

## Torrent Power Ltd

Torrent Power is engaged in the business of generation, transmission and distribution of power and manufacture & sales of Cables. The company's 5 years sales CAGR is was a slow 8.8%. Nonetheless the company's TTM revenue growth speeded up to 11.4%, aided by rise in spot tariffs to 1.3-1.4x of RTC for evening peaks due to supply constraints. In 1QFY20 The Gujarat Electricity Regulatory Commission (GERC) approved the 278MW long-term PPA between Torrent Power's (TPW) UnoSugen gas plant (total capacity:383MW) and its Ahmedabad and Surat distribution circles. The PPA is for the remaining life of the plant of 19 years. Outlook for TPW's gas plants has improved with the sourcing of imported LNG and the recent offtake of UnoSugen PPA. This, along with continued capitalization within regulated distribution and RE investment, is likely to drive earnings CAGR of 19% over FY19-22. Besides, TPW remains well poised to capitalize on opportunities from distribution privatization and consolidation in the generation sector.

The stock is currently trading at 1.4x of its book value and generates an ROCE of 12.1%. The company also pays dividend of average 25%. Considering the demand-supply scenario and strong outlook for the company, we recommend BUY.

## BUY

CMP ₹304

### Stock Info

Sector	Utilities
Market Cap (₹ cr)	14,596
Beta	1.0
52 Week High / Low	314/212
Avg. Daily Volume	34,384
Face Value (₹)	10
BSE Sensex	37,018
Nifty	10,980
Reuters Code	TOPO.BO
Bloomberg Code	TPW IN

### Shareholding Pattern (%)

Promoters	53.6
MF / Banks / Indian FIs	18.2
FII / NRIs / OCBs	7.9
Indian Public / Others	20.3

Abs. (%)	3m	1yr	3yr
Sensex	(5.0)	(1.3)	32.2
TORNTPOWER	18.1	28.6	77.6

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Disclosure of Interest Statement	Torrent Power Ltd
1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)