12.9/13.3/18.4% over FY26-FY28E, led by Renewables growth, improving Distribution operations and healthy power demand supporting pushing GENCO revenues.*

Key Earnings Concall Takeaways

- Tata Power targets addition of 2.5 GW (2,500–2,700 MW) of renewable capacity in FY27, with an overall renewable portfolio aspiration of over 9 GW by end-FY27.
- Planned CapEx for FY27 is around Rs 25,000 Cr, with roughly 50% earmarked for renewables and the balance for FGD installations, T&D expansion and initial pumped storage (PSP) spends.
- Management expects Q2FY27 CapEx to exceed Rs 6,000 Cr, potentially reaching Rs 6,500 Cr, coinciding with a quarter of significant capacity additions.
- The company has discontinued third-party solar EPC work; the EPC workforce is being redeployed to in-house projects. This transition has resulted in some losses in Q1 as legacy external EPC contracts are phased out.
- Transmission businesses are expected to report a step-up in financial performance post-Q2FY27, driven by commissioning of multiple transmission lines.
- The Mundra plant is currently operating under Section 11 for scheduling, with tariffs being charged as per the SPPA. Cabinet approvals from three states are expected in August and from a fourth state in September.
- The supplementary PPA at Mundra provides for recovery of actual coal costs and fixed costs only, with no return on equity, effectively positioning the plant as a cost-reimbursement asset without margin.
- The 1,000 MW PSP project is expected to commission its first unit by early CY29, followed by the remaining two units at intervals of approximately two months each.
- Rooftop solar is guided to grow 60–70% in FY27. Management now expects the rooftop business to achieve revenue of ~Rs 30,000 Cr by FY29 (advanced from the earlier FY30 guidance).
- The company currently holds a 12–13% market share in rooftop solar and is targeting an increase to around 25% over the medium term
- Management is evaluating entry into nuclear power, with preliminary work underway on land acquisition, geotechnical studies and water availability. A firm nuclear rollout plan will be crystallised once the government notifies the relevant policy framework.

- The Odisha distribution business saw delayed payments and higher AT&C losses in Q1 (described as seasonally normal amid strong power demand). Management expects recovery of dues in the coming months and remains confident of growth and efficiency improvements in the segment.

Valuation & Recommendation

Tata Power presents a compelling opportunity as it transitions into an integrated green energy powerhouse. TPREL remains the key growth engine, with a strong pipeline of utility-scale solar, wind, and rooftop projects supporting steady capacity addition over the next few years. The company's manufacturing foray will help backward integration and strengthen profitability as domestic content requirement (DCR) needs rise. Additionally, Odisha distribution business further bolsters the thesis, delivering consistent cash flows and margin improvement through operational efficiencies. Despite near-term concerns regarding renewable CAPEX intensity, the company's diversified portfolio across the entire energy value chain provides structural stability.

We relation to our previous recommendation on the stock (*link*), **we trim our Base Case/Bull Case target for the company from 430/460 to 415/430**, as we expect TPCL to deliver a Revenue/EBITDA/PAT CAGR of 12.9/13.3/18.4% over FY26-FY28E, led by Renewables growth, improving Distribution operations and healthy power demand supporting GENCO revenues.

We value the Regulated Businesses at 2.5x FY28 Regulated Equity, Renewables business at FY28E 12x EV/EBITDA, Mundra UMPP at 6x FY28E EV/EBITDA and PSP projects on a DCF Basis.

Risks & Concerns

- While the resolution of the supplementary PPA with GUVNL provides much-needed regulatory clarity, the Mundra coal-based plant remains a historically volatile component of the balance sheet. Reliance on coal for peak-demand "Section 11" directives—where the government invokes emergency powers under the Electricity Act to mandate full-capacity operation of imported coal-based plants during supply stress, typically on a cost-plus tariff basis—creates earnings dependency on volatile international coal prices and government-mandated dispatch requirements, keeping the asset's long-term profitability under scrutiny.
- The strategic move into a 10 GW integrated ingot and wafer facility shifts Tata Power's risk profile from a pure-play utility to a hybrid model with manufacturing exposure. This exposes the company to global commodity cycles, inventory valuation risks, and technological obsolescence—factors historically outside the core competency of a distribution and generation utility. Successfully scaling this manufacturing ecosystem is critical to achieving the projected "defensive" stability.

Financial Summary

Particulars (in Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	50,741	47,065	7.8%	49,688	2.1%	1,78,525	1,88,138	1,87,385	2,10,521	2,36,177
EBITDA	16,231	12,580	29.0%	15,320	5.9%	51,117	54,128	55,286	65,059	72,737
APAT	6,721	6,011	11.8%	10,486	-35.9%	20,812	23,422	27,053	25,453	28,382
Diluted EPS (Rs)	6.9	6.2	11.8%	10.8	-35.9%	21.5	24.2	27.9	26.8	29.9
RoE %						13.2	13.1	13.4	11.5	11.7
P/E (x)						16.2	14.4	12.4	13.0	11.6
EV/EBITDA (x)						7.0	6.7	6.6	5.6	5.0

(Source: Company, HDFC sec)

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

Disclosure:
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