

# Tata Power

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR107 TP: INR123 (+15%) Buy**

## Beat on strong EPC performance

### EPC business picking up; maintain Buy

- TPWR's 4QFY21 result reflects strong numbers, led by higher execution for its solar EPC business and interest cost reduction. Adjusted PAT stood at INR3.5b, and was 11% higher v/s our estimate of INR3.2b.
- Divestment-related measures and infusion from the promoter has aided debt reduction. The EPC businesses have picked up pace, led by the healthy order book at Tata Power Solar. Possible benefits from the merger of CGPL and Tata Power Solar with boost profitability. **Maintain Buy with a TP of INR123/share.**

### Profits jump on strong EPC performance

- Adjusted PAT at INR3.5b (4QFY20: INR2.1b) in 4QFY21 was 11% ahead of our estimate of INR3.2b. The beat on our expectations was led by: a) strong solar EPC performance, and b) reduction in interest cost.
- EBITDA for Solar EPC saw an over 2x YoY jump to INR1.85b (v/s our estimate of INR0.7b). Interest costs fell sharply (8% QoQ) to INR8.9b (v/s our expectation of INR9.5b).
- Performance of Mundra-Coal JV hedge though was impacted with Mundra (EBITDA) and coal JVs (PAT) coming in at INR3b v/s INR3.8b in 4QFY20. This was led by lag impact of index setting.
- RE EBITDA (TPREL + Walwhan) was steady YoY at INR4.8b, while Odisha DISCOMs reported a loss of INR0.1b in 4QFY21.
- Net debt reduced to INR381b (v/s INR471b at FY20), led by monetization efforts (Shipping companies, Cennergi and SED) and infusion of INR26b from the promoter. Adjusted profits were up 23% YoY at INR12.5b in FY21.

### Highlights from the management commentary

- The management noted that the monetization plan for its Renewable assets are still in the works, with TPWR looking at a bigger opportunity for monetization.
- It expects commissioning of 900MW of its RE projects over the next 6-9 months.
- The management expects to incur a capex of INR70-80b in FY22. Around 50% of this would be for its Renewables portfolio, while another INR10b is related to Odisha DISCOMs.
- AT&C losses at CESU for Jun'20-Mar'21 stood at 25.5%. The company has earned incentives of INR180m for past recoveries.

### EPC and Renewable business to drive growth; maintain Buy

- We expect Solar EPC to give a leg up to earnings for the next two years. Recent award wins, particularly from NTPC, have seen its EPC order book swell up to ~INR90b, thereby providing strong visibility. We expect EBITDA from Solar EPC to rise at 16% CAGR over FY21-23E to INR4.4b.
- This, combined with: a) commissioning of Renewable projects, b) takeover of Odisha DISCOMs and c) lower interest costs should lead to 24% PAT CAGR over FY21-23E. Benefits from the merger of CGPL and Tata Power Solar with itself provide boost profitability. We maintain our Buy rating on TPWR with a SoTP based TP to INR123.

Bloomberg	TPWR IN
Equity Shares (m)	2,705
M.Cap.(INRb)/(USDb)	340.5 / 4.6
52-Week Range (INR)	115 / 27
1, 6, 12 Rel. Per (%)	14/80/219
12M Avg Val (INR M)	3053

### Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	324.7	433.3	454.9
EBITDA	70.0	78.8	84.4
Adj. PAT	12.5	17.1	19.3
EBITDA Margin (%)	21.6	18.2	18.6
Cons. Adj. EPS (INR)	3.9	5.4	6.0
EPS Gr. (%)	4.3	23.6	12.8
BV/Sh. (INR)	65.2	68.4	72.4

### Ratios

Net D:E	1.8	1.8	1.6
RoE (%)	6.4	8.0	8.6
RoCE (%)	5.8	6.8	7.0
Payout (%)	39.5	28.9	25.6

### Valuations

P/E (x)	27.2	19.9	17.6
P/BV (x)	1.6	1.6	1.5
EV/EBITDA(x)	10.7	9.6	8.9
Div. Yield (%)	1.5	1.5	1.5
FCF Yield (%)	17.8	7.6	14.8

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	46.9	46.9	37.2
DII	20.9	24.5	27.8
FII	12.2	12.4	18.6
Others	20.1	16.2	16.3

FII Includes depository receipts

**Consolidated quarterly performance (INR m)**

Y/E March	FY20				FY21E				FY20	FY21	FY21 4QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>76,317</b>	<b>76,778</b>	<b>70,710</b>	<b>66,708</b>	<b>64,530</b>	<b>82,898</b>	<b>75,979</b>	<b>101,274</b>	<b>291,364</b>	<b>324,681</b>	<b>93,532</b>	<b>8</b>
YoY Change (%)	4.4	2.2	-8.2	-7.7	-15.4	8.0	7.5	51.8	-1.4	11.4	40.2	
Total Expenditure	54,647	54,218	52,661	50,410	47,217	62,886	57,773	86,818	211,936	254,694	74,853	
<b>EBITDA</b>	<b>21,671</b>	<b>22,560</b>	<b>18,050</b>	<b>16,298</b>	<b>17,313</b>	<b>20,012</b>	<b>18,206</b>	<b>14,456</b>	<b>79,428</b>	<b>69,987</b>	<b>18,679</b>	<b>-23</b>
Margins (%)	28.4	29.4	25.5	24.4	26.8	24.1	24.0	14.3	27.3	21.6	20.0	
Depreciation	6,200	6,544	6,719	6,583	6,445	6,989	7,383	6,633	26,336	27,449	6,820	-3
Interest	11,439	11,300	11,292	10,907	10,894	10,650	9,656	8,905	44,937	40,104	9,498	-6
Other Income	1,079	1,072	650	672	874	1,518	1,049	951	5,626	4,392	640	49
Rate regulated activity	-2,000	-3,490	1,002	2,601	2,185	1,228	1,423	1,275	-1,887	6,110	0	
<b>PBT before EO expense</b>	<b>3,111</b>	<b>2,299</b>	<b>1,691</b>	<b>2,080</b>	<b>3,034</b>	<b>5,119</b>	<b>3,639</b>	<b>1,144</b>	<b>11,895</b>	<b>12,936</b>	<b>3,001</b>	<b>-62</b>
Extra-Ord expense	-1,095	-747	279	5,690	0	0	-2,113	1,310	4,099	-803	0	
<b>PBT</b>	<b>2,017</b>	<b>1,552</b>	<b>1,970</b>	<b>7,770</b>	<b>3,034</b>	<b>5,119</b>	<b>1,526</b>	<b>2,454</b>	<b>15,994</b>	<b>12,133</b>	<b>3,001</b>	<b>-18</b>
Tax	1,924	520	1,176	1,491	1,894	3,176	1,027	232	8,253	6,329	819	
Rate (%)	95	33	60	19	62	62	67	9	51.6	52.2	27	
MI & P/L of Asso. Cos.	1,612	1,725	1,132	1,465	1,154	1,045	1,132	2,600	6,535	5,931	995	
<b>Reported PAT</b>	<b>1,704</b>	<b>2,757</b>	<b>1,927</b>	<b>7,744</b>	<b>2,294</b>	<b>2,988</b>	<b>1,632</b>	<b>4,822</b>	<b>14,276</b>	<b>11,736</b>	<b>3,177</b>	<b>52</b>
<b>Adj PAT</b>	<b>2,799</b>	<b>3,504</b>	<b>1,647</b>	<b>2,054</b>	<b>2,294</b>	<b>2,988</b>	<b>3,745</b>	<b>3,512</b>	<b>10,177</b>	<b>12,539</b>	<b>3,177</b>	<b>11</b>

\*Note: Sum of four quarters for FY20 does not match due to restatements

**Takeaways from the conference call**

- The management noted that the monetization plan for its Renewable assets are still in the works, with TPWR looking at a bigger opportunity for monetization.
- It expects commissioning of 900MW of its RE projects over the next 6-9 months.
- The management expects to incur a capex of INR70-80b in FY22. Around 50% of this would be for its Renewables portfolio, while another INR10b is related to Odisha DISCOMs.
- AT&C losses at CESU for Jun'20-Mar'21 stood at 25.5%. The company has earned incentives of INR180m for past recoveries.
- The management expects 10GW of bids to come in the next six months, with a large part coming in for hybrid solutions.

**Exhibit 1: TWPR's adjusted PAT**

(INR m)	4QFY20	3QFY21	4QFY21
<b>a. Standalone</b>	<b>26</b>	<b>3,802</b>	<b>1,152</b>
<b>b. Subsidiaries</b>	<b>563</b>	<b>-1,189</b>	<b>-240</b>
Mundra	-2,180	-950	-2,770
Maithon	690	640	1,150
Delhi	1,040	1,140	1,210
Trading	60	80	70
Solar Manuf.	510	310	1,360
RE	520	700	930
Logistics	470	830	340
Others	-547	-3,939	-2,530
<b>c. Minority interest</b>	<b>-721</b>	<b>-702</b>	<b>-883</b>
<b>d. JVs and associates</b>	<b>2,186</b>	<b>1,834</b>	<b>3,483</b>
Coal mining	990	230	1,750
Infra	290	590	480
Powerlink	130	120	150
IEL	510	160	210
Others	266	734	893
<b>Adj. reported PAT</b>	<b>2,054</b>	<b>3,745</b>	<b>3,512</b>

Source: MOSL, Company

**Exhibit 2: CGPL**

		1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Revenue	INR m	18,170	16,030	18,300	17,270	17,420	19,020	16,920	16,530
per unit	INR/kwh	2.81	2.93	2.83	2.85	0.00	0.00	0.00	0.00
EBITDA	INR m	1,670	1,750	2,610	2,080	2,730	3,100	3,020	380
PAT	INR m	-2,470	-2,610	-1,640	-2,180	-1,550	-1,100	-950	-2,770
Generation	MU	7,003	5,939	6,987	6,566	6,350	7,256	6,330	6,635
Sales	MU	6,459	5,479	6,458	6,067	5,857	6,696	5,848	6,134
Availability	%	81	71	87	81	78	89	75	79
FoB price of coal	USD/t	53	54	49	47	48	43	43	55
Revenue	INR/kWh	2.85	2.96	2.83	2.80	2.97	2.84	2.89	2.70
Under recovery	INR/kWh	-0.55	-0.51	-0.32	-0.45	-0.46	-0.30	-0.32	-0.74

**Exhibit 3: CGPL (Mundra) + Coal assets**

(INR m)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Mundra EBITDA	1,670	1,750	2,610	2,080	2,730	3,100	3,020	380
Coal companies PAT	2,470	2,280	2,210	1,750	2,030	1,880	1,650	2,570
Mining	1,570	1,410	980	990	850	470	230	1,750
Infra	500	550	570	290	530	360	590	480
Logistics	400	320	660	470	650	1,050	830	340
<b>Mundra+Coal</b>	<b>4,140</b>	<b>4,030</b>	<b>4,820</b>	<b>3,830</b>	<b>4,760</b>	<b>4,980</b>	<b>4,670</b>	<b>2,950</b>

**Exhibit 4: Maithon Power**

		1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Revenue	INR m	8,120	5,870	6,830	6,600	6,380	6,440	6,610	5,610
per unit	INR/kwh	4.96	4.17	3.96	4.26	4.52	4.28	3.99	4.00
EBITDA	INR m	1,940	1,770	1,990	1,880	1,860	1,790	1,740	1,600
PAT	INR m	465	520	760	690	680	640	640	1,150
Generation	MU	1,740	1,500	1,694	1,669	1,557	1,575	1,760	1,491
Sales	MU	1,637	1,409	1,725	1,551	1,412	1,503	1,655	1,404
Availability	%	87	78	95	89	96	98	92	70

**Exhibit 5: Renewables (ex-standalone)**

		1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
<b>TPREPL (Renewable)</b>									
Revenue	INR m	2330	2,340	2,050	2,450	2,600	2,390	2,160	2,450
	INR/kwh	4.6	4.7	4.3	4.2	4.3	4.5	4.3	4.4
EBITDA	INR m	2,120	2,110	1,830	2,160	2,320	2,070	2,050	2,050
	INR/kwh	4.2	4.2	3.8	3.7	3.9	3.9	4.1	3.7
PAT	INR m	200	40	-150	-80	150	-40	50	50
Operating capacity	MW	974	1130	1134	1139	1136	1139	1139	1146
Generation	MU	514	513	478	585	606	547	506	569
Sales	MU	507	503	476	579	598	537	500	561
<b>WREPL (Renewable)</b>									
Revenue	INR m	3,490	2,780	2,640	3,100	3,310	2,710	2,740	3,130
	INR/kwh	7.2	7.5	7.9	6.9	7.2	7.2	7.2	7.2
EBITDA	INR m	3,280	2,510	2,450	2,690	3,140	2,490	2,530	2,770
PAT	INR m	1,000	800	520	600	1,080	600	650	880
Capacity	MW	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>
Wind	MW	146	146	146	146	146	146	146	146
Solar	MW	864	864	864	864	864	864	864	864
Generation	MU	487	373	340	340	464	381	381	435
Sales	MU	483	372	336	450	461	379	379	432
<b>Consolidated</b>									
Capacity	MW	1,984	2,140	2,144	2,149	2,146	2,149	2,149	2,156
Generation	MU	994	876	816	919	1,062	918	881	996
Avg. PLF	%	23.8	19.4	17.4	19.5	22.6	19.5	18.7	21.1
Revenue	INR m	5,820	5,120	4,690	5,550	5,910	5,100	4,900	5,580
Inter-company	INR m	0	0	0	0	0	0	0	0
EBITDA (ex-ic.)	INR m	5,400	4,620	4,280	4,850	5,460	4,560	4,580	4,820
PAT (ex-ic.)	INR m	1,200	840	370	520	1,230	560	700	930

Source: MOSL, Company

**Exhibit 6: Delhi distribution**

(INR m)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Revenue	22,110	21,680	20,910	18,800	17,020	21,460	17,540	16,980
EBITDA	3,430	3,340	3,130	3,340	3,590	3,600	2,840	2,520
PAT	1,130	1,040	930	1,040	1,190	1,160	720	1,210
Regulated equity	14,850	15,000	15,110	15,410	16,170	16,240	16,330	16,790
Regulatory assets	47,420	45,740	48,500	52,220	54,230	54,060	55,150	55,120

Source: MOSL, Company

**Valuation and view**

- Divestment-related measures and infusion from the promoter has aided debt reduction. We expect Solar EPC to give a leg up to earnings for the next two years. Recent award wins, particularly from NTPC, have seen its EPC order book swell up to ~INR90b, thereby providing strong visibility. We expect EBITDA from Solar EPC to rise at 16% CAGR over FY21-23E to INR4.4b.
- This, combined with: a) commissioning of Renewable projects, b) takeover of Odisha DISCOMs and c) lower interest costs should lead to 24% PAT CAGR over FY21-23E. Benefits from the merger of CGPL and Tata Power Solar with itself provide boost profitability. We maintain our Buy rating on TPWR with a SoTP based TP to INR123.

**Exhibit 7: Segment-wise break-up of profitability**

INR m	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Regulated EBIT</b>	<b>28,223</b>	<b>27,504</b>	<b>31,131</b>	<b>29,013</b>	<b>29,033</b>	<b>28,198</b>
Standalone	16,948	14,681	16,060	14,477	14,996	14,777
Delhi	7,198	7,838	8,857	8,562	8,268	7,935
Maithon	4,077	4,985	6,214	5,974	5,769	5,486
<b>Mundra + coal JVs</b>	<b>10,406</b>	<b>5,047</b>	<b>12,311</b>	<b>13,905</b>	<b>10,601</b>	<b>10,577</b>
Mundra EBIT	-6,155	-7,142	2,689	4,278	2,717	2,695
Trust Energy	2,250	1,937	3,207	4,130	2,006	2,046
Coal mining PAT	14,311	10,252	6,415	5,497	5,878	5,836
<b>RE EBIT</b>	<b>10,317</b>	<b>12,384</b>	<b>12,206</b>	<b>11,942</b>	<b>13,399</b>	<b>15,378</b>
<b>Others EBIT</b>	<b>2,083</b>	<b>4,829</b>	<b>5,296</b>	<b>2,832</b>	<b>6,030</b>	<b>8,758</b>
Solar Manu	1,858	1,353	1,711	3,060	3,802	4,179
Trading	344	638	547	485	650	685
Odisha DISCOMs				339	1,492	3,452
Other JVs and assoc. PAT	-119	2,838	3,039	-1,052	86	442
<b>Consolidated EBIT (incl. JVs)</b>	<b>51,029</b>	<b>49,764</b>	<b>60,944</b>	<b>57,692</b>	<b>59,063</b>	<b>62,911</b>
Finance cost	37,230	41,700	44,937	40,104	37,734	38,359
<b>Consolidated PBT (pre-ex. and Other income, incl. JVs)</b>	<b>13,799</b>	<b>8,064</b>	<b>16,007</b>	<b>17,588</b>	<b>21,330</b>	<b>24,552</b>
Tax	1,643	6,561	8,253	6,329	4,421	5,171
Minority	2,026	2,495	2,991	3,113	3,534	3,757
Other income	4,327	3,958	5,626	4,392	3,745	3,692
Rate regulated in the previous year	0	2,743	-213	0	0	0
<b>Consolidated PAT (incl. JVs)</b>	<b>14,458</b>	<b>5,710</b>	<b>10,177</b>	<b>12,539</b>	<b>17,119</b>	<b>19,316</b>

Source: MOSL, Company

**Exhibit 8: SoTP valuation**

	Reg. Eq.	P/BV	EBITDA	Equity value	TPWR's share		Reg. Debt	Enterprise value (EV)	Remarks
	(a)	(b)		d=axb	(%)	Eq. Val. (e)	(f)	(e+f)	
Mumbai and Jojobera (S/A)	47,382	1.9	16,451	91,496	100	91,496	34,762	126,259	RoE = 18%, g = 4%
Delhi	16,618	1.6	8,351	26,186	51	13,355	36,442	49,796	RoE = 16%, g = 3%
Maithon	15,182	1.5	11,786	22,942	74	16,977	11,585	28,562	RoE = 17%, g=0
Odisha			4,297			26,783	15,605	42,388	DCF based
<b>Subtotal (A)</b>			<b>40,885</b>					<b>247,005</b>	<b>Ke=11.3%</b>

**CGPL (Mundra) and coal JVs**

	EV/EBITDA (x)	EBITDA	EV	Assumptions
	(g)	(h)	(g x h)	
DCF value of fixed charges		18,538	121,864	No under recoveries
Under recoveries in Var. cost	8	-10,231	-78,778	
PAT from coal JVs	10	5,836	58,359	
<b>Subtotal (B)</b>		<b>14,143</b>	<b>101,445</b>	

**Other businesses**

	EV/EBITDA (x)	EBITDA	EV	Assumptions
	(j)	(k)	(j x k)	
Renewables	8.0	24,189	193,515	
Haldia, trading etc.	12.0	11,031	132,817	
PAT of other JVs and assoc.	16.0	4,680	74,875	
<b>Subtotal (C)</b>		<b>35,221</b>	<b>401,207</b>	

**Consolidated**

Consolidated EV (A+B+C)		84,413	749,657	
Less: Debt			-380,047	
Assets held for sale				
Zambia and Vikhroli trans.	1.0	x BV	7,815	
Others	1.0	x BV	3,581	
Investment unquoted	1.0		3,977	At book value
Investment quoted	0.8		929	20% discount to MTM
Efficiency savings	9	x	8,100	
Net Equity value			<b>394,014</b>	
No. of shares			3,196	
<b>Target Price (INR/share)</b>			<b>123</b>	

Source: MOSL, Company

## Financials and valuations

Income Statement							(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Net Sales</b>	<b>278,977</b>	<b>293,312</b>	<b>295,586</b>	<b>291,364</b>	<b>324,681</b>	<b>433,320</b>	<b>454,852</b>
Change (%)	-5.4	5.1	0.8	-1.4	11.4	33.5	5.0
Total Expenses	220,510	229,743	231,359	211,936	254,694	354,551	370,439
<b>EBITDA</b>	<b>58,467</b>	<b>63,570</b>	<b>64,227</b>	<b>79,428</b>	<b>69,987</b>	<b>78,769</b>	<b>84,413</b>
% of Net Sales	21.0	21.7	21.7	27.3	21.6	18.2	18.6
Depn. and Amortization	19,886	23,981	23,931	26,336	27,449	29,875	32,018
<b>EBIT</b>	<b>38,581</b>	<b>39,589</b>	<b>40,296</b>	<b>53,093</b>	<b>42,537</b>	<b>48,894</b>	<b>52,395</b>
Net Interest	31,140	37,230	41,700	44,937	40,104	37,734	38,359
Other income	2,022	4,327	3,958	5,626	4,392	3,745	3,692
<b>PBT before EO</b>	<b>9,464</b>	<b>6,686</b>	<b>2,554</b>	<b>13,781</b>	<b>6,826</b>	<b>14,905</b>	<b>17,729</b>
Regulatory inc./ (exp.)	-6,095	-4,099	-659	-1,887	6,110	0	0
EO expense (inc.)	6,515	-10,308	-16,200	-4,099	803	0	0
<b>PBT after EO</b>	<b>-3,145</b>	<b>12,895</b>	<b>18,095</b>	<b>15,994</b>	<b>12,133</b>	<b>14,905</b>	<b>17,729</b>
Tax	-458	1,643	6,561	8,253	6,329	4,421	5,171
Rate (%)	14.6	12.7	36.3	51.6	52.2	29.7	29.2
<b>Reported PAT</b>	<b>-2,687</b>	<b>11,252</b>	<b>11,534</b>	<b>7,741</b>	<b>5,805</b>	<b>10,484</b>	<b>12,558</b>
Minority, JVs, and Asso.	10,142	13,514	10,376	6,535	5,931	6,635	6,759
<b>Adjusted PAT</b>	<b>13,969</b>	<b>14,458</b>	<b>5,710</b>	<b>10,177</b>	<b>12,539</b>	<b>17,119</b>	<b>19,316</b>
Change (%)	83.8	3.5	-60.5	78.2	23.2	23.6	12.8

Balance Sheet							(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Share Capital	2,705	2,705	2,705	2,705	3,196	3,196	3,196
Reserves	115,090	149,897	164,507	177,955	205,027	215,483	228,136
<b>Net Worth</b>	<b>117,795</b>	<b>152,602</b>	<b>167,212</b>	<b>180,660</b>	<b>208,223</b>	<b>218,679</b>	<b>231,332</b>
Minority Interest	18,690	20,153	21,667	23,320	29,273	31,542	34,035
Total Loans	503,154	500,892	500,060	498,759	446,710	458,604	456,850
Deferred Tax Liability	17,598	5,166	10,568	11,740	9,762	9,762	9,762
<b>Capital Employed</b>	<b>657,237</b>	<b>678,813</b>	<b>699,507</b>	<b>714,480</b>	<b>693,967</b>	<b>718,587</b>	<b>731,978</b>
Gross Block	577,520	604,390	599,714	654,228	722,377	772,855	810,785
Less: Accum. Deprn.	130,311	155,993	173,081	193,980	221,430	251,305	283,323
<b>Net Fixed Assets</b>	<b>447,209</b>	<b>448,398</b>	<b>426,633</b>	<b>460,248</b>	<b>500,947</b>	<b>521,550</b>	<b>527,462</b>
Capital WIP	21,779	16,526	25,757	16,115	35,998	35,998	35,998
Goodwill	17,325	16,416	16,416	16,416	17,946	17,946	17,946
Investments	108,592	119,928	128,511	138,353	126,495	130,619	135,127
<b>Curr. Assets</b>	<b>226,458</b>	<b>227,068</b>	<b>234,378</b>	<b>255,724</b>	<b>305,729</b>	<b>310,426</b>	<b>314,856</b>
Inventories	15,996	16,231	17,064	17,524	18,848	19,643	19,758
Account Receivables	38,321	27,889	44,453	44,259	50,010	56,892	57,947
Cash and Bank Balance	20,521	16,219	9,544	27,937	66,122	72,542	76,803
Others	151,621	166,729	163,317	166,005	170,749	161,349	160,349
<b>Curr. Liability and Prov.</b>	<b>164,127</b>	<b>149,522</b>	<b>132,189</b>	<b>172,376</b>	<b>293,147</b>	<b>297,951</b>	<b>299,411</b>
Account Payables	55,290	56,098	54,815	50,954	71,201	76,005	77,465
Provisions and Others	108,837	93,424	77,374	121,422	221,947	221,947	221,947
<b>Net Curr. Assets</b>	<b>62,332</b>	<b>77,546</b>	<b>102,190</b>	<b>83,348</b>	<b>12,581</b>	<b>12,474</b>	<b>15,445</b>
<b>Appl. of Funds</b>	<b>657,237</b>	<b>678,813</b>	<b>699,507</b>	<b>714,480</b>	<b>693,967</b>	<b>718,587</b>	<b>731,978</b>

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>5.2</b>	<b>5.3</b>	<b>2.1</b>	<b>3.8</b>	<b>3.9</b>	<b>5.4</b>	<b>6.0</b>
Cash EPS	12.5	14.2	11.0	13.5	12.5	14.7	16.1
BV/Share	43.5	56.4	61.8	66.8	65.2	68.4	72.4
DPS	1.3	1.3	1.3	1.6	1.6	1.6	1.6
Payout (%)	25.2	24.3	61.6	41.2	39.5	28.9	25.6
<b>Valuation (x)</b>							
P/E	17.4	16.8	42.5	23.8	27.2	19.9	17.6
Cash P/E	7.2	6.3	8.2	6.6	8.5	7.2	6.6
P/BV	2.1	1.6	1.5	1.3	1.6	1.6	1.5
EV/EBITDA	12.7	11.8	11.8	9.3	10.7	9.6	8.9
Dividend Yield (%)	1.5	1.5	1.5	1.7	1.5	1.5	1.5
FCF (pre-int.) to EV yield (%)	5.5	5.0	1.7	9.6	9.3	4.0	6.7
<b>Return Ratios (%)</b>							
RoE	11.9	10.7	3.6	5.9	6.4	8.0	8.6
RoCE (post-tax)	6.8	6.3	5.5	7.1	5.8	6.8	7.0
RoIC (post-tax)	7.2	6.9	5.0	5.0	4.2	7.6	8.0
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	0.6	0.7	0.7	0.6	0.6	0.8	0.9
Asset Turnover (x)	0.4	0.4	0.4	0.4	0.5	0.6	0.6
Debtor (Days)	50	35	55	55	56	48	46
Inventory (Days)	21	20	21	22	21	17	16
<b>Leverage Ratio (x)</b>							
Net Debt/EBITDA	8.3	7.6	7.6	5.9	5.4	4.9	4.5
Debt/Equity	3.5	2.8	2.6	2.3	1.6	1.5	1.4

### Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
							<b>(INR m)</b>
<b>EBITDA</b>	<b>52,372</b>	<b>59,471</b>	<b>63,568</b>	<b>77,541</b>	<b>76,097</b>	<b>78,769</b>	<b>84,413</b>
FX gain/loss							
WC	21,843	9,584	-13,234	6,743	12,544	-1,874	1,291
Others	1,686	602	462	-4,440	409	0	0
Direct taxes (net)	-6,323	-6,019	-5,058	-6,091	-4,470	-4,421	-5,171
<b>CF from Op. Activity</b>	<b>69,578</b>	<b>63,639</b>	<b>45,738</b>	<b>73,753</b>	<b>84,580</b>	<b>72,474</b>	<b>80,533</b>
Capex	-33,223	-35,604	-35,762	-22,258	-33,358	-50,478	-37,930
<b>FCF</b>	<b>36,356</b>	<b>28,035</b>	<b>9,976</b>	<b>51,495</b>	<b>51,222</b>	<b>21,996</b>	<b>42,603</b>
Int. and div. income	6,263	11,256	4,480	20,595	20,072	9,791	9,700
Investments (subsidiaries/JVs)	-35,396	1,505	24,592	-374	7,641	0	0
Others	-6,630	2,165	-5,546	-3,392	35,280	8,400	0
<b>CF from Inv. Activity</b>	<b>-68,986</b>	<b>-20,677</b>	<b>-12,236</b>	<b>-5,429</b>	<b>29,634</b>	<b>-32,287</b>	<b>-28,230</b>
Share capital	9	2	0	201	29,961	0	0
Borrowings	49,608	4,370	-6,416	-1,070	-59,734	11,894	-1,754
Finance cost	-32,704	-45,704	-39,761	-40,025	-37,314	-37,734	-38,359
Dividend	-4,159	-5,067	-4,927	-5,992	-5,263	-6,218	-6,218
Others	-2,816	-864	10,928	-3,045	-3,679	-1,710	-1,710
<b>CF from Fin. Activity</b>	<b>9,937</b>	<b>-47,263</b>	<b>-40,177</b>	<b>-49,932</b>	<b>-76,029</b>	<b>-33,767</b>	<b>-48,041</b>
<b>(Inc.)/Dec. in Cash</b>	<b>10,530</b>	<b>-4,301</b>	<b>-6,675</b>	<b>18,392</b>	<b>38,185</b>	<b>6,419</b>	<b>4,262</b>
Opening balance	9,991	20,521	16,219	9,544	27,937	66,122	72,542
<b>Closing balance (as per B/S)</b>	<b>20,521</b>	<b>16,219</b>	<b>9,544</b>	<b>27,937</b>	<b>66,122</b>	<b>72,542</b>	<b>76,803</b>

NOTES



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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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