

Demand remains strong

- High power demand led by festive season and uptick in economic activity to drive revenue growth
- Peak demand crossed 200GW in winter, indicating possible power shortages in the coming summer months akin to last year
- We assume coverage on NTPC (top pick), TPWR and CESC with BUY ratings, and on PWGR with HOLD

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Power demand on the rise: India's power consumption logged high growth of 9.6% to 343bn units in Q3FY23 compared to the year-ago period. The robust growth indicates sustained momentum in economic activity during the quarter. The highest supply in a day (or peak power demand met) rose to 205GW in Dec'22 amidst the harsh winter season.

Coal inventory satisfactory: Coal inventory at power plants has improved significantly led by increased use of imported coal. The number of stations facing subcritical inventory levels declined to 43 in Dec'22 vs. 69 in the year-ago quarter and 54 in Q2FY23. As on Dec'22, the coal stock stood at 32MT, 50% of the normative requirement, compared to 23.3mt as in Dec'21 or 40% of the requirement.

Capacity addition tepid: About 2.5GW of total capacity has been added during Q3FY23, all in the renewable energy sector. India's power deficit normalised to 0.4% in Q3 vs. 0.6% in Q2, while average merchant rates declined 3% YoY and 12% QoQ to Rs 4.8/unit.

Significant improvement in dues to gencos: Total outstanding dues owed by electricity distribution companies (discoms) to power producers (gencos) nearly halved to Rs 675bn as of Dec'22 compared to Rs 1,210bn as of Dec'21. This was mainly due to various steps taken by the government such as implementation of late payment surcharge rules and provision of a facility for equated monthly installments (EMI) to utilities.

Players with domestic coal linkages to outperform: Given the high demand and possible coal shortage scenario going forward, we expect companies with domestic coal linkages to outperform the industry in the medium term. We assume coverage with BUY ratings on NTPC (top pick, TP Rs 210), TPWR (TP Rs 271), and CESC (TP Rs 108), and with a HOLD rating on PWGR (TP Rs 251).

Recommendation snapshot

Ticker	Price	Target	Rating
CESC IN	74	108	BUY
NTPC IN	169	210	BUY
PWGR IN	223	251	HOLD
TPWR IN	207	271	BUY

Price & Target in Rupees | Price as of 20 Jan 2023



Q3FY23 Preview

Fig 1 – BOBCAPS Power Universe: Q3FY23 preview

(Rs mn)	Revenue					EBITDA					PAT				
	Q3FY23E	Q3FY22	Q2FY23	YoY (%)	QoQ (%)	Q3FY23E	Q3FY22	Q2FY23	YoY (%)	QoQ (%)	Q3FY23E	Q3FY22	Q2FY23	YoY (%)	QoQ (%)
NTPC	3,74,528	2,88,648	4,10,151	29.8	(8.7)	96,743	90,619	95,216	6.8	1.6	45303	41320	33312	9.6	36.0
PWGR	1,08,522	1,04,469	1,09,052	3.9	(0.5)	92,865	91,173	92,492	1.9	0.4	35410	32930	38012	7.5	(6.8)
TPWR	1,48,839	1,09,131	1,40,307	36.4	6.1	20,837	17,356	18,925	20.1	10.1	10525	4258	8191	147.2	28.5
CECSC	18,573	16,620	22,630	11.7	(17.9)	2,628	2,120	3,200	23.9	(17.9)	1730	1840	2430	(6.0)	(28.8)

Source: Company, BOBCAPS Research

Valuation and Risks

Given the high demand and possible coal shortage scenario going forward, we expect companies with domestic coal linkages to outperform the industry in the medium term. We assume coverage on NTPC (top pick: BUY, TP Rs 210), TPWR (BUY, TP Rs 271), CESC (BUY, TP Rs 108), and PWGR (HOLD, TP Rs 251). We have valued all these stocks using SOTP based on FY25 financials.

Fig 2 – Valuation summary

Company	Mcap (Rs bn)	CMP (Rs)	Rating	Target Price (Rs)	Implied P/B (x)	Upside (%)	Rationale
NTPC	1,616	169	BUY	210	1.3	25.0	Expect a stock rerating as ROE projected to improve from the current 12% to regulated level of 15.5%
PWGR	1,566	223	HOLD	251	1.7	12.6	Stock is trading at 1.5x FY25E P/BV, close to its average of ~1.7x
TPWR	661	207	BUY	271	2.5	30.9	Stock is trading at a comfortable valuation of 2x FY25E P/BV; expect some rerating as renewable energy capacity builds up and Mundra profitability improves
CECSC	98	74	BUY	108	1.1	44.6	Stock is trading at a comfortable valuation of 0.8x FY25E P/BV, below the average valuation of 1.1x

Company	Revenue (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
NTPC	15,74,736	16,11,718	16,94,008	4,56,131	4,55,618	4,84,116	1,75,963	1,79,983	2,03,745
PWGR	4,58,418	4,87,415	5,12,612	4,04,973	4,30,175	4,51,666	1,96,087	2,15,734	2,31,052
TPWR	4,79,068	5,60,054	5,85,352	76,066	95,915	1,22,124	43,749	51,327	62,397
CECSC	1,42,934	1,45,859	1,50,589	37,161	38,092	41,298	15,850	16,801	19,424

Company	P/E (x)			P/BV (x)			ROE (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
NTPC	9.3	9.1	8.0	1.1	1.1	1.0	12.2	11.8	12.5
PWGR	7.9	7.2	6.7	1.8	1.6	1.5	23.0	22.9	22.3
TPWR	15.1	12.9	10.6	2.6	2.2	1.9	17.1	17.4	18.1
CECSC	6.2	5.9	5.1	0.9	0.8	0.8	14.3	14.2	15.1

Source: Company, BOBCAPS Research

Fig 3 – Key risks

Company	Degree	Risk
NTPC	Moderate	Project execution delays
TPWR	High	Delay in SPPA for Mundra
NTPC, PWGR, TPWR, CESC	Moderate	Adverse regulatory policies

Source: Company, BOBCAPS Research | SPPA: Supplementary Power Purchase Agreement

Stock performance

Fig 4 – NTPC

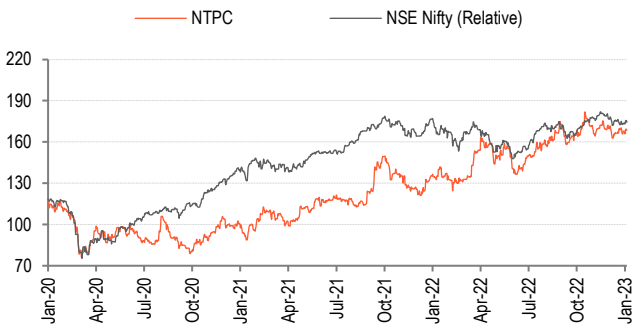


Fig 5 – PWGR

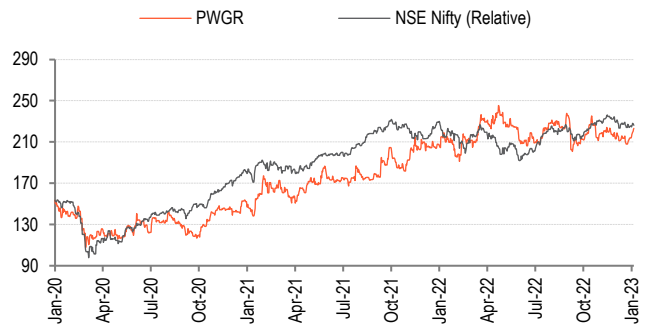


Fig 6 – TPWR

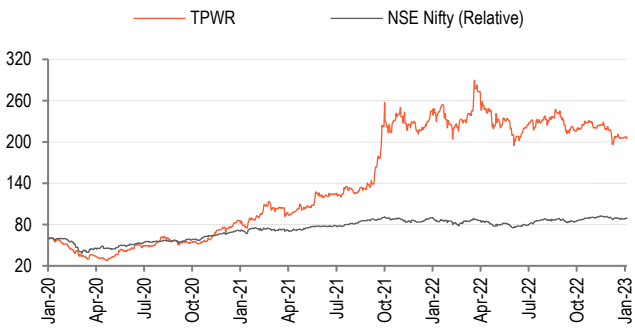
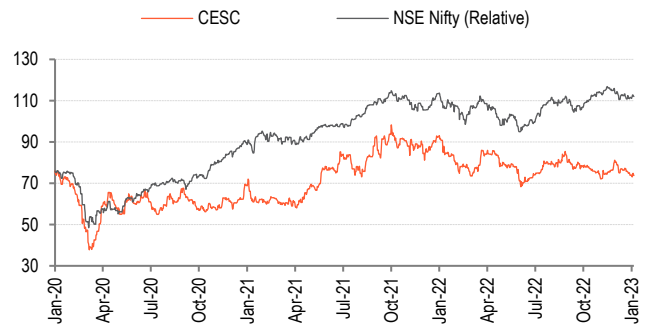


Fig 7 – CESC



Source: NSE

Financials – NTPC

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total revenue	11,34,343	13,41,558	15,74,736	16,11,718	16,94,008
EBITDA	3,58,770	4,17,660	4,56,131	4,55,618	4,84,116
Depreciation	(1,24,503)	(1,37,878)	(1,37,116)	(1,45,730)	(1,49,661)
EBIT	2,34,267	2,79,782	3,19,014	3,09,888	3,34,455
Net interest inc./(exp.)	(92,241)	(93,160)	(1,04,546)	(1,17,034)	(1,29,062)
Other inc./(exp.)	40,157	23,250	29,483	31,017	37,153
Exceptional items	(15,122)	0	0	0	0
EBT	1,67,061	2,09,873	2,43,951	2,23,872	2,42,546
Income taxes	(24,205)	(50,471)	(74,507)	(51,363)	(47,336)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(3,228)	(7,357)	(6,519)	(7,474)	(8,535)
Reported net profit	1,46,083	1,66,759	1,75,963	1,79,983	2,03,745
Adjustments	0	0	0	0	0
Adjusted net profit	1,46,083	1,66,759	1,75,963	1,79,983	2,03,745

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	88,064	1,13,620	1,21,834	1,23,773	1,31,642
Other current liabilities	4,05,317	2,95,666	2,39,824	2,78,263	2,70,978
Provisions	91,560	95,309	88,866	82,125	77,450
Debt funds	19,72,365	21,07,066	23,37,272	24,45,853	25,22,265
Other liabilities	1,74,971	1,99,770	2,54,968	2,97,439	3,34,495
Equity capital	96,967	96,967	96,967	96,967	96,967
Reserves & surplus	11,60,418	12,56,771	13,50,312	14,33,328	15,30,409
Shareholders' fund	12,57,385	13,53,737	14,47,278	15,30,294	16,27,376
Total liab. and equities	39,89,662	41,65,167	44,90,042	47,57,749	49,64,205
Cash and cash eq.	43,880	44,581	42,734	42,623	41,973
Accounts receivables	1,77,181	2,73,421	2,08,376	2,06,543	2,16,505
Inventories	98,096	1,01,393	1,50,114	1,52,522	1,62,341
Other current assets	2,44,018	1,62,552	1,59,794	1,64,322	1,72,780
Investments	1,05,893	1,06,262	1,16,652	1,28,097	1,40,688
Net fixed assets	20,25,980	22,43,438	26,48,847	29,97,720	32,55,966
CWIP	9,74,042	9,10,252	8,87,002	7,41,081	5,98,234
Intangible assets	7,490	6,803	5,846	5,846	5,846
Deferred tax assets, net	10,759	9,957	10,214	10,214	10,214
Other assets	3,02,324	3,06,508	2,60,463	3,08,781	3,59,659
Total assets	39,89,662	41,65,167	44,90,042	47,57,749	49,64,205

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operations	3,24,441	4,17,882	4,83,622	4,65,436	4,36,314
Capital expenditures	(2,32,820)	(2,43,309)	(5,18,318)	(3,48,682)	(2,65,060)
Change in investments	(4,921)	9,999	(10,389)	(11,446)	(12,590)
Other investing cash flows	27,396	4,928	0	0	0
Cash flow from investing	(2,10,345)	(2,28,382)	(5,28,707)	(3,60,128)	(2,77,651)
Equities issued/Others	(27,638)	0	0	0	0
Debt raised/repaid	1,08,575	6,683	2,30,207	1,08,581	76,412
Interest expenses	(1,33,644)	(1,27,329)	(1,04,546)	(1,17,034)	(1,29,062)
Dividends paid	(57,784)	(71,069)	(82,422)	(96,967)	(1,06,663)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(1,10,491)	(1,91,716)	43,239	(1,05,420)	(1,59,314)
Chg in cash & cash eq.	3,605	(2,216)	(1,846)	(111)	(650)
Closing cash & cash eq.	9,500	7,286	5,438	5,327	4,677

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	15.1	17.2	18.1	18.6	21.0
Adjusted EPS	15.1	17.2	18.1	18.6	21.0
Dividend per share	5.7	8.0	8.5	10.0	11.0
Book value per share	129.7	139.6	149.3	157.8	167.8

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	11.3	9.8	8.5	8.9	8.3
EV/EBITDA	3.3	2.9	2.3	2.3	2.1
Adjusted P/E	11.2	9.8	9.3	9.1	8.0
P/BV	1.3	1.2	1.1	1.1	1.0

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	87.4	79.5	72.1	80.4	84.0
Interest burden (PBT/EBIT)	77.8	75.0	76.5	72.2	72.5
EBIT margin (EBIT/Revenue)	20.7	20.9	20.3	19.2	19.7
Asset turnover (Rev./Avg TA)	28.4	32.2	35.1	33.9	34.1
Leverage (Avg TA/Avg Equity)	3.2	3.1	3.1	3.1	3.1
Adjusted ROAE	12.7	12.3	12.2	11.8	12.5

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth (%)					
Revenue	1.9	19.0	18.2	2.0	5.5
EBITDA	7.7	18.6	11.8	(1.4)	7.8
Adjusted EPS	25.8	14.2	5.5	2.3	13.2
Profitability & Return ratios (%)					
EBITDA margin	31.6	31.1	29.0	28.3	28.6
EBIT margin	20.7	20.9	20.3	19.2	19.7
Adjusted profit margin	12.9	12.4	11.2	11.2	12.0
Adjusted ROAE	11.6	12.3	12.2	11.8	12.5
ROCE	7.3	8.1	8.4	7.8	8.1
Working capital days (days)					
Receivables	56	73	48	46	46
Inventory	31	27	34	34	34
Payables	28	30	28	28	28
Ratios (x)					
Gross asset turnover	0.6	0.6	0.6	0.5	0.5
Current ratio	1.1	1.4	1.6	1.4	1.5
Net interest coverage ratio	2.5	3.0	3.1	2.6	2.6
Adjusted debt/equity	1.6	1.6	1.6	1.6	1.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – PWGR

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total revenue	4,00,015	4,10,866	4,58,418	4,87,415	5,12,612
EBITDA	3,53,548	3,60,372	4,04,973	4,30,175	4,51,666
Depreciation	(1,20,392)	(1,28,717)	(1,39,166)	(1,46,161)	(1,51,986)
EBIT	2,33,156	2,31,655	2,65,807	2,84,014	2,99,680
Net interest inc./(exp.)	(81,347)	(80,362)	(80,566)	(76,095)	(74,112)
Other inc./(exp.)	11,837	10,816	39,578	39,578	39,578
Exceptional items	(10,786)	33,203	0	0	0
EBT	1,52,860	1,95,312	2,24,819	2,47,497	2,65,145
Income taxes	(34,643)	(27,856)	(31,154)	(34,307)	(36,766)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	2,147	785	2,420	2,541	2,668
Reported net profit	1,20,365	1,68,242	1,96,087	2,15,734	2,31,052
Adjustments	(2,468)	4,593	0	0	0
Adjusted net profit	1,22,833	1,63,649	1,96,087	2,15,734	2,31,052

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	1,875	2,671	2,163	2,300	2,420
Other current liabilities	1,51,175	1,34,119	1,36,154	1,37,192	1,38,240
Provisions	13,071	16,843	14,979	16,177	17,472
Debt funds	14,32,143	13,46,956	12,64,074	12,17,689	11,79,141
Other liabilities	2,59,270	2,46,374	2,46,374	2,46,374	2,46,374
Equity capital	52,316	69,755	69,755	69,755	69,755
Reserves & surplus	6,47,045	6,92,717	7,84,170	8,74,343	9,65,881
Shareholders' fund	6,99,361	7,62,471	8,53,925	9,44,097	10,35,636
Total liab. and equities	25,56,895	25,09,434	25,17,668	25,63,830	26,19,282
Cash and cash eq.	53,587	50,482	91,779	1,03,074	1,15,099
Accounts receivables	86,294	94,751	40,570	43,148	42,551
Inventories	13,669	13,572	14,568	15,156	15,730
Other current assets	33,300	64,796	70,952	77,725	85,174
Investments	14,856	37,876	38,111	38,346	38,593
Net fixed assets	18,21,090	19,00,484	19,91,574	20,64,923	21,17,251
CWIP	2,46,798	1,27,999	51,247	591	(17,983)
Intangible assets	17,749	17,782	17,782	17,782	17,782
Deferred tax assets, net	0	0	0	0	0
Other assets	2,69,551	2,01,694	2,01,085	2,03,085	2,05,085
Total assets	25,56,895	25,09,434	25,17,668	25,63,830	26,19,282

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operations	1,72,730	1,32,519	3,23,951	2,82,261	2,98,195
Capital expenditures	(93,636)	(79,662)	(1,53,504)	(1,68,854)	(1,85,740)
Change in investments	(3,414)	27,041	(235)	(235)	(247)
Other investing cash flows	7,320	60,150	0	0	0
Cash flow from investing	(89,730)	7,528	(1,53,739)	(1,69,089)	(1,85,987)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(45,854)	(93,343)	(82,883)	(46,385)	(38,548)
Interest expenses	(91,137)	(88,207)	(80,566)	(76,095)	(74,112)
Dividends paid	(68,220)	(1,08,120)	(1,04,632)	(1,25,558)	(1,39,509)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(2,05,211)	(2,89,669)	(2,68,080)	(2,48,038)	(2,52,169)
Chg in cash & cash eq.	(1,22,210)	(1,49,623)	(97,869)	(1,34,866)	(1,39,961)
Closing cash & cash eq.	44,872	25,771	67,068	78,363	90,389

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	17.3	24.1	28.1	30.9	33.1
Adjusted EPS	17.6	23.5	28.1	30.9	33.1
Dividend per share	9.8	15.5	15.0	18.0	20.0
Book value per share	100.3	109.3	122.4	135.3	148.5

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	7.9	7.5	6.4	5.9	5.5
EV/EBITDA	7.0	6.5	5.6	5.2	4.8
Adjusted P/E	12.7	9.5	7.9	7.2	6.7
P/BV	2.2	2.0	1.8	1.6	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	78.7	86.1	87.2	87.2	87.1
Interest burden (PBT/EBIT)	70.2	70.0	84.6	87.1	88.5
EBIT margin (EBIT/Revenue)	58.3	56.4	58.0	58.3	58.5
Asset turnover (Rev./Avg TA)	15.6	16.4	18.2	19.0	19.6
Leverage (Avg TA/Avg Equity)	3.7	3.3	2.9	2.7	2.5
Adjusted ROAE	18.4	18.3	23.0	22.9	22.3

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth (%)					
Revenue	5.0	5.0	9.7	6.4	5.2
EBITDA	1.5	2.7	11.6	6.3	5.2
Adjusted EPS	18.6	3.0	45.2	10.0	7.1
Profitability & Return ratios (%)					
EBITDA margin	88.4	87.7	88.3	88.3	88.1
EBIT margin	58.3	56.4	58.0	58.3	58.5
Adjusted profit margin	30.7	39.8	42.8	44.3	45.1
Adjusted ROAE	17.2	22.1	23.0	22.9	22.3
ROCE	10.9	11.0	12.5	13.1	13.5
Working capital days (days)					
Receivables	78	83	32	32	30
Inventory	12	12	11	11	11
Payables	2	2	2	2	2
Ratios (x)					
Gross asset turnover	0.2	0.2	0.2	0.2	0.2
Current ratio	1.2	1.6	1.6	1.7	1.8
Net interest coverage ratio	2.9	2.9	3.3	3.7	4.0
Adjusted debt/equity	2.0	1.8	1.5	1.3	1.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – TPWR

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total revenue	3,27,033	4,28,157	4,79,068	5,60,054	5,85,352
EBITDA	75,387	72,717	76,066	95,915	1,22,124
Depreciation	(27,449)	(31,222)	(34,547)	(34,035)	(40,385)
EBIT	47,938	41,495	41,519	61,880	81,739
Net interest inc./(exp.)	(40,104)	(38,590)	(38,193)	(44,290)	(48,566)
Other inc./(exp.)	4,392	9,200	11,700	11,762	12,828
Exceptional items	0	0	0	0	0
EBT	12,226	12,104	15,025	29,352	46,001
Income taxes	(5,019)	(3,796)	(4,861)	(5,703)	(6,933)
Extraordinary items	(1,093)	(1,503)	0	0	0
Min. int./Inc. from assoc.	11,847	23,570	36,119	32,170	30,197
Reported net profit	14,848	26,234	43,749	51,327	62,397
Adjustments	0	0	0	0	0
Adjusted net profit	14,848	26,234	43,749	51,327	62,397

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	71,481	1,04,596	81,383	1,38,187	1,21,036
Other current liabilities	1,03,267	1,25,580	1,27,420	1,26,383	1,41,328
Provisions	8,306	15,630	12,246	12,519	12,707
Debt funds	4,67,080	5,11,951	4,66,515	5,41,436	5,90,383
Other liabilities	1,15,033	1,46,673	1,32,253	1,14,535	1,11,332
Equity capital	3,195	3,195	3,195	3,195	3,195
Reserves & surplus	2,20,027	2,21,220	2,52,325	2,91,388	3,41,484
Shareholders' fund	2,23,222	2,24,415	2,55,520	2,94,583	3,44,679
Total liab. and equities	9,88,388	11,28,845	10,75,336	12,27,641	13,21,464
Cash and cash eq.	58,707	66,407	63,571	67,058	76,266
Accounts receivables	58,048	66,655	66,851	74,607	89,040
Inventories	18,856	42,315	33,850	83,675	63,452
Other current assets	28,839	43,230	32,124	31,604	31,604
Investments	1,31,490	1,41,603	1,41,106	1,41,406	1,41,706
Net fixed assets	4,90,387	5,41,650	5,36,917	6,26,942	7,15,410
CWIP	32,703	46,351	46,351	46,351	46,351
Intangible assets	31,404	32,245	32,245	32,245	32,245
Deferred tax assets, net	1,840	3,346	489	489	489
Other assets	1,36,114	1,45,044	1,21,832	1,23,265	1,24,901
Total assets	9,88,388	11,28,845	10,75,336	12,27,641	13,21,464

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operations	83,452	66,927	1,10,667	97,931	1,35,715
Capital expenditures	(13,659)	(72,330)	(29,814)	(1,24,060)	(1,28,853)
Change in investments	(7,176)	(4,211)	497	(300)	(300)
Other investing cash flows	27,510	13,774	7,020	7,057	7,697
Cash flow from investing	6,676	(62,766)	(22,297)	(1,17,303)	(1,21,456)
Equities issued/Others	31,513	113	0	0	0
Debt raised/repaid	(59,734)	26,570	(45,436)	74,921	48,947
Interest expenses	(40,832)	(31,928)	(38,193)	(44,290)	(48,566)
Dividends paid	(6,975)	(6,588)	(5,432)	(5,432)	(5,432)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(76,028)	(11,832)	(89,062)	25,198	(5,051)
Chg in cash & cash eq.	14,100	(7,670)	(691)	5,825	9,208
Closing cash & cash eq.	35,700	28,290	30,081	35,907	45,115

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	4.6	8.2	13.7	16.1	19.5
Adjusted EPS	4.6	8.2	13.7	16.1	19.5
Dividend per share	2.2	2.1	1.7	1.7	1.7
Book value per share	69.9	70.2	80.0	92.2	107.9

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	13.2	12.6	12.4	10.7	8.5
EV/EBITDA	2.8	2.2	2.0	1.8	1.8
Adjusted P/E	44.6	25.2	15.1	12.9	10.6
P/BV	3.0	3.0	2.6	2.2	1.9

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	121.4	216.7	291.2	174.9	135.6
Interest burden (PBT/EBIT)	25.5	29.2	36.2	47.4	56.3
EBIT margin (EBIT/Revenue)	14.7	9.7	8.7	11.0	14.0
Asset turnover (Rev./Avg TA)	33.1	37.9	44.6	45.6	44.3
Leverage (Avg TA/Avg Equity)	4.4	5.0	4.2	4.2	3.8
Adjusted ROAE	6.7	11.7	17.1	17.4	18.1

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth (%)					
Revenue	12.2	30.9	11.9	16.9	4.5
EBITDA	(11.8)	7.3	2.1	23.9	27.4
Adjusted EPS	10.8	54.5	109.8	21.8	24.8
Profitability & Return ratios (%)					
EBITDA margin	23.1	17.0	15.9	17.1	20.9
EBIT margin	14.7	9.7	8.7	11.0	14.0
Adjusted profit margin	4.5	6.1	9.1	9.2	10.7
Adjusted ROAE	6.7	11.7	17.1	17.4	18.1
ROCE	6.9	5.6	5.8	7.4	8.7
Working capital days (days)					
Receivables	64	56	50	48	55
Inventory	21	36	25	54	39
Payables	79	88	61	89	74
Ratios (x)					
Gross asset turnover	0.7	0.8	0.9	0.9	0.8
Current ratio	1.1	1.3	1.5	1.3	1.4
Net interest coverage ratio	1.2	1.1	1.1	1.4	1.7
Adjusted debt/equity	2.1	2.3	1.8	1.8	1.7

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – CESC

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total revenue	1,20,630	1,32,810	1,42,934	1,45,859	1,50,589
EBITDA	36,100	36,540	37,161	38,092	41,298
Depreciation	(8,670)	(8,850)	(8,036)	(8,033)	(8,035)
EBIT	27,430	27,690	29,124	30,060	33,263
Net interest inc./(exp.)	2,350	2,760	2,887	2,898	2,915
Other inc./(exp.)	(12,260)	(11,290)	(12,660)	(12,603)	(12,656)
Exceptional items	0	0	0	0	0
EBT	17,520	19,160	19,351	20,355	23,521
Income taxes	(3,890)	(5,110)	(3,501)	(3,554)	(4,098)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	320	460	508	560	620
Reported net profit	13,630	14,050	15,850	16,801	19,424
Adjustments	0	0	0	0	0
Adjusted net profit	13,630	14,050	15,850	16,801	19,424

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	10,030	11,050	13,361	13,521	13,422
Other current liabilities	30,650	15,010	44,588	44,809	44,981
Provisions	5,680	5,600	3,805	3,814	3,835
Debt funds	1,24,650	1,49,610	1,38,493	1,36,858	1,34,890
Other liabilities	88,878	89,690	85,164	86,634	88,164
Equity capital	1,332	1,332	1,332	1,332	1,332
Reserves & surplus	97,400	1,02,638	1,09,345	1,17,003	1,27,284
Shareholders' fund	98,732	1,03,970	1,10,677	1,18,335	1,28,616
Total liab. and equities	3,58,620	3,74,930	3,96,088	4,03,971	4,13,907
Cash and cash eq.	18,580	32,500	35,956	39,249	44,199
Accounts receivables	23,150	20,950	25,699	26,553	27,114
Inventories	5,970	6,590	7,856	7,871	7,950
Other current assets	6,580	8,030	9,944	10,757	11,600
Investments	2,320	4,080	770	770	770
Net fixed assets	2,39,710	2,30,190	2,41,496	2,42,500	2,43,368
CWIP	1,340	1,030	1,483	1,483	1,148
Intangible assets	1,630	1,340	1,237	1,153	1,068
Deferred tax assets, net	0	0	0	0	0
Other assets	59,340	70,220	71,646	73,634	76,689
Total assets	3,58,620	3,74,930	3,96,088	4,03,971	4,13,907

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operations	28,180	24,990	52,266	35,081	36,597
Capital expenditures	(6,750)	(4,650)	(19,693)	(8,952)	(8,484)
Change in investments	(5,580)	(1,300)	3,803	544	605
Other investing cash flows	(2,570)	200	(3,148)	(3,148)	(3,148)
Cash flow from investing	(14,900)	(5,750)	(19,038)	(11,556)	(11,028)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	210	11,010	(11,117)	(1,635)	(1,969)
Interest expenses	(11,780)	(11,090)	(12,660)	(12,603)	(12,656)
Dividends paid	(5,940)	(6,030)	(5,995)	(5,995)	(5,995)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(17,510)	(6,110)	(29,772)	(20,232)	(20,620)
Chg in cash & cash eq.	(4,230)	13,130	3,456	3,293	4,950
Closing cash & cash eq.	8,400	21,530	35,956	39,249	44,199

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	10.2	10.5	11.9	12.6	14.6
Adjusted EPS	10.2	10.5	11.9	12.6	14.6
Dividend per share	4.5	4.5	4.5	4.5	4.5
Book value per share	74.1	78.0	83.1	88.8	96.5

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	6.4	7.3	5.7	5.4	4.9
EV/EBITDA	1.7	1.7	1.4	1.4	1.3
Adjusted P/E	7.2	7.0	6.2	5.9	5.1
P/BV	1.0	0.9	0.9	0.8	0.8

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	77.8	73.3	81.9	82.5	82.6
Interest burden (PBT/EBIT)	63.9	69.2	66.4	67.7	70.7
EBIT margin (EBIT/Revenue)	22.7	20.8	20.4	20.6	22.1
Asset turnover (Rev./Avg TA)	33.6	35.4	36.1	36.1	36.4
Leverage (Avg TA/Avg Equity)	3.6	3.6	3.6	3.4	3.2
Adjusted ROAE	13.8	13.5	14.3	14.2	15.1

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth (%)					
Revenue	(4.3)	7.8	12.4	2.3	2.5
EBITDA	1.3	(8.4)	20.6	3.5	5.8
Adjusted EPS	5.1	2.1	12.9	5.9	15.8
Profitability & Return ratios (%)					
EBITDA margin	29.9	27.5	26.0	26.1	27.4
EBIT margin	22.7	20.8	20.4	20.6	22.1
Adjusted profit margin	11.3	10.6	11.1	11.5	12.9
Adjusted ROAE	13.8	13.5	14.3	14.2	15.1
ROCE	12.3	10.9	11.7	11.8	12.6
Working capital days (days)					
Receivables	69	57	65	66	65
Inventory	18	18	20	19	19
Payables	30	30	34	33	32
Ratios (x)					
Gross asset turnover	0.5	0.6	0.6	0.6	0.6
Current ratio	1.3	2.6	1.4	1.4	1.6
Net interest coverage ratio	(11.7)	(10.0)	(10.1)	(10.4)	(11.4)
Adjusted debt/equity	1.3	1.4	1.3	1.2	1.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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