


POWER

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Proposed reforms positive but state-owned discoms hold the key

- **Planned policy initiatives favour renewables and discom privatisation but state government's action will decide if structural change can occur**
- **Discom challenges daunting but a few more privatisation rounds can raise the private sector market by 50%**
- **TPWR (BUY) is closest and NTPC (HOLD) is furthest from a renewable/private distribution future. Rate PWGR, TPW and CESC as HOLD**

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State governments hold the key to sector reforms: Central agency proposals to save costs for discoms through MBED, providing Rs 1tn for Rs 3tn of smart metering, and market-based procurement of renewable generation are likely to be followed by tougher policy actions. These include discom delicensing, state financing linked to reforms (subsidy via DBT), lowering of industrial electricity tariff and tougher RPO implementation. Success of these measures will hinge on state government reactions, which may also depend on the opposition to reforms by unions & subsidy beneficiaries.

Renewables challenges include module prices and delayed PPAs: Challenges facing the renewables sector are delays in SECI bid wins reaching the PPA stage, rising module cost, bid cancellations and court orders for underground transmission in Rajasthan. In our view, PPA signing should gather pace as electricity demand starts to improve with the easing of Covid-19 restrictions. Rising module costs are likely to reduce once new capacities come on board in China. The imposition of higher import duties on solar modules from Apr'22 will be reflected in upcoming bids. Older bids are likely to be covered by the 'change of law' provision.

Distribution toughest but a few states can make a big difference: Distribution reforms are likely to take longer as there is a limit to the pressure that can be applied on states without jeopardising power supply. Even without broad-based changes, if the central government can privatise distribution in union territories (2.6% of India's power volumes) and a few state governments add a further 1%, the share of private sector distribution in volume terms can rise to 10.8% or by 50% in a few years.

TPWR remains our top pick: We continue to rate TPWR as BUY as it is expected to grow in both the renewables and distribution sectors. We move NTPC from REDUCE to HOLD (in line with our new rating structure) because it is heavily exposed to coal generation which is likely to lose share in the generation mix at the cost of renewables. We migrate our ADD ratings to HOLD for CESC (as it will face tough competition from larger peers for distribution bids), TPW (given unused capacities and some key concessions coming up for renewal) and PWGR (as asset addition which drives net income is likely to remain steady).

Recommendation snapshot

Ticker	Price	Target	Rating
CESC IN	766	751	HOLD
NTPC IN	114	111	HOLD
PWGR IN	233	261	HOLD
TPWR IN	121	141	BUY
TPW IN	463	461	HOLD

Price & Target in Rupees | Price as of 18 Jun 2021



Regulatory proposals most positive for generators

On the heels of its last-mile infrastructure development scheme, the central government has proposed a series of new regulations to reduce costs for power distribution companies. These include market-based embedded dispatch (MBED), market-based renewable procurement, and restarting of trading in renewable energy certificates (REC). These measures will be followed by tougher regulations which according to recent statements by power ministry officials could include the delicensing of distribution.

While most of these proposals are positive for the sector, discoms will face challenges particularly on the working capital front. Delicensing will, however, be the biggest challenge for discoms as they risk losing their large customers even though a new revenue stream might open up from the third-party use of their infrastructure. The reforms are likely to be most positive for generation companies.

Fig 1 – Recent regulatory proposals

Proposals	Details	Discoms	Generators
Reforms on power procurement			
Market based embedded dispatch (MBED)	Maximise purchase from cheapest plants	<p>Estimated to save Rs 120bn</p> <p>Pressure on working capital – upfront payment of variable charges</p>	<p>Positive for working capital – upfront receipt of variable charges</p> <p>Inefficient and expensive plants at risk of closure</p>
Renewable procurement through exchanges	Purchase power through exchanges. Bidding entities to settle difference between exchange price and bid price	<p>Avoids long-term PPA</p> <p>Pressure on working capital – upfront payment through exchanges</p>	<p>Positive for working capital – upfront receipt of tariff charges</p> <p>If prices on exchanges fall, it might delay payments from SECI / other agencies</p>
Renewable energy certificates (REC)	REC validity increased till project life New technologies issued more RECs per unit generated	Renewable portfolio obligations can be met by buying RECs without a PPA	Encourage development of renewable plants
Electricity (Amendment) Act 2020			
Distribution delicensing	New entrants can provide supply using wires of existing discom / licensee	<p>New revenues from use of wires</p> <p>Risk losing high paying customers to new players</p>	Opportunities to sell to a new customer base
Renewable portfolio obligations (RPO)	Toughens norms for RPO	Will need to buy more renewables at the cost of thermal generation where they already pay fixed cost	Encourages procurement of renewable power
SERC reforms	Centralised appointments to enhance independence	Stricter adherence to bidding rules	More objective hearing in case of conflicts with discoms
Others			
Conditional financing for state	Financing linked to discom reforms	<p>Subsidy payment through DBT positive for finances</p> <p>Fall in industrial tariffs will be a negative</p>	Positive for working capital – better finances will lead to timely payment
Smart metering	Spending of Rs 3tn – Central funding Rs 1tn	<p>Helps plug leakages</p> <p>New schemes such as prepaid power</p> <p>Better information to plan purchase</p>	Positive for working capital – better finances will lead to timely payment

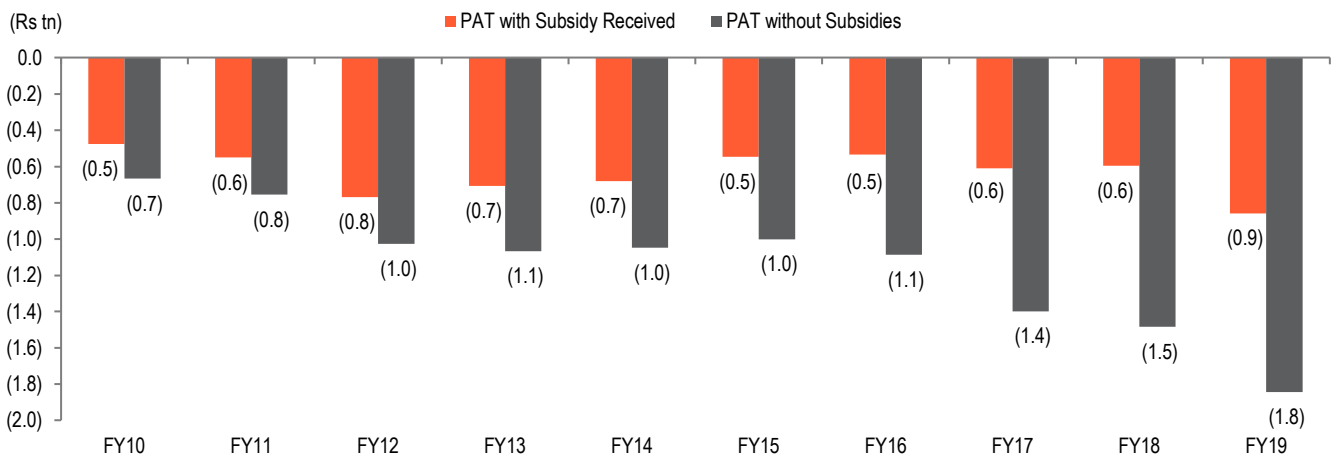
Source: BOBCAPS Research

Distribution: Biggest challenge for the sector

Distribution loss reduction is key to structural improvement in the sector. Last-mile infrastructure is primarily responsible for increasing AT&C losses, but the biggest challenge lies in reducing subsidies which is a difficult political call. A direct beneficiary transfer (DBT) mechanism for subsidised customers may work but would have to be demonstrated in a few states before it is found acceptable. While the central government can “penalise” noncompliance, beyond that the matter will boil down to state governments.

Discom privatisation is also likely to see tough opposition from state governments, unions and even some categories of customers. New entrants into distribution will need cooperation from state discoms whose wires they use and from state governments. The biggest risk is that discoms could lose their high-paying commercial and industrial customers to new players. This can be seen in markets like the Philippines where graded opening of distribution led to a sharp increase in competition.

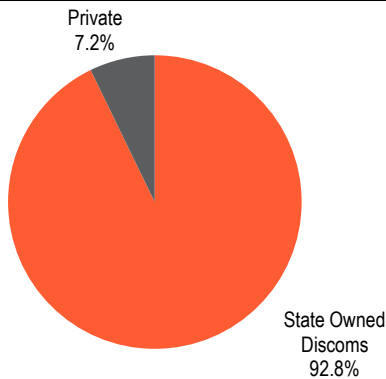
Fig 2 – Discom losses



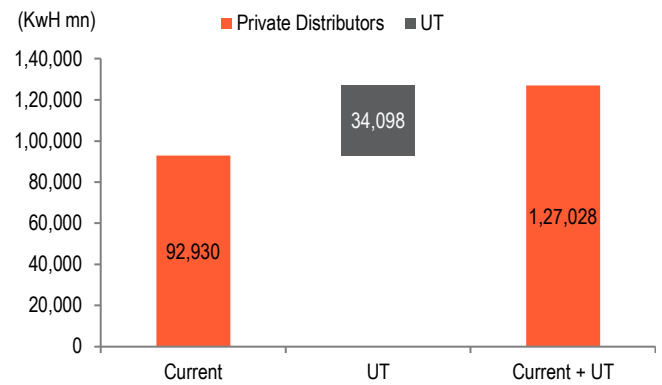
Source: PFC

Coverage in UTs plus a few states can energise private distribution

The current market share of private players in power distribution is 7.2%. Privatisation in union territories (UT), which is less challenging than in states because their administration falls under the central government, will yield another 2.6% share. If a few states add another 1%, volume share of the private sector could increase by over 50% in the next few years.

Fig 3 – Top 5 private distributor share is 7.2%

Source: Company, CEA

Fig 4 – UT privatisation can add another 2.6%

Source: Company, CEA

Renewables: Module prices, delayed PPAs and transmission issues

Renewable challenges include a growing backlog with SECI, rising module cost and the restrictions on transmission aimed at saving an endangered bird species.

SECI backlog – rise in power demand could help drive growth

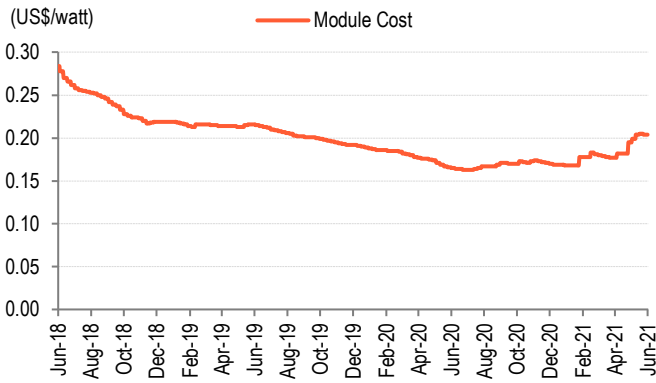
Solar Energy Corp's (SECI) backlog of unsigned PPAs is estimated to be over 15GW as discoms are reluctant to sign agreements in a low electricity demand environment and also amid lower usage of thermal plants already under PPAs. In our view, the backlog should start reducing once power demand improves alongside the easing of Covid-19 restrictions.

Rising module costs

Module costs have been rising in China – the largest supplier – due to polysilicon price issues and the increase in prices of other components used in the manufacturing process. This price rise is likely to ease as more capacities come onstream in the next few years in China.

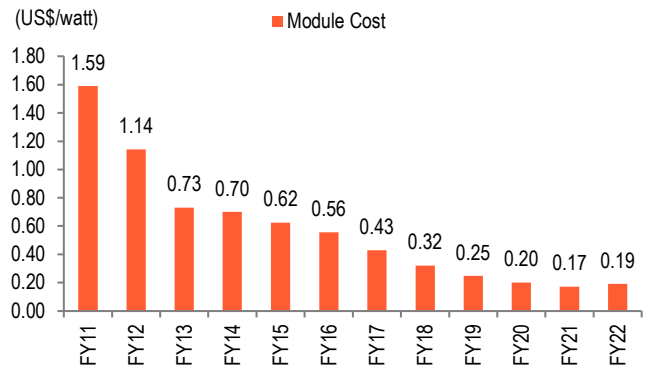
Indian solar generation projects have been allowed delays due to Covid-19 which could buy them time. But the wait cannot be long as a new import duty of 40% on solar modules will be imposed from Apr'22. Nevertheless, older projects are covered under a 'change of law' provision post the bidding which allows for an increase in tariff if capital cost rises due to a change in government regulations.

Fig 5 – Spot module costs have started rising



Source: Bloomberg, PV insights

Fig 6 – Module costs rising for the first time in a decade



Source: Bloomberg, PV insights | FY22 figures are for Apr-June 2021

Wildlife protection – HT lines may remain overground

The endangered bird (Great Indian Bustard) protection order issued by the Supreme Court proposes underground cables for lower voltage transmission networks in the bird's habitat, where according to estimates 80-90GW of capacity exists or will be coming up. For high transmission (HT) lines which will be a majority of the network in the region, Power Grid (PWGR) has mentioned in its investor call that it is confident of convincing the Supreme Court-appointed committee about the non-feasibility of developing underground HT lines in the region. Instead, diverters that will divert the bird away from the line may be employed.

Valuation & Risks

Tata Power (TPWR)

We cut our FY22 earnings estimate by 3.6% and increase FY23 EPS by 7%, resulting in a higher Mar'22 TP of Rs 141 (vs. Rs 131). The drop in FY22 is driven by an additional one-time charge taken on the EPC business due to a rise in module costs which might have to be borne by the company, apart from adjustment in our renewable generation estimates.

We raise FY23 EPS primarily due to the increase in Odisha distribution assumptions led by a below-expected AT&C loss trajectory reported by the company and improvement in Tata Power Solar's rooftop solar and related product business estimates. We are below consensus on FY23 estimates possibly due to our expectation of EBITDA loss at the CGPL plant this year due to high coal prices versus a profit next year.

Fig 7 – Revised estimates

(Rs bn)	New		Old		% Change	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenue	472	522	450	505	4.9	3.3
EBITDA	75	95	76	94	(1.7)	1.7
EBIT	43	60	45	59	(3.0)	2.6
Pretax Income	23	39	23	36	(1.1)	7.8
Net Income	14	27	15	25	(3.6)	7.1
EPS (Rs/sh)	4.4	8.3	4.6	7.8	(3.6)	7.1

Source: BOBCAPS Research

Our TP is based on an SOTP valuation, arrived at via a DCF assessment of various assets. Our valuation model discounts cash flows from the company's projects till the end of respective PPAs, assuming no extension only for generation plants. For distribution assets under the regulated return model, we have assumed extension of the concession period by 25 years post-expiry.

Key DCF assumptions include (1) cost of equity of 15.2% based on a risk-free rate of 6.12% as per the 10-year India bond yield as of end-Mar'21, (2) beta of 1.32 based on the last two-year weekly returns as of end-Mar'21, and (3) cost of debt of 8.5% factoring in the company's current debt cost.

Our TP of Rs 141 implies 11.4x EV/EBITDA on FY23E, a ~44% premium to mean which is justified by a robust earnings outlook and expected project wins in growth segments. We continue to rate TPWR as a BUY. Key stock price drivers include fresh investments in renewables, parent company restructuring, and new renewable and distribution contracts.

Fig 8 – SOTP valuation

Segment (Rs mn)	EV	Net Debt FY22E	Equity Value	% Share	Contribution to Group Equity Value	EBITDA FY22E	EV/EBITDA FY22E(x)
Standalone	1,08,978	1,78,003	(69,025)	100	(69,025)	23,270	4.7
Coastal Gujarat Power (CGPL)	78,154	56,404	21,749	100	21,749	(1,446)	(54.1)
Maithon Power (MPL)	46,062	13,243	32,819	74	24,286	9,108	5.1
Delhi Discom (TPDDL)	92,094	30,341	61,753	51	31,494	11,000	8.4
Power Trading (TPTCL)	5,300	-	5,300	100	5,300	530	7.0
Tata Power Solar	70,901	(796)	71,697	100	71,697	2,084	34.0
Tata Power Renewables	1,73,581	97,108	76,473	100	76,473	11,514	15.1
Walwhan Renewables Energy	83,611	42,481	41,130	100	41,130	11,441	7.3
TERPL (Shipping Company)	36,096	7,398	28,698	100	28,698	4,173	8.7
Odisha Distribution	1,06,451	29,325	77,126	51	39,334	2,764	38.5
Ajmer	3,099	578	2,520	100	2,520	500	6.2
Sub-Total (A)	8,04,327	4,54,086	3,50,241		2,73,658	74,938	10.7
Elimination (B)	-	(59,120)	59,120	100	59,120	-	10.7
Majority Owned (C= A+B)	8,04,327	3,95,302	4,09,362		3,32,778	74,938	10.7
Associates & JVs							
KPC			1,47,478	30	44,243		
PT Baramulti Suksessarana & PT Antang			29,496	26	7,669		
PT Nusa Tambang Pratama, Indonesia (Coal Infrastructure)			6,390	30	1,917		
Power Link (not consolidated)	4,659	(90)	4,749	51	2,422		
Industrial Energy (not consolidated)	9,718	6,293	3,425	74	2,535		
Tata Projects				48	15,566		
Adjaristsqali Georgia LLC				40	1,383		
Other associates					39,672		
Associates Valuation (D)					1,15,407		
Consolidated Total (E = C+D)					4,48,185		
Number of shares (F)					3,195		
Value per Share (G = F/E)					140		
Target Price (Rs) (H= G rounded to nearest 1)					141		

Source: BOBCAPS Research |

Key risks

- Intense competition could lead to deterioration in the outlook for renewables and drive a sharp drop in tariffs. The possibility of discoms renegeing on contracts and delaying payments can also impact generation returns.
- The distribution business could see fewer opportunities if power sector reforms are sluggish or new regulations make business unviable. In addition, a drop in regulatory returns due to lower interest rates would be a negative.
- A sharp rise in coal prices could fuel a steep increase in losses for CGPL, albeit partly compensated for by higher contribution from coal mining operations.

Power Grid (PWGR)

We make minor changes to our estimates based on revised debt and asset addition assumptions. Our Mar'22 TP remains unchanged at Rs 261 for PWGR and is based on an SOTP valuation, arrived at via a DCF assessment of various assets. Our model discounts the cash flows of the company's projects till the transmission contracts last.

Fig 9 – Revised estimates

(Rs bn)	New		Old		% Change	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenue	400	411	384	409	4.3	0.6
EBITDA	356	364	349	369	2.1	(1.3)
EBIT	228	227	219	225	4.2	1.0
Pretax Income	149	155	146	154	1.9	0.4
Net Income	123	128	121	128	1.9	0.4
EPS (Rs per share)	23.6	24.6	23.1	24.5	1.9	0.4

Source: BOBCAPS Research

Key DCF assumptions include (1) cost of equity of 10.8% based on a risk-free rate of 6.12% as per the 10-year India bond yield as of end-Mar'21, (2) beta of 0.68 based on the last two-year weekly returns as of end-Mar'21, and (3) cost of debt of 7.5% factoring in the company's current debt cost. Our TP of Rs 261 implies an EV/EBITDA of 6.9x on FY23E – 16% below the 10-year mean. Given the company's steady but unexceptional growth outlook, we believe this multiple is justified. We migrate our recommendation from ADD to HOLD in line with our new rating scale.

Fig 10 – SOTP valuation

Business (Rs mn)	EV	Net Debt FY22E	Equity Value	% Stake	Value of Stake	EV/EBITDA FY22E (x)	EBITDA FY22E
Standalone	22,05,474	11,58,820	10,46,654	100	10,46,654	6.5	3,37,529
Subsidiaries	2,04,873	76,848	1,28,025	100	1,28,025	11.2	18,221
Future TBCB Projects	73,438	0	73,438	100	73,438		
Elimination	0	(78,490)	78,490	100	78,490	6.8	0
Majority Owned	24,83,785	11,57,178	13,26,607		13,26,607	7.0	3,55,750
Joint Ventures							
InvIT			1,01,874	26	26,487		1,01,874
Other JVs					12,434		
Total					13,65,528	7.1	
Number of Shares (mn)					5,232		
Target Price (Rs)					261		
Target Price (Rs) – rounded to the nearest 1					261		

Source: BOBCAPS Research

Key risks

- Upside risks to our estimates include faster-than-estimated growth in new transmission orders.
- Downside risks include slow order flows and a rapid opening up of the sector to private players, leading to more projects bid out under the TBCB model.

Torrent Power

We continue to estimate a 12% EPS CAGR for TPW over FY21-FY23 as AT&C losses normalise from the higher levels seen in FY21 due to Covid-19 and as commercial operations begin at new renewable plants. Our estimates are in line with consensus and are based on the plant load factor for generation, AT&C losses for the distribution business and growth in the renewable's portfolio.

We maintain our Mar'22 TP of Rs 461 for the company based on an SOTP valuation, arrived at via a DCF assessment of various assets. Our model discounts the cash flows of the company's projects till the current PPA lasts, assuming no extension only for generation plants. For distribution assets under the regulated return model, we have assumed extension of the concession period by another 25 years post-expiry.

Key DCF assumptions include (1) cost of equity of 9.4% based on a risk-free rate of 6.12% as per the 10-year India bond yield as of end-Mar'21, (2) market risk premium of 6.85% based on NYU Stern estimates, (3) beta of 0.48 as per the last two-year weekly returns as of end-Mar'21, and (4) cost of debt of 8.5% factoring in current debt cost.

TPW is trading close to its peak consensus FY22E EV/EBITDA of 7.2x. The company has a strong presence in the growing distribution sector, but renewal of the flagship Ahmedabad contract in 2025 and tariff renewal this year are concerns. Also, its stranded DGen gas plant will continue to struggle for PPAs as demand for gas-based power remains weak. We migrate our recommendation from ADD to HOLD in line with our new rating scale.

Fig 11 – SOTP valuation

Segment (Rs mn)	EV	Net Debt FY22E	Equity Value	% Share	Contribution to Group Equity Value	EBITDA FY22E	EV/EBITDA (x)
Generation							
Sugen	18,978	5,914	13,064	100	13,064	3,253	5.8
Amgen	592	4,145	(3,553)	100	(3,553)	2,263	0.3
Unosugen	19,031	6,074	12,957	100	12,957	2,585	7.4
Dgen	(2,899)	37,929	(40,828)	100	(40,828)	(300)	9.7
Merchant Market	630	-	630	100	630	72	8.7
Sub – Total (A)	36,332	54,062	(18,360)		(18,360)	7,800	4.7
Renewables (B)	58,151	22,969	35,183	100	35,183	6,551	8.9
Distribution							
Ahmedabad / Gandhinagar	88,459	33,190	55,269	100	55,269	9,256	9.6
Surat	24,508	2,778	21,730	100	21,730	2,278	10.8
Dahej	1,557	343	1,215	100	1,215	187	8.3
Bhiwandi	25,459	1,494	23,965	100	23,965	6,909	3.7
Agra	8,654	7,423	1,230	100	1,230	1,489	5.8
Dholera	1,693	1,892	(198)	100	(198)	231	7.3
Shil, Mumbra and Kalwa (SMK)	309	3,326	(3,017)	100	(3,017)	(913)	(0.3)
Sub-Total (C)	1,50,640	50,446	1,00,194		1,00,194	19,438	7.7
Transmission (D)	2,684	252	2,432	67	1,620	400	6.7
Elimination / Corporate Costs (E)	30,192	(70,683)	1,00,874	100	1,00,874	4,165	7.2
Consolidated (F=A+B+C+D+E)	2,75,315	57,047	2,17,891		2,19,511	38,354	7.2
Number of share (mn) (G)					481		
Price (Rs/sh) (H= G / F)					457		
Target Price (Rs/sh) – (I - H rounded to nearest 1)					461		

Source: BOBCAPS Research

Key risks

- Upside risks include new distribution or renewable project wins, PPAs for the DGen plant and government incentives for gas power plants.
- Downside risks include negative news flow on tariff resetting for Ahmedabad and a sharp rise in gas price which could impact earnings of the UnoSugen plant as it has a ceiling beyond which passthrough on gas cost is disallowed.

CESC

We make minor changes to our estimates post the FY21 results driven by lower-than-expected debt reported by the company. This yields a revised Mar'22 TP of Rs 751 (from Rs 721 previously), based on an SOTP valuation arrived at via a DCF assessment of various assets.

Our valuation model discounts cash flows from the company's generation projects till the end of respective PPAs, assuming no extension. For distribution licenses in Kolkata and Greater Noida, we have assumed extension for another 25 years after the current concessions end. For renewable projects, we have factored in the remaining life based on the standard 25-year PPAs.

Fig 12 – Revised estimates

(Rs bn)	New		Old		% Change	
	FY22E	FY23E	FY22E	FY23E	FY21E	FY21E
Revenue	133	137	133	137	(0.0)	(0.0)
EBITDA	37	37	37	37	(0.2)	(0.1)
EBIT	27	28	27	28	(0.2)	(0.2)
Pretax Income	18	19	17	18	4.6	3.7
Net Income	14	15	13	14	4.5	3.4
EPS (Rs per share)	104	110	99	107	4.5	3.4

Source: Bloomberg, BOBCAPS Research

Key DCF assumptions include (1) cost of equity of 11.9% based on a risk-free rate of 6.12% as per the 10-year India bond yield as of end-Mar'21, (2) beta of 0.84 based on the last two-year weekly returns as of end-Mar'21, and (3) cost of debt of 9% factoring in the company's current debt cost.

The stock is currently trading at 5.3x FY22E EV/EBITDA, a 23% discount to the 10-year mean. Our Mar'22 TP of Rs 751 implies 5.3x FY22E EV/EBITDA or a 23% discount to the 12m forward mean. We migrate our recommendation from ADD to HOLD in line with our new rating scale.

Fig 13 – SOTP valuation

Segment (Rs mn)	EV	Net Debt FY22E	Equity Value	% Share	Contribution to Group Equity Value	EBITDA FY22E	EV/EBITDA (x)
Distribution							
Kolkata & Howrah	78,561	31,462	47,099	100	47,099	18,700	4.2
Noida	20,272	2,348	17,924	73	13,036	2,998	6.8
Kota	1,322	2,125	(804)	100	(804)	(199)	(6.7)
Bikaner	315	587	(272)	100	(272)	0	2,021.4
Bharatpur	1,599	224	1,375	100	1,375	181	8.8
Malegaon	328	8,768	(8,440)	100	(8,440)	388	0.8
Subtotal (A)	1,02,396	45,514	56,883		51,995	19,071	5.4
Renewables (B)	12,927	6,312	6,615	100	6,615	1,593	8.1
Generation							
Haldia Power	56,096	25,340	30,756	100	30,756	8,759	6.4
Dhariwal Infrastructure	20,511	26,913	(6,402)	100	(6,402)	3,589	5.7
Crescent Power	147	1,292	(1,145)	68	(777)	230	0.6
Subtotal (C)	76,753	53,545	23,209		23,577	12,578	6.1
Others (D)	19,217	1,965	17,251	100	17,251	3,326	5.8
Consolidated (E= A+B+C+D)	2,11,293	1,07,335	1,03,958		99,438	36,567	5.8
Number of shares (mn) (F)					133		
Value (Rs/sh) (G = E divided by F)					750		
Target Price (Rs) (H= F – rounded to nearest 1)					751		

Source: BOBCAPS Research

Key risks

- Upside risks include the company winning new distribution concessions and Dhariwal Infrastructure winning a long-term PPA.
- Downside risks include regulatory changes such as a reduction in rate of regulatory returns and delays in proposed regulatory changes including the Electricity Act 2021.

NTPC

We maintain our Mar'22 TP of Rs 111 for NTPC based on an SOTP valuation, arrived at via a DCF assessment of various assets. Our valuation model discounts cash flows from the company's projects till the end of respective PPAs and assumes 25-year PPAs for both renewable and generation plants. In the case of plants operating for more than 25 years, we have assumed a life of 40 years.

Key DCF assumptions include (1) cost of equity of 11.7% based on a risk-free rate of 6.12% as per the 10-year India bond yield as of end-Mar'21, (2) beta of 0.82 based on the last two-year weekly returns as of end-Mar'21, and (3) cost of debt of 7.5%. NTPC is at current valuations of 7.2x FY22E EV/EBITDA.

Our TP of Rs 111 implies an FY22E EV/EBITDA of ~7.3x, in line with recent history but 21% below the 10-year mean. We migrate our recommendation from REDUCE to HOLD in line with our new rating scale.

Fig 14 – SOTP valuation

Business (Rs mn)	EV	Net Debt FY22E	Equity Value	Share (%)	Contribution to Group Equity Value	EBITDA FY22E	EV/EBITDA (x)
Standalone Business (A)	22,53,831	17,38,341	5,15,489	100	5,15,489	3,46,183	6.5
Subsidiaries							
THDC	2,42,663	53,843	1,88,820	100	1,88,820	15,646	15.5
NEEPCO	71,561	64,124	7,437	100	7,437	11,379	6.3
Nabinagar Power Generating Company	1,19,099	1,26,427	(7,328)	74	(5,423)	17,270	6.9
Patratu Vidyut	1,17,672	0	1,17,672	74	87,077	NA	
Bhartiya Rail Bijlee	81,255	64,677	16,579	100	16,579	9,026	7.1
Other Renewables	5,876	4,563	1,313	100	1,313	593	9.9
Others	61,913	26,950	34,963	100	34,963	8,929	6.9
Sub-Total (B)	7,00,040	3,40,585	3,59,455		3,30,766	62,844	11.1
Elimination / Corporate Costs (C)	79,076	(75,832)	1,54,908	100	1,54,908	11,404	6.9
Majority Owned (D = A+B+C)	30,32,946	20,03,094	10,29,853		10,01,163	4,20,430	7.2
Joint Ventures (E)					73,518		
Total (F = D +E)					10,74,681		7.3
Number of shares (mn) (G)					9,895		
Price per Share (Rs/sh) (H = F / G)					109		
Target Price (Rs) (I = H rounded to nearest 1)					111		

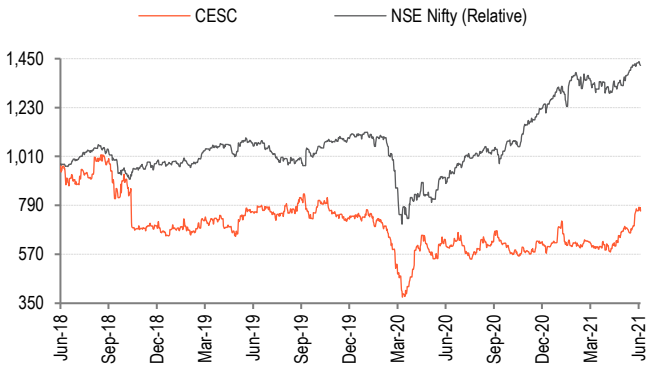
Source: BOBCAPS Research

Key risks

- Upside risks to our estimates include new renewable plant completions and updates on the company's plans for the green energy business.
- Downside risks include adverse news flow related to coal-based generation, either from the government or increasingly ESG-conscious investors.

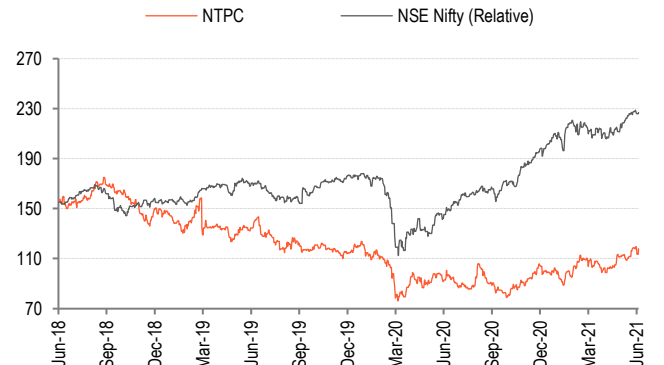
Stock performance

Fig 15 – CESC



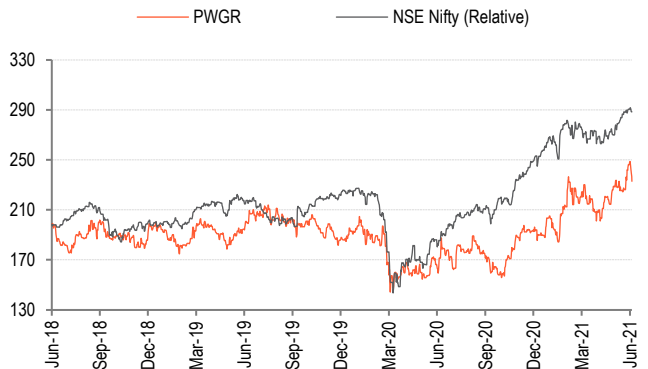
Source: NSE

Fig 16 – NTPC



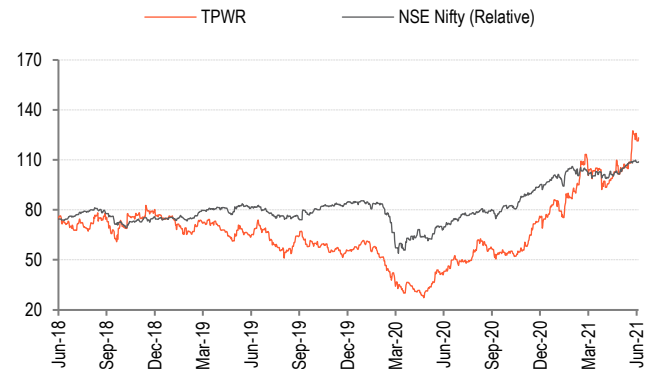
Source: NSE

Fig 17 – PWGR



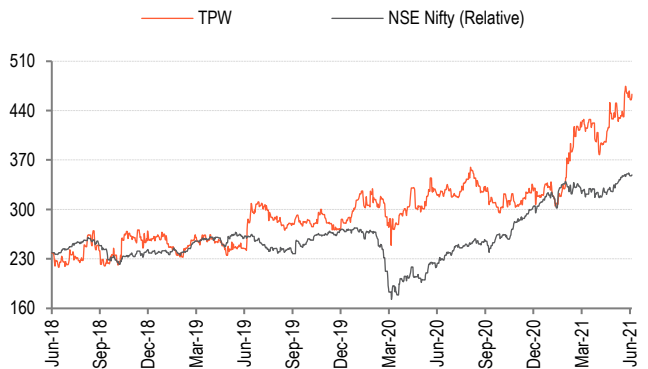
Source: NSE

Fig 18 – TPWR



Source: NSE

Fig 19 – TPW



Source: NSE

Financials – CESC

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Total revenue	1,10,146	1,16,390	1,33,361	1,36,837	1,39,804
EBITDA	35,355	36,100	36,567	37,334	36,381
Depreciation	(7,814)	(8,670)	(9,197)	(9,402)	(9,615)
EBIT	27,541	27,430	27,370	27,932	26,766
Net interest inc./(exp.)	(13,194)	(11,612)	(10,901)	(10,443)	(9,868)
Other inc./(exp.)	1,645	1,702	1,626	1,626	1,626
Exceptional items	0	0	0	0	0
EBT	16,686	17,520	18,095	19,114	18,524
Income taxes	(3,627)	(3,890)	(3,921)	(4,055)	(4,122)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	655	(320)	(419)	(441)	(465)
Reported net profit	13,021	13,310	13,755	14,618	13,937
Adjustments	0	0	0	0	0
Adjusted net profit	13,021	13,310	13,755	14,618	13,937

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Accounts payables	6,568	9,390	7,307	7,498	7,660
Other current liabilities	6,568	10,310	8,227	8,418	8,580
Provisions	4,247	4,760	4,760	4,760	4,760
Debt funds	1,21,816	1,24,650	1,20,671	1,11,246	1,07,901
Other liabilities	84,963	94,280	94,699	95,140	95,605
Equity capital	1,332	1,332	1,332	1,332	1,332
Reserves & surplus	94,942	97,398	1,04,572	1,12,356	1,19,416
Shareholders' fund	96,274	98,730	1,05,904	1,13,688	1,20,748
Total liab. and equities	3,43,721	3,58,620	3,60,151	3,59,142	3,63,485
Cash and cash eq.	12,129	20,270	13,336	13,684	13,980
Accounts receivables	18,818	23,150	27,403	22,494	22,981
Inventories	150	5,970	6,840	7,019	7,171
Other current assets	18,934	6,580	6,580	6,580	6,580
Investments	1,631	1,400	1,400	1,400	1,400
Net fixed assets	2,33,767	2,39,710	2,43,173	2,46,669	2,50,197
CWIP	0	0	0	0	0
Intangible assets	1,472	1,630	1,630	1,630	1,630
Deferred tax assets, net	1,472	0	0	0	0
Other assets	55,347	59,910	59,788	59,667	59,545
Total assets	3,43,721	3,58,620	3,60,151	3,59,142	3,63,485

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Cash flow from operations	30,033	28,180	25,441	38,200	31,782
Capital expenditures	(7,464)	(6,830)	(12,539)	(12,776)	(13,021)
Change in investments	0	(4,520)	0	0	0
Other investing cash flows	5,393	(4,000)	0	0	0
Cash flow from investing	(2,072)	(15,350)	(12,539)	(12,776)	(13,021)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(4,892)	210	(3,979)	(9,425)	(3,345)
Interest expenses	(13,306)	(11,780)	(10,073)	(9,484)	(8,921)
Dividends paid	(3,188)	(5,940)	(6,581)	(6,834)	(6,877)
Other financing cash flows	21,471	17,510	20,633	25,742	19,143
Cash flow from financing	86	0	0	0	0
Chg in cash & cash eq.	7,103	(4,230)	(6,934)	348	297
Closing cash & cash eq.	12,129	20,270	13,336	13,684	13,980

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21P	FY22E	FY23E	FY24E
Reported EPS	98.2	100.4	103.8	110.3	105.1
Adjusted EPS	98.2	100.4	103.8	110.3	105.1
Dividend per share	20.0	45.0	49.9	51.8	52.1
Book value per share	726.3	744.8	798.9	857.7	910.9

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21P	FY22E	FY23E	FY24E
EV/Sales	2.0	1.9	1.6	1.5	1.5
EV/EBITDA	6.3	6.0	5.7	5.5	5.6
Adjusted P/E	7.8	7.6	7.4	6.9	7.3
P/BV	1.1	1.0	1.0	0.9	0.8

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21P	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	78.0	76.0	76.0	76.5	75.2
Interest burden (PBT/EBIT)	60.6	63.9	66.1	68.4	69.2
EBIT margin (EBIT/Revenue)	25.0	23.6	20.5	20.4	19.1
Asset turnover (Rev./Avg TA)	32.5	33.1	37.1	38.0	38.7
Leverage (Avg TA/Avg Equity)	3.6	3.6	3.5	3.3	3.1
Adjusted ROAE	14.0	13.7	13.4	13.3	11.9

Ratio Analysis

Y/E 31 Mar	FY20A	FY21P	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	3.3	5.7	14.6	2.6	2.2
EBITDA	(4.7)	2.1	1.3	2.1	(2.6)
Adjusted EPS	10.0	2.2	3.3	6.3	(4.7)
Profitability & Return ratios (%)					
EBITDA margin	32.1	31.0	27.4	27.3	26.0
EBIT margin	25.0	23.6	20.5	20.4	19.1
Adjusted profit margin	11.8	11.4	10.3	10.7	10.0
Adjusted ROAE	14.0	13.7	13.4	13.3	11.9
ROCE	10.0	9.4	9.0	9.1	8.7
Working capital days (days)					
Receivables	62	73	75	60	60
Inventory	0	19	19	19	19
Payables	22	29	20	20	20
Ratios (x)					
Gross asset turnover		17.0	10.2	5.3	3.6
Current ratio	0.8	1.0	1.0	0.9	1.0
Net interest coverage ratio	2.1	2.4	2.5	2.7	2.7
Adjusted debt/equity	1.3	1.3	1.1	1.0	0.9

Source: Company, BOBCAPS Research

Financials – NTPC

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Total revenue	10,94,640	11,15,311	14,30,644	15,09,449	14,77,019
EBITDA	3,64,086	3,59,318	4,20,430	4,65,255	4,95,295
Depreciation	(1,03,562)	(1,25,051)	(1,35,240)	(1,45,239)	(1,52,629)
EBIT	2,60,524	2,34,267	2,85,191	3,20,016	3,42,665
Net interest inc./(exp.)	(78,488)	(89,606)	(1,10,991)	(1,18,020)	(1,21,586)
Other inc./(exp.)	26,405	37,521	27,182	24,525	21,284
Exceptional items	0	(15,122)	0	0	0
EBT	2,12,495	1,73,900	2,06,036	2,32,666	2,49,009
Income taxes	(93,475)	(24,205)	(35,185)	(39,578)	(42,346)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	1,037	3,492	1,892	2,845	(55)
Reported net profit	1,16,002	1,46,347	1,68,088	1,89,788	1,99,964
Adjustments	0	15,122	0	0	0
Adjusted net profit	1,16,002	1,61,469	1,68,088	1,89,788	1,99,964

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Accounts payables	1,01,086	87,263	1,37,185	1,44,742	1,41,632
Other current liabilities	1,73,965	1,68,399	2,18,321	2,25,878	2,22,768
Provisions	11,692	10,424	10,424	10,424	10,424
Debt funds	19,25,762	19,72,365	20,37,883	20,93,050	20,44,436
Other liabilities	1,81,898	2,08,829	2,11,592	2,14,893	2,21,593
Equity capital	98,946	96,967	96,967	96,967	96,967
Reserves & surplus	10,89,446	11,60,418	12,09,269	13,05,568	13,99,973
Shareholders' fund	11,88,392	12,57,385	13,06,236	14,02,534	14,96,940
Total liab. and equities	37,73,871	39,89,662	41,56,716	43,19,038	43,68,421
Cash and cash eq.	32,143	43,878	34,789	45,283	44,311
Accounts receivables	2,03,708	1,77,181	1,76,381	1,86,096	1,82,098
Inventories	1,11,385	98,096	1,17,587	1,24,064	1,21,399
Other current assets	2,21,822	2,49,018	2,49,018	2,49,018	2,49,018
Investments	503	971	971	971	971
Net fixed assets	18,71,765	20,25,980	21,71,329	23,01,454	23,52,495
CWIP	9,82,109	12,55,881	11,43,540	11,22,206	8,29,466
Intangible assets	6,263	7,490	7,490	7,490	7,490
Deferred tax assets, net	10,966	10,759	10,759	10,759	10,759
Other assets	3,33,207	1,20,408	2,36,722	2,63,566	5,62,284
Total assets	37,73,871	39,89,662	41,48,585	43,10,908	43,60,291

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Cash flow from operations	2,45,832	3,24,441	4,16,476	4,17,041	4,56,503
Capital expenditures	(1,82,304)	(2,33,123)	(2,12,270)	(2,08,310)	(1,53,970)
Change in investments	(1,22,650)	0	0	0	0
Other investing cash flows	1,031	(19,177)	0	0	0
Cash flow from investing	(3,03,924)	(2,52,301)	(2,12,270)	(2,08,310)	(1,53,970)
Equities issued/Others	0	(27,638)	0	0	0
Debt raised/repaid	2,31,785	1,08,005	65,517	55,167	(48,613)
Interest expenses	(1,33,991)	(1,33,074)	(1,53,962)	(1,62,521)	(1,51,990)
Dividends paid	(37,751)	(57,784)	(1,19,237)	(93,489)	(1,05,558)
Other financing cash flows	(60,043)	1,10,491	2,07,682	2,00,843	3,06,161
Cash flow from financing	0	0	0	0	0
Chg in cash & cash eq.	2,658	3,605	(959)	10,494	(973)
Closing cash & cash eq.	32,143	35,748	34,789	45,283	44,311

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21P	FY22E	FY23E	FY24E
Reported EPS	11.7	14.8	17.0	19.2	20.2
Adjusted EPS	11.7	16.3	17.0	19.2	20.2
Dividend per share	3.2	6.5	5.1	5.8	6.1
Book value per share	120.1	127.1	132.0	141.7	151.3

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21P	FY22E	FY23E	FY24E
EV/Sales	2.3	2.6	2.2	2.1	2.2
EV/EBITDA	7.1	8.1	7.3	6.7	6.4
Adjusted P/E	10.1	7.2	6.9	6.2	5.8
P/BV	1.0	0.9	0.9	0.8	0.8

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21P	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	54.6	85.4	81.6	81.6	80.3
Interest burden (PBT/EBIT)	81.6	80.7	72.2	72.7	72.7
EBIT margin (EBIT/Revenue)	23.8	21.0	19.9	21.2	23.2
Asset turnover (Rev./Avg TA)	30.2	28.7	35.2	35.7	34.1
Leverage (Avg TA/Avg Equity)	3.1	3.2	3.2	3.1	3.0
Adjusted ROAE	10.1	13.2	13.1	14.0	13.8

Ratio Analysis

Y/E 31 Mar	FY20A	FY21P	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	9.2	1.9	28.3	5.5	(2.1)
EBITDA	61.0	(1.3)	17.0	10.7	6.5
Adjusted EPS	(15.6)	39.2	4.1	12.9	5.4
Profitability & Return ratios (%)					
EBITDA margin	33.3	32.2	29.4	30.8	33.5
EBIT margin	23.8	21.0	19.9	21.2	23.2
Adjusted profit margin	10.6	14.5	11.7	12.6	13.5
Adjusted ROAE	10.5	12.8	10.1	13.2	13.1
ROCE	8.9	7.3	8.6	9.2	9.6
Working capital days (days)					
Receivables	68	58	45	45	45
Inventory	37	32	30	30	30
Payables	34	29	35	35	35
Ratios (x)					
Gross asset turnover	0.5	0.5	0.5	0.5	0.5
Current ratio	0.9	0.8	0.8	0.8	0.8
Net interest coverage ratio	3.3	2.6	2.6	2.7	2.8
Adjusted debt/equity	1.6	1.6	1.6	1.5	1.4

Source: Company, BOBCAPS Research

Financials – PWGR

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Total revenue	3,77,435	3,96,398	4,00,303	4,11,206	4,18,385
EBITDA	3,46,236	3,53,548	3,55,750	3,64,183	3,69,224
Depreciation	(1,16,070)	(1,20,392)	(1,27,426)	(1,36,940)	(1,43,959)
EBIT	2,30,166	2,33,156	2,28,325	2,27,242	2,25,265
Net interest inc./(exp.)	(95,484)	(79,187)	(92,139)	(85,129)	(78,315)
Other inc./(exp.)	9,668	9,678	9,678	9,678	9,678
Exceptional items	0	(10,786)	0	0	0
EBT	1,45,902	1,55,007	1,48,782	1,55,007	1,59,789
Income taxes	(35,308)	(34,653)	(25,485)	(26,521)	(27,366)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	1,551	2,147	2,918	3,215	3,162
Reported net profit	1,10,594	1,20,355	1,23,297	1,28,486	1,32,423
Adjustments	13,440	10,786	0	0	0
Adjusted net profit	1,24,034	1,31,141	1,23,297	1,28,486	1,32,423

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Accounts payables	2,265	1,875	1,893	1,945	1,979
Other current liabilities	9,686	10,326	10,344	10,396	10,430
Provisions	0	0	0	0	0
Debt funds	13,84,211	13,09,748	11,97,208	11,16,168	10,16,479
Other liabilities	4,45,671	2,63,890	2,63,890	2,63,890	2,63,890
Equity capital	52,316	52,316	52,316	52,316	52,316
Reserves & surplus	5,94,638	6,47,045	7,07,563	7,74,400	8,42,580
Shareholders' fund	6,46,954	6,99,361	7,59,879	8,26,716	8,94,896
Total liab. and equities	27,47,652	25,57,491	25,05,488	24,91,337	24,59,862
Cash and cash eq.	54,390	53,587	40,030	41,121	41,838
Accounts receivables	50,407	36,755	37,117	38,128	38,794
Inventories	14,335	13,669	13,804	14,180	14,428
Other current assets	61,988	83,407	83,407	83,407	83,407
Investments	989	1,387	1,387	1,387	1,387
Net fixed assets	17,94,498	18,21,090	18,10,095	17,93,553	17,60,478
CWIP	19,353	0	0	0	0
Intangible assets	16,623	16,170	16,170	16,170	16,170
Deferred tax assets, net	0	0	0	0	0
Other assets	7,35,069	5,31,426	5,03,478	5,03,391	5,03,360
Total assets	27,47,652	25,57,491	25,05,488	24,91,337	24,59,862

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Cash flow from operations	3,36,092	2,93,122	3,29,787	3,36,327	3,40,978
Capital expenditures	(1,13,671)	(93,636)	(1,16,430)	(1,20,399)	(1,10,884)
Change in investments	1,016	(3,414)	27,415	0	0
Other investing cash flows	(124)	5,409	0	0	0
Cash flow from investing	(1,12,780)	(91,641)	(89,015)	(1,20,399)	(1,10,884)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(17,397)	(46,263)	(1,12,539)	(81,040)	(99,689)
Interest expenses	(95,090)	(91,137)	(84,387)	(77,127)	(70,350)
Dividends paid	(53,440)	(68,220)	(62,779)	(61,648)	(64,243)
Other financing cash flows	1,43,795	2,06,029	2,59,705	2,19,816	2,34,282
Cash flow from financing	(22,132)	409	0	0	0
Chg in cash & cash eq.	37,611	(1,819)	(13,557)	1,090	718
Closing cash & cash eq.	54,390	53,587	40,030	41,121	41,838

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21P	FY22E	FY23E	FY24E
Reported EPS	21.1	23.0	23.6	24.6	25.3
Adjusted EPS	23.7	25.1	23.6	24.6	25.3
Dividend per share	10.0	12.0	11.8	12.3	12.7
Book value per share	123.7	133.7	145.2	158.0	171.1

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21P	FY22E	FY23E	FY24E
EV/Sales	6.5	6.4	6.3	5.9	5.6
EV/EBITDA	7.1	7.1	7.1	6.7	6.3
Adjusted P/E	9.8	9.3	9.9	9.5	9.2
P/BV	1.9	1.7	1.6	1.5	1.4

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21P	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	85.0	79.1	82.9	82.9	82.9
Interest burden (PBT/EBIT)	63.4	71.1	65.2	68.2	70.9
EBIT margin (EBIT/Revenue)	61.0	58.8	57.0	55.3	53.8
Asset turnover (Rev./Avg TA)	14.0	14.9	15.8	16.5	16.9
Leverage (Avg TA/Avg Equity)	4.4	3.9	3.5	3.1	2.9
Adjusted ROAE	20.0	19.5	16.9	16.2	15.4

Ratio Analysis

Y/E 31 Mar	FY20A	FY21P	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	7.7	5.0	1.0	2.7	1.7
EBITDA	25.0	2.1	0.6	2.4	1.4
Adjusted EPS	23.6	5.7	(6.0)	4.2	3.1
Profitability & Return ratios (%)					
EBITDA margin	91.7	89.2	88.9	88.6	88.2
EBIT margin	61.0	58.8	57.0	55.3	53.8
Adjusted profit margin	32.9	33.1	30.8	31.2	31.7
Adjusted ROAE	20.0	19.5	16.9	16.2	15.4
ROCE	9.4	9.9	10.2	10.3	10.4
Working capital days (days)					
Receivables	49	34	34	34	34
Inventory	14	13	13	13	13
Payables	2	2	2	2	2
Ratios (x)					
Gross asset turnover	0.3	0.2	0.2	0.2	0.2
Current ratio	0.6	0.6	0.6	0.6	0.6
Net interest coverage ratio	2.4	2.9	2.5	2.7	2.9
Adjusted debt/equity	2.1	1.9	1.6	1.4	1.1

Source: Company, BOBCAPS Research

Financials – TPWR

Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Total revenue	2,98,811	2,91,364	3,24,681	4,71,841	5,21,626
EBITDA	68,484	77,541	75,387	74,938	95,112
Depreciation	(23,931)	(26,336)	(27,449)	(31,601)	(34,797)
EBIT	44,553	51,206	47,938	43,337	60,315
Net interest inc./(exp.)	(40,937)	(43,557)	(38,390)	(35,560)	(36,152)
Other inc./(exp.)	3,099	4,246	2,678	2,678	2,678
Exceptional items	16,200	(1,841)	(1,555)	0	0
EBT	36,932	19,579	19,405	22,835	39,312
Income taxes	(10,876)	(6,415)	(5,019)	(5,472)	(8,133)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	11,524	6,535	5,621	9,540	7,841
Reported net profit	23,562	10,174	11,274	14,522	26,549
Adjustments	(17,910)	131	(155)	(91)	535
Adjusted net profit	5,652	10,305	11,119	14,095	26,549

Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Accounts payables	54,815	50,954	71,201	1,03,472	1,14,390
Other current liabilities	54,815	50,954	73,902	1,06,173	1,17,091
Provisions	3,336	4,074	8,396	8,396	8,396
Debt funds	4,50,146	4,80,997	4,20,185	4,18,571	4,34,120
Other liabilities	61,446	67,226	1,25,734	1,28,574	1,33,204
Equity capital	2,705	2,705	3,196	3,196	3,196
Reserves & surplus	1,80,350	1,92,955	2,20,027	2,14,169	2,34,909
Shareholders' fund	1,83,055	1,95,660	2,23,223	2,17,365	2,38,105
Total liab. and equities	8,41,629	8,97,482	9,88,512	10,16,151	10,67,989
Cash and cash eq.	10,416	28,267	66,122	23,605	26,281
Accounts receivables	44,453	44,259	50,010	72,676	80,345
Inventories	17,064	17,524	18,848	27,391	30,281
Other current assets	30,019	30,165	28,731	28,731	28,731
Investments	15,176	13,025	23,059	23,059	23,059
Net fixed assets	4,11,015	4,46,626	4,87,489	5,31,318	5,81,979
CWIP	37,865	37,865	0	0	0
Intangible assets	32,034	30,038	31,404	31,404	31,404
Deferred tax assets, net	3,275	4,162	1,840	1,840	1,840
Other assets	2,40,313	2,45,551	2,81,009	2,76,436	2,64,542
Total assets	8,41,629	8,97,482	9,88,512	10,16,487	10,68,862

Cash Flows

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Cash flow from operations	45,738	73,753	84,580	70,527	87,339
Capital expenditures	(35,762)	(22,258)	(33,358)	(75,430)	(85,458)
Change in investments	0	0	12,652	0	0
Other investing cash flows	28,090	(3,766)	7,310	0	0
Cash flow from investing	(7,672)	(26,024)	(13,396)	(75,430)	(85,458)
Equities issued/Others	0	201	29,961	(15,000)	0
Debt raised/repaid	(6,177)	(1,070)	(63,252)	(1,305)	15,847
Interest expenses	(39,761)	(40,025)	(37,314)	(35,643)	(36,261)
Dividends paid	(4,927)	(5,992)	(5,263)	(4,953)	(5,943)
Other financing cash flows	49,887	42,677	77,420	56,901	26,358
Cash flow from financing	(979)	(4,209)	1,552	0	0
Chg in cash & cash eq.	(9,299)	17,228	15,227	(42,543)	2,303
Closing cash & cash eq.	10,416	28,267	66,122	23,579	25,881

Per Share

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21P	FY22E	FY23E
Reported EPS	8.7	3.8	3.5	4.5	8.3
Adjusted EPS	2.1	3.8	3.5	4.4	8.3
Dividend per share	1.3	1.6	1.6	1.8	3.3
Book value per share	67.6	72.3	69.9	68.0	74.5

Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20A	FY21P	FY22E	FY23E
EV/Sales	2.6	2.8	2.6	1.7	1.5
EV/EBITDA	11.5	10.5	11.1	10.6	8.1
Adjusted P/E	59.1	32.4	35.4	28.0	14.8
P/BV	1.8	1.7	1.8	1.8	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20A	FY21P	FY22E	FY23E
Tax burden (Net profit/PBT)	27.3	48.1	53.0	61.7	67.5
Interest burden (PBT/EBIT)	46.5	41.8	43.7	52.7	65.2
EBIT margin (EBIT/Revenue)	14.9	17.6	14.8	9.2	11.6
Asset turnover (Rev./Avg TA)	35.6	33.5	34.4	47.1	50.0
Leverage (Avg TA/Avg Equity)	4.8	4.6	4.5	4.6	4.6
Adjusted ROAE	3.2	5.4	5.3	6.4	11.7

Ratio Analysis

Y/E 31 Mar	FY19A	FY20A	FY21P	FY22E	FY23E
YoY growth (%)					
Revenue	1.9	(2.5)	11.4	45.3	10.6
EBITDA	15.2	13.2	(2.8)	(0.6)	26.9
Adjusted EPS	(57.6)	82.3	(8.6)	26.8	88.4
Profitability & Return ratios (%)					
EBITDA margin	22.9	26.6	23.2	15.9	18.2
EBIT margin	14.9	17.6	14.8	9.2	11.6
Adjusted profit margin	1.9	3.5	3.4	3.0	5.1
Adjusted ROAE	3.2	5.4	5.3	6.4	11.7
ROCE	8.7	8.7	7.4	6.4	8.7
Working capital days (days)					
Receivables	54	55	56	56	56
Inventory	21	22	21	21	21
Payables	67	64	80	80	80
Ratios (x)					
Gross asset turnover		0.5	0.5	0.7	0.7
Current ratio	0.4	0.4	0.5	0.4	0.5
Net interest coverage ratio	1.1	1.2	1.2	1.2	1.7
Adjusted debt/equity	2.5	2.5	1.9	1.9	1.8

Source: Company, BOBCAPS Research

Financials – TPW

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Total revenue	1,36,406	1,21,727	1,35,763	1,39,599	1,43,259
EBITDA	35,561	34,652	38,354	42,485	47,548
Depreciation	(13,043)	(12,796)	(15,991)	(18,500)	(19,898)
EBIT	22,518	21,857	22,363	23,985	27,650
Net interest inc./(exp.)	(8,726)	(7,324)	(4,965)	(5,247)	(6,098)
Other inc./(exp.)	956	985	1,000	1,000	1,000
Exceptional items	(10,000)	0	0	0	0
EBT	4,748	15,518	18,398	19,738	22,552
Income taxes	7,040	(2,559)	(3,214)	(3,449)	(3,940)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(47)	(49)	(49)	(49)	(49)
Reported net profit	11,742	12,909	15,134	16,240	18,562
Adjustments	10,000	0	0	0	0
Adjusted net profit	21,742	12,909	15,134	16,240	18,562

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Accounts payables	10,379	9,748	11,159	11,474	11,775
Other current liabilities	13,078	13,101	14,512	14,827	15,128
Provisions	1,030	1,030	1,030	1,030	1,030
Debt funds	77,996	66,722	62,076	73,440	82,161
Other liabilities	19,668	18,725	18,774	18,823	18,873
Equity capital	4,806	4,806	4,806	4,806	4,806
Reserves & surplus	86,729	97,036	1,06,799	1,18,426	1,32,039
Shareholders' fund	91,535	1,01,842	1,11,605	1,23,233	1,36,845
Total liab. and equities	2,36,230	2,35,387	2,41,965	2,65,320	2,88,004
Cash and cash eq.	8,879	2,024	5,030	5,012	4,415
Accounts receivables	12,798	14,203	13,018	11,474	11,775
Inventories	5,982	4,504	5,207	5,354	5,495
Other current assets	20,578	25,714	25,714	25,714	25,714
Investments	1,160	1,242	1,242	1,242	1,242
Net fixed assets	1,75,543	1,73,076	1,77,210	2,02,061	2,24,983
CWIP	5,674	0	0	0	0
Intangible assets	150	184	184	184	184
Deferred tax assets, net	199	245	245	245	245
Other assets	5,269	14,196	14,114	14,033	13,952
Total assets	2,36,230	2,35,387	2,41,965	2,65,320	2,88,004

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Cash flow from operations	36,354	29,876	37,031	40,749	43,468
Capital expenditures	(13,337)	(12,960)	(20,043)	(43,270)	(42,739)
Change in investments	0	0	0	0	0
Other investing cash flows	1,100	2,856	0	0	0
Cash flow from investing	(12,237)	(10,103)	(20,043)	(43,270)	(42,739)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(8,535)	(10,927)	(4,646)	11,364	8,722
Interest expenses	(8,643)	(8,087)	(4,474)	(4,759)	(5,613)
Dividends paid	(9,683)	(2,686)	(5,371)	(4,613)	(4,950)
Other financing cash flows	28,662	22,789	14,491	(1,992)	1,841
Cash flow from financing	1,800	1,089	0	0	0
Chg in cash & cash eq.	(249)	161	3,005	(17)	(597)
Closing cash & cash eq.	8,879	2,024	5,030	5,012	4,415

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21P	FY22E	FY23E	FY24E
Reported EPS	24.4	26.9	31.5	33.8	38.6
Adjusted EPS	45.2	26.9	31.5	33.8	38.6
Dividend per share	11.6	11.0	9.4	10.1	11.6
Book value per share	190.5	211.9	232.2	256.4	284.7

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21P	FY22E	FY23E	FY24E
EV/Sales	2.2	2.4	2.1	2.0	2.0
EV/EBITDA	8.4	8.6	7.6	6.7	6.0
Adjusted P/E	10.2	17.3	14.7	13.7	12.0
P/BV	2.4	2.2	2.0	1.8	1.6

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21P	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	147.4	83.2	82.3	82.3	82.3
Interest burden (PBT/EBIT)	65.5	71.0	82.3	82.3	81.6
EBIT margin (EBIT/Revenue)	16.5	18.0	16.5	17.2	19.3
Asset turnover (Rev./Avg TA)	56.6	51.6	56.9	55.0	51.8
Leverage (Avg TA/Avg Equity)	2.7	2.4	2.2	2.2	2.1
Adjusted ROAE	24.0	13.4	14.2	13.8	14.3

Ratio Analysis

Y/E 31 Mar	FY20A	FY21P	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	3.7	(10.8)	11.5	2.8	2.6
EBITDA	11.1	(2.6)	10.7	10.8	11.9
Adjusted EPS	141.9	(40.6)	17.2	7.3	14.3
Profitability & Return ratios (%)					
EBITDA margin	26.1	28.5	28.3	30.4	33.2
EBIT margin	16.5	18.0	16.5	17.2	19.3
Adjusted profit margin	15.9	10.6	11.1	11.6	13.0
Adjusted ROAE	24.0	13.4	14.2	13.8	14.3
ROCE	11.5	11.6	11.8	11.8	12.2
Working capital days (days)					
Receivables	34	43	35	30	30
Inventory	16	14	14	14	14
Payables	28	29	30	30	30
Ratios (x)					
Gross asset turnover	0.6	0.5	0.5	0.5	0.4
Current ratio	1.0	1.0	1.0	1.0	0.9
Net interest coverage ratio	2.6	3.0	4.5	4.6	4.5
Adjusted debt/equity	0.9	0.7	0.6	0.6	0.6

Source: Company, BOBCAPS Research

Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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HOLD – Expected return from -6% to +15%

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