

TATA POWER COMPANY LTD.

BUY

CMP	Rs. 108
Target Price	Rs. 145
Time Frame	3-5 months
Risk	Medium
Sector	Electric Utilities



Price & Volume Analysis

% Change from previous Day	-0.46%
% Change from previous Month	7.03%
52 Week High	114.95
52 Week Low	38
Weekly H/L	110.50-103.70
Deliverable	21.34%
Book Value / Share	57.52
EPS	3.16
Market Cap (Rs. CR)	34,541

Incorporated in the year 1919, Tata Power is India's largest integrated private power company with significant international presence and specializes in generating, transmission and distribution of electricity. Tata Power is present across the entire power value chain of conventional & renewable energy and next-generation customer solutions.

On the operating front, the revenue is up 53.0% YoY in Q4FY21 on all-round improvements seen in both B2B & B2C verticals and across its generation, transmission and distribution operations. The firm has set targets of generating revenue of over Rs. 27,000cr in FY25, with capex spends of Rs. 15,000cr over the next 5 years.

Momentum Analysis

RSI (14, E9) Monthly	71.03
Smoothed RSI	69.21
Stochastic oscillator monthly (1,3,3)	58.35

The momentum oscillators are in an excellent bullish cycle mode as the Relative Strength Indicator (RSI) is trending north and Stochastic indicators especially on monthly time frames are indicating reverse divergences. Buy signals are generated in weekly charts too. Long remains the play.

Support & Resistance Analysis

Support 1	103
Support 2	89
Resistance 1	116
Resistance 2	161

Technically, brace yourselves for a probable Flag Pattern breakout on the monthly time frame on backdrop of recent sequence of higher high/low on the long term charts. The impulse uptrend should easily lift the stock above its all-time-high at 160 mark. In the near term, above 115 mark, the stock is likely to regain its momentum and will aim its psychological 150 mark. Positive SAR series too seen on time frames. Buying aggressively on any declines with medium term perspective should be the preferred strategy.

Trend Analysis

Moving Average - 50 Days	103
Moving Average - 200 Days	79
ADX (14d)	18.14
Bollinger Band Weekly	117-98
MACD Weekly	9.54

The uptrend seems quite sustainable as the price is seen comfortably trading above its 50 and 200-day moving average and most importantly is just signaling a massive breakout on the daily charts. The general rule is if a stock is trading above its 200-DMA, the trend is largely upward.

CONCLUSION

Tata Power has an installed generation capacity of 12,808 MW in India and a presence in all the segments of power sector, viz. Fuel & Logistics, Generation (thermal, hydro, solar and wind), Transmission, Distribution and Trading. The tailwinds are in favour for the renewables and ancillary businesses and thereby could fetch higher valuations. We expect market to ascribe higher valuation to segregated portfolio of clean energy businesses on back of a) asset light b) higher growth expectations and c) ESG compliant portfolio.

The macro environment has become favourable for clean and energy businesses which is expected to yield better valuations. The firm acquired four licenses for retail power distribution in Odisha, thereby expanding its total customer base to over 11.7mn. Tata Power, through its solar arm, has been providing 29 years of manufacturing of cells and modules by focusing on cutting-edge technology and world-class innovation. On the EV front, the company has tied up with OEM partners to provide home charging facilities to EV car buyers and most importantly, has set up close to 500 public charging points in nearly 100 cities and plans to expand to over 3,000 charging points in the next one year.

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POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)

Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.