

# Torrent Power | HOLD

## Power distribution moves major step forward

Maharashtra Electricity Regulatory Commission in a significant move has expressed satisfaction for granting approval to Torrent Power to operate as a parallel electricity distributor in Pune, Nagpur and MMR in addition to existing state-run Discom. The petition of the company submitted in Dec'22 was under evaluation where it has projected Capex of about INR 150 bn during five years towards transformers, distribution lines, substations, and related assets. This we believe is value accretive and can open a new stream of opportunity in future. Currently, we have HOLD rating on the stock with TP 1382.

- **Parallel License:** Torrent Power in Dec 2022 applied for the grant of a parallel distribution license for selected regions in Maharashtra, including Pune, parts of the Mumbai Metropolitan Region (MMR), and Nagpur to operate as a parallel distribution licensee in areas currently, served by Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) basis its past experience as a distribution licensee in Gujarat and as a distribution franchisee in parts of Maharashtra and Uttar Pradesh.
- **Public hearing:** Maharashtra Electricity Regulatory Commission (MERC) in its public notice of 23<sup>rd</sup> June 2025 has stated that it is satisfied that prima facie the applicant qualifies for grant of distribution licence for the proposed area of supply i.e. Pune, Nagpur and MMR. The public e-hearing (normally the last step) before the commission is scheduled on 22 Jul'25.
- **Key financials:** Torrent, in its petition has projected Capex of about INR 150 bn (70:30 D:E; 15.5% RoE) during five years for all the three license areas.
- **Key provisions:** The Electricity Act, 2003 defines
  - **Distribution licensee:** "... (17) distribution licensee means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply..." "....14. grant any person licence to any person – (a) to transmit electricity as a transmission licensee; or (b) to distribute electricity as a distribution licensee; or (c) to undertake trading in electricity as an electricity trader, in any area which may be specified in the licence:..."
  - **Open access:** "....(47) " open access" means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person;...."
  - **Parallel distribution licensees:** "(14)... may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, ..., and no such applicant who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:..."

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,71,832	2,91,653	3,26,677	3,54,041	3,88,350
Sales Growth (%)	7.0	7.3	12.0	8.4	9.7
EBITDA	45,592	53,074	52,091	61,683	77,717
EBITDA Margin (%)	16.8	18.2	15.9	17.4	20.0
Adjusted Net Profit	18,332	29,885	23,686	25,625	34,846
Diluted EPS (INR)	36.4	59.3	47.0	50.9	69.2
Diluted EPS Growth (%)	-13.4	63.0	-20.7	8.2	36.0
ROIC (%)	11.6	15.8	10.8	10.2	11.4
ROE (%)	15.2	19.4	12.2	11.7	14.0
P/E (x)	39.9	24.5	30.9	28.5	21.0
P/B (x)	6.1	4.2	3.7	3.2	2.8
EV/EBITDA (x)	18.2	15.2	16.1	14.3	12.3
Dividend Yield (%)	1.1	1.2	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 24/Jun/2025



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### Recommendation and Price Target

Current Reco.	HOLD
Previous Reco.	BUY
Current Price Target (12M)	1,382
Upside/(Downside)	-4.8%
Previous Price Target	1,382
Change	0.0%

### Key Data – TPW IN

Current Market Price	INR1,451
Market cap (bn)	INR731.2/US\$8.5
Free Float	35%
Shares in issue (mn)	503.9
Diluted share (mn)	503.9
3-mon avg daily val (mn)	INR804.9/US\$9.4
52-week range	2,037/1,207
Sensex/Nifty	82,055/25,044
INR/US\$	86.0

### Price Performance

%	1M	6M	12M
Absolute	3.5	-3.4	-2.7
Relative*	3.1	-7.6	-7.4

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**Exhibit 1. Profile of distribution areas**

Region*	Population	Current Sales (MUs)**	Capex (INR bn)	ROE	Debt/Equity	Tariff	Area (Sq Kms)
Nagpur (NMC and Surrounding areas in Nagpur district)	3,483,023	4,679	30	15.50%	70/30	Discount of 5-7% on prevailing tariff	3668
Pune (PMC, PCMC, Baramati, Indapur, Daund, Khed and rest part of Pune district)	9,429,408	19,612	212	15.50%	70/30		15643
Mumbai Suburbs (VVMC and Surrounding areas, KDMC, UMC, AMC, TMC)	5,504,389	11,223	68	15.50%	70/30		2,648

Source: MERC, JM Financial; \*NMC: Nagpur Municipal Corporation, PMC: Pune Municipal Corporation, PCMC: Pimpri - Chinchwad Municipal Corporation, VVMC: Vasai Virar Municipal Corporation, KDMC: Kalyan-Dombivli Municipal Corporation, UMC: Ulhasnagar Municipal Corporation, AMC: Ambarnath Municipal Council, TMC: Thane Municipal Council; \*\* 2023

**Exhibit 2. Estimates submitted to MERC**

Region	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Nagpur</b>					
Sales (MUs)	33	202	537	922	1280
Purchase (MUs)	37	223	592	1016	1410
Distribution loss (%)	6.65%	6.50%	6.40%	6.30%	6.20%
Peak Demand (MW)	8	47	125	214	297
Capex (INR bn)	3.12	6.22	6.22	7.77	7.77
Power Purchase Cost (INR bn)	0.2	1.23	3.35	5.91	8.42
<b>Pune</b>					
Sales (MUs)	108	568	1531	2760	3918
Purchase (MUs)	120	631	1696	3052	4325
Distribution loss (%)	7.25%	7.00%	6.75%	6.60%	6.45%
Peak Demand (MW)	28	146	394	710	1008
Capex (INR bn)	5.86	11.67	11.67	14.59	14.59
Power Purchase Cost (INR bn)	0.64	3.47	9.59	17.73	25.84
<b>Mumbai Suburbs</b>					
Sales (MUs)	67	614	1201	2035	2871
Purchase (MUs)	76	699	1363	2303	3241
Distribution loss (%)	9.50%	9.20%	9.00%	8.75%	8.50%
Peak Demand (MW)	19	170	333	564	795
Capex (INR bn)	6.05	12.12	12.12	15.15	15.15
Power Purchase Cost (INR bn)	0.41	3.85	7.7	13.38	19.36

Source: MERC, JM Financial

**Exhibit 3. Financials of Nagpur region**

Particulars (in Rs. Cr.)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	29	176	480	849	1,216
Power Purchase Expense	20	123	335	591	842
Other Operating Expense	1	9	25	44	64
PBDIT	7	45	121	215	310
Depreciation	7	28	60	97	138
Interest Expense	12	41	78	119	159
PBT	-11	-25	-18	-1	13
Tax	-	-	-	-	2
PAT	-11	-25	-18	-1	10

Source: MERC

**Exhibit 4. Financials of Pune region**

Particulars (in Rs. Cr.)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	94	496	1,338	2,411	3,491
Power Purchase Expense	64	347	959	1,773	2,584
Other Operating Expense	4	25	70	133	198
PBDIT	25	124	309	505	709
Depreciation	12	52	111	180	256
Interest Expense	21	75	141	216	287
PBT	-8	-3	56	110	165
Tax	-	-	10	19	29
PAT	-8	-3	47	90	136

Source: MERC

**Exhibit 5. Financials of Mumbai region**

Particulars (in Rs. Cr.)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	58	537	1,073	1,846	2,656
Power Purchase Expense	41	385	770	1,338	1,936
Other Operating Expense	3	25	52	93	134
PBDIT	15	127	251	414	585
Depreciation	14	58	120	192	271
Interest Expense	22	78	151	230	309
PBT	-21	-8	-20	-7	5
Tax	-	-	-	-	1
PAT	-21	-8	-20	-7	4

Source: MERC

## Exhibit 6. Public notice



# MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai 400005.  
Tel. 022 6987 6666; Email: mercindia@merc.gov.in  
Website: www.merc.gov.in

Advertisement No. 08/2025

## NOTICE UNDER CLAUSE (a) OF SUB-SECTION (5) OF SECTION 15 OF THE ELECTRICITY ACT, 2003 (EA 2003) [Case No. 3 of 2023]

1. An application for grant of Distribution Licence has been made by **Torrent Power Limited (TPL)** for distribution in Nagpur Municipal Corporation (NMC) and surrounding areas in Nagpur District.
2. In accordance with sub-section (2) of Section 15 of the Electricity Act, 2003, TPL published a notice of its application on 8 January, 2023 in 'Times of India', 'Hiteveda', 'Lokmat' and 'Maharashtra Times'.
3. Broadly, the licence area includes NMC and surrounding areas in Nagpur District. For complete details of the proposed area of licence, any interested person may refer to TPL's application for grant of license, available in downloadable format on the Commission's website [www.merc.gov.in](http://www.merc.gov.in).
4. The registered office of TPL is at Samanvay, 600, Tapovan, Ambawadi, Ahmedabad -380015.
5. A copy of the application along with its annexures and enclosures, made by TPL before the Commission can be accessed at the MERC's website [www.merc.gov.in](http://www.merc.gov.in) or inspected by any person in the Commission's office in accordance with the procedure laid down in MERC (Transaction of Business and Fees and Charges) Regulations, 2022.
6. Pursuant to the notice of the aforesaid application in newspapers, suggestions and objections were received from the public. On consideration of the material available on record, the Commission is satisfied that prima facie the applicant qualifies for grant of Distribution licence for the proposed area of supply. The Commission proposes to grant the licence to the applicant, as a Distribution Licensee, in accordance with MERC (General Conditions of Distribution Licence) Regulations, 2006 subject to fulfilment of all the requirements laid down in the Act and Regulations.
7. Notice is hereby given in pursuance of clause (a) of sub-section (5) of Section 15 of the EA 2003 to invite suggestions and/or objections, if any, to the proposal to grant Distribution licence to the applicant by the Commission. In response to the Public Notice published, every person who intends to file suggestions/objections can submit the same in English or Marathi language in writing by uploading it through 'E-Public Consultation' Tab on MERC Website ([www.merc.gov.in](http://www.merc.gov.in) / e-public-consultation). In case of any difficulty in accessing this feature, concerned stakeholders can contact the MERC Office on Mobile No.: 8928071522 or on email id: [suggestions@merc.gov.in](mailto:suggestions@merc.gov.in) between 10.00 AM to 5.00 PM on all the working days.
8. A Person who has uploaded suggestion and objection on 'E-Public Consultation' Tab need not to file any hard copy of its submission. Person who does not have access to electronic media can file their suggestion and objection in a hard copy addressed to **The Secretary, Maharashtra Electricity Regulatory Commission, 13th Floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai-400 005** along with proof of service on Mr. Raghavendra Rao, General Manager, Torrent Power Ltd. Aadeshwar Tower A wing, Kamatghar, Narpoli, Old Mumbai Agra Road, Bhiwandi, Thane District, Maharashtra 421 320, email: [applications@torrentpower.com](mailto:applications@torrentpower.com) and should carry the full name, postal address and E-mail address, if any, of the sender. Suggestions and/or objections received after **5:00 PM on 16 July 2025** shall not be considered. Suggestions/Objections filed through any other mode shall not be considered.
9. TPL shall reply to each of the objections/comments received within three days of the receipt of the same but not later than **19 July 2025** for all the objections/comments received till **16 July 2025**. Stakeholders can submit their rejoinders on replies provided by TPL either during the e-public hearing or latest by **23 July 2025**.
10. If the sender/objector who has submitted his comments/suggestions as per above and wants to be heard in person in e-Public Hearing, then he/ she should specifically mention the same at the time of filing of suggestions/objections. In such cases, submission of valid email ID and Mobile Number would be mandatory. The Commission at its sole discretion, may permit such sender/objector to be heard in the e-Public Hearing.
11. All participants attending the e-Public Hearing shall follow the Practice Directions on Operational procedure and protocol to be followed for e-filing and e-hearing of the Petition before the Commission' issued by the Commission on 14 November, 2022.
12. E-Public Hearing shall be held through video conference on **Tuesday, 22 July 2025, at 11.00 AM**, when TPL's Licence application will be considered. No separate notice will be issued for this purpose.

Date: 23th June 2025  
Place: Mumbai

Sd/-  
(Dr. Rajendra G. Ambekar)  
Secretary, MERC

Source: MERC

## Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,71,832	2,91,653	3,26,677	3,54,041	3,88,350
Sales Growth	7.0%	7.3%	12.0%	8.4%	9.7%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>2,71,832</b>	<b>2,91,653</b>	<b>3,26,677</b>	<b>3,54,041</b>	<b>3,88,350</b>
Cost of Goods Sold/Op. Exp	1,37,433	1,52,898	1,85,476	1,98,391	2,13,016
Personnel Cost	6,112	6,900	7,383	7,752	8,139
Other Expenses	82,696	78,781	81,727	86,215	89,477
<b>EBITDA</b>	<b>45,592</b>	<b>53,074</b>	<b>52,091</b>	<b>61,683</b>	<b>77,717</b>
EBITDA Margin	16.8%	18.2%	15.9%	17.4%	20.0%
EBITDA Growth	-4.2%	16.4%	-1.9%	18.4%	26.0%
Depn. & Amort.	13,775	14,971	15,104	17,814	18,852
EBIT	31,817	38,102	36,988	43,869	58,865
Other Income	3,443	4,872	5,000	5,000	5,000
Finance Cost	9,434	10,449	12,005	15,834	21,005
PBT before Excep. & Forex	25,826	32,526	29,982	33,035	42,861
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	25,826	32,526	29,982	33,035	42,861
Taxes	6,866	1,940	6,296	7,410	8,015
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	628	701	0	0	0
Reported Net Profit	18,332	29,885	23,686	25,625	34,846
<b>Adjusted Net Profit</b>	<b>18,332</b>	<b>29,885</b>	<b>23,686</b>	<b>25,625</b>	<b>34,846</b>
Net Margin	6.7%	10.2%	7.3%	7.2%	9.0%
Diluted Share Cap. (mn)	503.9	503.9	503.9	503.9	503.9
<b>Diluted EPS (INR)</b>	<b>36.4</b>	<b>59.3</b>	<b>47.0</b>	<b>50.9</b>	<b>69.2</b>
Diluted EPS Growth	-13.4%	63.0%	-20.7%	8.2%	36.0%
Total Dividend + Tax	7,711	9,017	0	0	0
Dividend Per Share (INR)	15.3	17.9	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	25,826	32,526	29,982	33,035	42,861
Depn. & Amort.	13,775	14,971	15,104	17,814	18,852
Net Interest Exp. / Inc. (-)	9,434	10,449	12,005	15,834	21,005
Inc (-) / Dec in WCap.	2,385	-3,727	-20,038	-6,547	-8,209
Others	-4,734	-3,815	-5,000	-5,000	-5,000
Taxes Paid	-4,976	-2,211	-6,296	-7,410	-8,015
<b>Operating Cash Flow</b>	<b>41,710</b>	<b>48,193</b>	<b>25,757</b>	<b>47,725</b>	<b>61,493</b>
Capex	-35,991	-41,970	-53,133	-77,431	-1,19,437
Free Cash Flow	5,719	6,223	-27,377	-29,706	-57,944
Inc (-) / Dec in Investments	-12,304	584	0	0	0
Others	12,850	4,971	5,000	5,000	5,000
<b>Investing Cash Flow</b>	<b>-35,444</b>	<b>-36,416</b>	<b>-48,133</b>	<b>-72,431</b>	<b>-1,14,437</b>
Inc / Dec (-) in Capital	0	34,398	0	0	0
Dividend + Tax thereon	-7,711	-9,017	0	0	0
Inc / Dec (-) in Loans	10,811	-28,582	37,193	54,202	83,606
Others	-8,613	-8,963	-12,005	-15,834	-21,005
<b>Financing Cash Flow</b>	<b>-5,513</b>	<b>-12,165</b>	<b>25,188</b>	<b>38,367</b>	<b>62,601</b>
<b>Inc / Dec (-) in Cash</b>	<b>752</b>	<b>-387</b>	<b>2,811</b>	<b>13,662</b>	<b>9,657</b>
Opening Cash Balance	3,435	4,187	3,800	6,611	20,273
Closing Cash Balance	4,187	3,800	6,611	20,273	29,930

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	1,20,617	1,76,153	1,99,839	2,25,464	2,60,310
Share Capital	4,806	5,039	5,039	5,039	5,039
Reserves & Surplus	1,15,811	1,71,114	1,94,800	2,20,425	2,55,271
Preference Share Capital	0	0	0	0	0
Minority Interest	5,358	6,005	6,005	6,005	6,005
Total Loans	99,164	73,102	1,10,296	1,64,497	2,48,103
Def. Tax Liab. / Assets (-)	0	0	0	0	0
<b>Total - Equity &amp; Liab.</b>	<b>2,25,139</b>	<b>2,55,260</b>	<b>3,16,139</b>	<b>3,95,966</b>	<b>5,14,418</b>
Net Fixed Assets	2,42,746	2,65,355	3,03,385	3,63,002	4,63,587
Gross Fixed Assets	3,38,285	3,78,400	4,31,533	5,08,964	6,28,401
Intangible Assets	8,895	8,585	8,585	8,585	8,585
Less: Depn. & Amort.	1,29,157	1,44,128	1,59,232	1,77,046	1,95,898
Capital WIP	24,724	22,498	22,498	22,498	22,498
Investments	9,544	8,956	8,956	8,956	8,956
Current Assets	80,844	90,114	99,640	1,20,035	1,38,135
Inventories	8,005	6,580	10,429	11,303	12,398
Sundry Debtors	21,909	23,623	28,560	30,952	33,952
Cash & Bank Balances	4,187	3,800	6,611	20,273	29,930
Loans & Advances	0	0	0	0	0
Other Current Assets	46,744	56,111	54,040	57,507	61,855
Current Liab. & Prov.	1,07,996	1,09,165	95,841	96,027	96,260
Current Liabilities	21,576	22,134	17,333	17,333	17,333
Provisions & Others	86,419	87,030	78,508	78,694	78,927
Net Current Assets	-27,151	-19,051	3,799	24,008	41,875
<b>Total - Assets</b>	<b>2,25,139</b>	<b>2,55,260</b>	<b>3,16,139</b>	<b>3,95,966</b>	<b>5,14,418</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	6.7%	10.2%	7.3%	7.2%	9.0%
Asset Turnover (x)	1.3	1.2	1.2	1.0	0.9
Leverage Factor (x)	2.0	1.7	1.6	1.7	1.9
RoE	17.4%	21.1%	13.3%	13.1%	15.7%

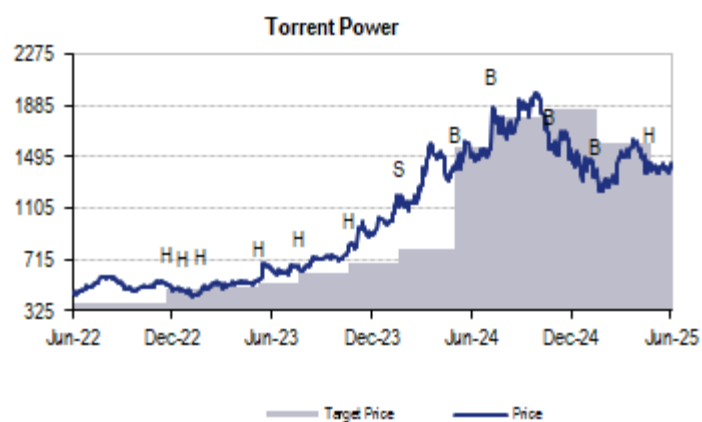
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	239.4	349.6	396.6	447.4	516.6
ROIC	11.6%	15.8%	10.8%	10.2%	11.4%
ROE	15.2%	19.4%	12.2%	11.7%	14.0%
Net Debt/Equity (x)	0.8	0.4	0.5	0.6	0.8
P/E (x)	39.9	24.5	30.9	28.5	21.0
P/B (x)	6.1	4.2	3.7	3.2	2.8
EV/EBITDA (x)	18.2	15.2	16.1	14.3	12.3
EV/Sales (x)	3.1	2.8	2.6	2.5	2.5
Debtor days	29	30	32	32	32
Inventory days	11	8	12	12	12
Creditor days	35	34	23	22	20

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
5-Jan-21	Hold	350	
10-Feb-21	Hold	370	5.7
15-Mar-21	Hold	370	0.0
21-May-21	Hold	395	6.8
7-Aug-21	Hold	400	1.3
28-Oct-21	Sell	390	-2.5
4-Feb-22	Sell	397	1.8
11-May-22	Sell	382	-3.8
14-Dec-22	Hold	490	28.4
11-Jan-23	Hold	490	0.0
15-Feb-23	Hold	500	2.0
30-May-23	Hold	530	6.0
11-Aug-23	Hold	610	15.0
10-Nov-23	Hold	685	12.4
11-Feb-24	Sell	800	16.8
23-May-24	Buy	1,560	94.9
31-Jul-24	Buy	1,791	14.8
14-Nov-24	Buy	1,854	3.5
5-Feb-25	Buy	1,593	-14.1
15-May-25	Hold	1,382	-13.2

## Recommendation History





## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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