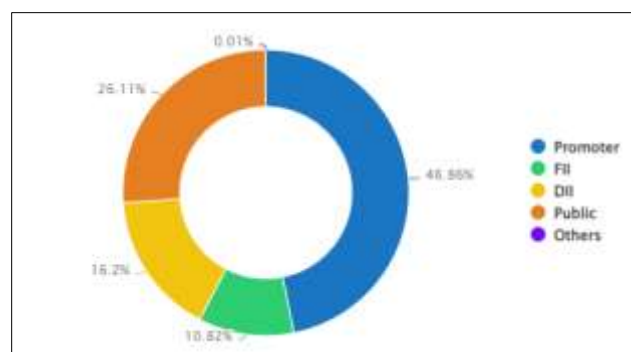


May 2022

VALUE PARAMETERS

Face Value (Rs.)	1.00
EPS (TTM)	5.45
52-Week High/Low	298/102
M.Cap (Rs. in Cr.)	71,192
P/E Ratio (TTM)	40.9
Book Value per share (Rs)	70.2
Industry P/E	48.1
P/B Ratio (calc at CMP)	3.17
Dividend Yield (%)	0.79
Enterprise value (Rs in Cr)	115,747

SHAREHOLDING PATTERN



FINANCIAL PERFORMANCE

	ACTUAL	FORECAST	
	FY Mar-22	FY Mar-23	FY Mar-24
Sales (Rs. Cr)	42,815.67	47,160	50,954
Growth (%)	30	10	8
EBITDA	7,272	11,180	12,122.5
EBITDA margin (%)	17%	23%	23.8
Net Profit (Rs. Cr)	1,741.46	2438	2706
EPS (Rs)	5.45	8	9
ROE	10.5	11	11.1
ROCE	6.4	7	7.3
P/E	28.5	26	24
EV/EBITDA	15.9	10.7	10

Our Recommendation: Due to present scenario of good performance in Q4FY22, merger of Mundra in the business this quarter, and strong order book of Rs 12.8bn (3.0GW, including recently won 1 GW EPC order from SJVN which is going to be completed over the next 1.5 years, we estimate good financial results in coming quarters. Thus, we recommend BUY in price range Rs. 215-225 with target price 260 (upside 15%).

Investment Rationale:

About Company: Tata Power Ltd. Is India's largest integrated Power Company, headquartered in Mumbai. It is a subsidiary of the Tata group which is mainly involved in the business of generating, transmitting and distributing electricity. It has an installed capacity of 10,577 MW and is the first Indian company to ship over 1 GW solar modules. The company is operational in more than 35 countries today and is also making continuous efforts towards sustainability by taking green initiatives, moving towards EV and Green technology.

Q4FY22 Results: The company reported robust performance in Q4.

- Consolidated revenue showed a significant growth of 15.4% YoY basis to Rs 11,959 crore compared to Rs 10,362 crore in the year ago quarter.
- On a sequential basis, revenue was up by 9.5% from Rs 10,913 crore recorded in the previous quarter.
- Consolidated net profit stood at Rs 503 crore for the March quarter, up 28% compared with Rs 393 crore in the same period.
- Renewable portfolio PAT grew by 60% in Q4FY22 vs Q4FY21 due to the addition of 707 MW capacity in FY22.
- EBITDA too went up by 29% YoY due to strong performance in regulated business and renewable utilities.

Key Highlights:

- Tata power is a leading player in the renewable generation space and is continuously making efforts to make progress in the sector.
- The company is planning to make significant progress in consumer business such as rooftop solar, EV charging, micro grids and is aiming to increasing its reach in many cities of India.
- The company has a sizable portfolio of its business in regulated framework which provides a steady and reliable source for its finances.
- The portfolio of the company is also suitably structured to capitalize on favorable market conditions
- The company has shown good growth after Covid-19 and has also announced the biggest buyback that was completed in March.
- Tata Power completed the merger of Mundra into its business and also secured the extension of mining lease in KPC for 10 years during Q4FY22.

Risks:

- Regulatory and environmental risk.
- Availability of cost-effective capital to fund ongoing projects and expansion remains a risk for the company.
- Delay in execution of projects and inadequate fuel supply for thermal plants.

Financials and Valuations

Financial Summary, Consolidated

Y/E March	Q4FY22	Q4FY21	YoY (%)	Q3FY22	QoQ (%)
Net Revenues	11,960	10,363	18.1	10,913	9.6
EBITDA	1,994	1,573	27	1,736	14.4
Consol. Net Profit	503.1	392.9	28	425.9	18.1
Diluted EPS(INR)	1.57	1.23	28	1.33	18.1

Consolidated revenue rose 18% YoY basis due to strong execution in the solar EPC segment and increased revenue across the renewable business by adding of 707MW capacity. EBITDA increased by 29% YoY led by strong performance in regulated business and renewable segments.

Income Statement, consolidated (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21	FY22
Net Revenues	26,840.27	29,881.06	29,136.37	32,703.31	42,815.67
Expenditure	20,977.19	23,032.65	21,382.24	25,164.59	35,543.97
EBIDTA	5,863	6,848	7,754	7,539	7,272
<i>EBITDA Margin (%)</i>	22%	23%	27%	23%	17%
Depreciation	2,346	2,393	2,634	2,745	3,122
EBIT	3,517	4,455	5,121	4,794	4,150
Other Income	432.69	386.15	562.61	439.24	919.96
Interest	3,761.48	4,170.00	4,493.73	4,010.39	3,859.02
Exceptional items	1,102.53	1,745.83	226.16	-109.29	-150.27
PBT	1,290.62	2,417.29	1,415.57	1,113.38	1,060.17
Tax	161.97	1087.59	641.49	501.88	379.56
PAT before EO	1,128.65	1,329.70	774.08	611.50	680.61
Net Profit	1,056.94	1,203.83	363.89	565.26	212.78
Min Int.	-202.55	-249.47	-299.06	-311.27	-414.15
Shares associates	1,553.91	1,401.83	952.55	873.39	1,942.83
Consolidated Net Profit	2,408.30	2,356.19	1,017.38	1,127.38	1,741.46
EPS	8.90	8.71	3.76	3.53	5.45

Balance Sheet, consolidated (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21	FY22
Equity Share Capital	271	271	271	320	320
Share Warrants	1500	1500	1500	1500	0
Reserves & Surplus	14,629	16,535	17,796	20,503	22,122
Total Shareholder's Fund	16,400	18,306	19,566	22,322	22,442
Non-Current Liabilities	25,568	35,028	40,192	42,449	47,153
Current Liabilities	37,908	28,574	27,584	30,969	39,368
Minority Interest	2,015	2,167	2,332	2,927	3,587
Total Equity & Liability	81,892	84,073	89,674	98,667	1,12,550
Non-Current Assets	60,896	62,673	65,889	72,741	81,107
Current Assets	20,675	21,056	23,755	25,897	31,443
Misc. Exp. not W/O	321	344	31	29	0
Total Assets	81,892	84,073	89,674	98,667	1,12,550

Financials and Valuations

Cash Flow Statement, consolidated (Rs Cr)

Y/E March	FY17	FY18	FY19	FY20	FY21
CF from Op. Activity	7,014	6,364	4,574	7,375	8,458
CF from Inv. Activity	-7,419	-1,518	-319	-543	668
CF from Fin. Activity	937	-4,726	-5,184	-5,110	-7,603
Net Change	533	120	-930	1,723	1,523
Cash & Cash Eqvt	819	945	62	1,834	3,683

Key Ratios

Y/E March	FY2018	FY2019	FY2020	FY2021
Per Share Data (Rs)				
EPS	8.90	8.71	3.76	3.53
BV/Share	48.02	52.46	50.88	52.82
DPS	1.3	1.3	1.55	1.55
Dividend Payout (%)	14.6	14.92	41.2	43.9
Valuation Ratios				
P/E	8.91	8.47	8.73	29.25
P/BV	1.47	1.21	0.49	1.59
EV/EBITDA	9.31	7.54	6.78	9.13
Efficiency Ratios				
EBITDA Margins (%)	22%	23%	27%	23%
Net Profit Margins (%)	4.28	4.45	1.23	1.73
Return Ratios (%)				
ROE	8.26	8.57	2.11	2.91
ROCE	7.91	10.05	8.19	7.39
Solvency Ratios				
Debt to Equity	3.33	2.95	2.68	2.08
Debt to Assets (%)	59.33	57.69	53.95	43.75
Current Ratio	0.55	0.74	0.86	0.84
Quick Ratio	0.5	0.68	0.8	0.78

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Disclosure:

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