

**NHPC**

Refer to important disclosures at the end of this report

## RoE progression presents potential for re-rating

- NHPC offers moderate earnings growth in the medium term (FY22-FY24E: 7% CAGR, FY22-FY26E: 10% CAGR) on the back of a 50% increase in standalone capacity over the next four years.
- In the past few years, the company has increased its dividend payout, and the yield stands at ~6% currently. With a strong balance sheet (D/E of 0.7x and Rs22.5bn of cash on books), NHPC can increase its capex, especially on Solar assets. The company has emerged as the winner of a 1,000MW Solar project under CPSU Scheme II.
- We assume coverage on NHPC with a Buy rating and a TP (Sept'22E) of Rs34, based on SoTP. We expect its RoE to touch 12/13% by FY26E from 9.3% in FY22E and 8% in FY15. Our TP implies ~0.9x Sept'23E BVPS. We believe that improving RoE profile is one of the most important factors for re-rating in Utilities.

**Moderate earnings growth with improvement in RoE to continue in the medium term:** NHPC is expected to expand its standalone capacity by 50% over the next 4/5 years - 5.5GW to 8.4GW with the addition of Parbati II (800MW expected by FY23E) and Subansiri Lower (2,000MW expected by FY25E). Further, it has projects under construction - 500MW (through subsidiary) and 1.6GW (under JV) - that will get commissioned in the medium term. Based on these factors, we estimate ~10% earnings CAGR for the company in FY22-FY26E. More recently, it has emerged as one of the winners (1,000MW) under CPSU Scheme II. Further, NHPC has over 7GW of projects under the clearance stage. Higher incentives (secondary energy and PLF) and manpower recovery have allowed the company to earn higher plant-level RoE. With the conversion of CWIP into fixed assets in the medium term, we expect RoE to touch 12/13% by FY26E from 9.3% in FY22E (RoE stood at 6%/8% in FY10/FY15).

**Strong balance sheet with ~6% dividend yield:** NHPC has a D/E ratio of ~0.7x, and we expect it to be under 1x in the medium term despite a 50% increase in capacity. In the last few years, the company has judiciously allocated capital – cash on books in FY16 stood at ~Rs74bn vs. ~Rs22bn as of FY21 although capex and dividend have increased. A large part of the cash and internal accruals have been used to increase capex and the dividend. The dividend has increased from Rs0.7/share to Rs1.6/share in the last five years.

**Assuming coverage with Buy and a TP of Rs34:** While there has not been much capacity addition in the past few years, we expect 800MW/2,000MW addition in the next 2/4 years. In the medium term, we see an improvement in earnings growth and ROE on the basis of these capacity additions. We believe that the improvement in RoE trajectory will lead to an expansion in the valuation multiple as well. We initiate coverage on NHPC with a Buy rating and a SoTP-based TP (Sept'22E) of Rs34, implying 0.9x Sept'23E Book. The 6% dividend yield is a long-term benefit. Key risks include large GOI stake divestment and delayed project execution.

### Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	1,00,081	96,479	98,180	99,916	1,13,674
EBITDA	54,941	53,474	54,394	54,538	66,290
EBITDA Margin (%)	54.9	55.4	55.4	54.6	58.3
APAT	34,751	32,247	31,415	32,122	35,754
EPS (Rs)	3.5	3.2	3.1	3.2	3.6
EPS (% chg)	98.3	(7.2)	(2.6)	2.3	11.3
ROE (%)	11.2	10.0	9.3	9.1	9.7
P/E (x)	8.1	8.7	8.9	8.7	7.9
EV/EBITDA (x)	9.6	9.8	10.0	10.7	9.1
P/BV (x)	0.9	0.8	0.8	0.8	0.7

Source: Company, Emkay Research

CMP	Target Price
Rs 28 as of (September 26, 2021)	Rs 34 (■) 12 months
Rating	Upside
BUY (■)	21.6 %

### Change in Estimates

EPS Chg FY22E/FY23E (%)	-/-
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	NA

### Emkay vs Consensus

	EPS Estimates	
	FY22E	FY23E
Emkay	3.1	3.2
Consensus	3.3	3.5
Mean Consensus TP (12M)	Rs 31	

### Stock Details

Bloomberg Code	NHPC IN
Face Value (Rs)	10
Shares outstanding (mn)	10,045
52 Week H/L	29 / 20
M Cap (Rs bn/USD bn)	281 / 3.81
Daily Avg Volume (nos.)	77,90,069
Daily Avg Turnover (US\$ mn)	2.8

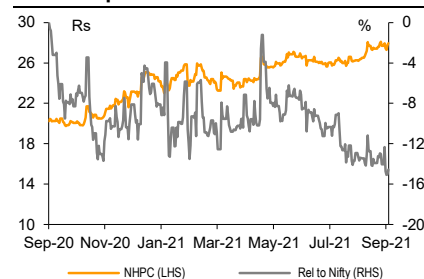
### Shareholding Pattern Jun '21

Promoters	71.0%
FIIIs	4.3%
DIIIs	15.2%
Public and Others	9.6%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	6	6	16	40
Rel. to Nifty	(1)	(6)	(5)	(14)

### Relative price chart



Source: Bloomberg

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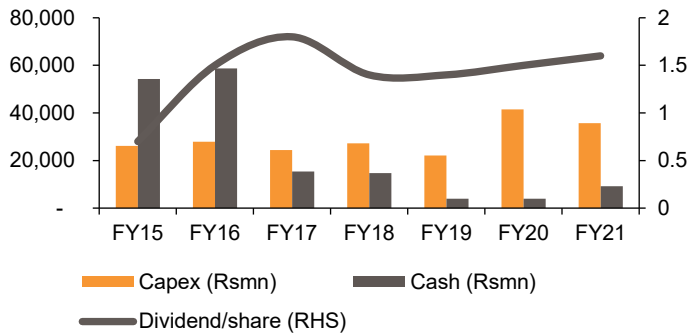
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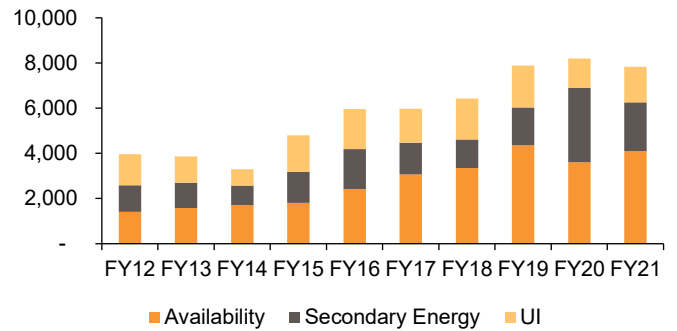
## Story in Charts

**Exhibit 1: Dividend payout levels stable with increasing capex momentum**



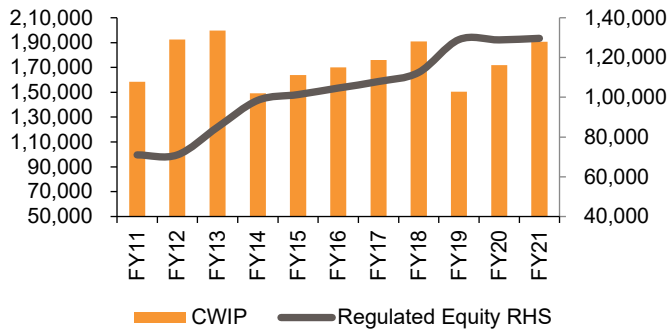
Source: Company, Emkay Research

**Exhibit 2: Incentive income has gradually increased to healthy levels (Rs mn)**



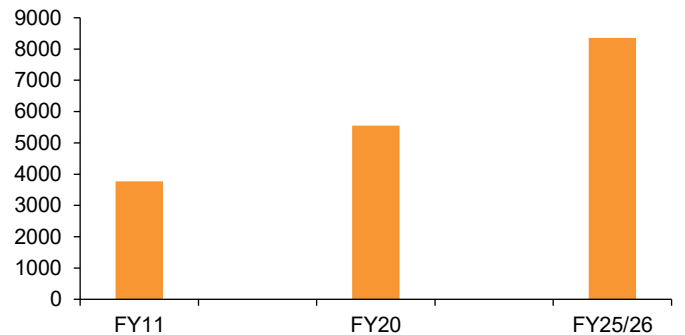
Source: CEA, Emkay Research

**Exhibit 3: CWIP near constant, while Regulated Equity steadily increases (Rs mn)**



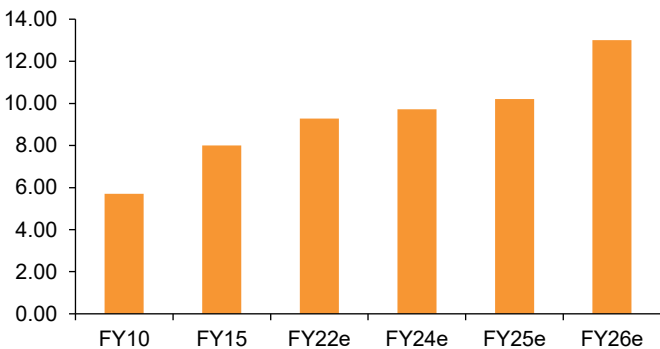
Source: Company, Emkay Research

**Exhibit 4: Estimated capacity addition in the next half decade (MW)**



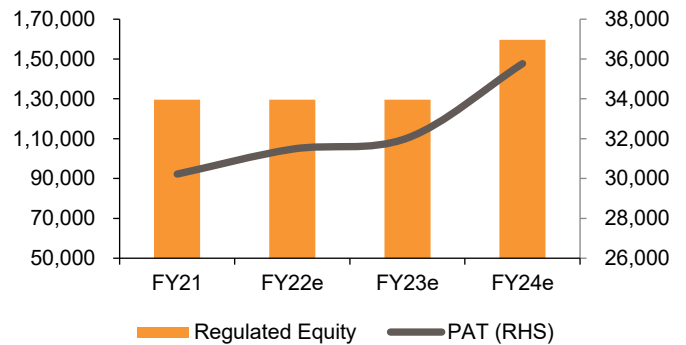
Source: Company, Emkay Research

**Exhibit 5: RoE to reach mid-teen levels in next 4-5 years (%)**



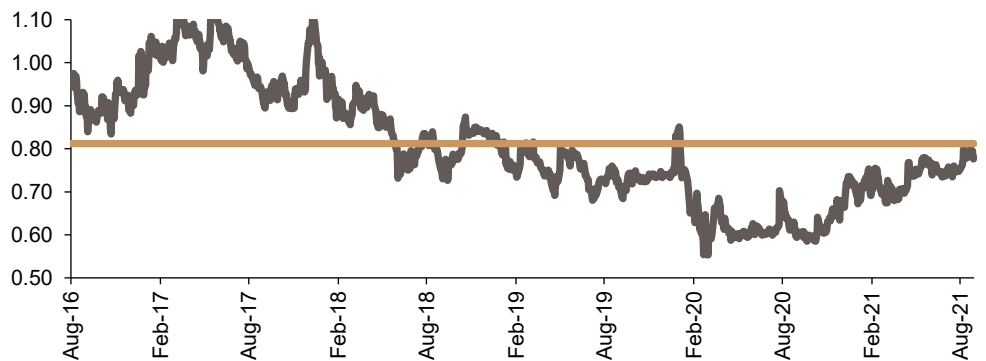
Source: Company, Emkay Research

**Exhibit 6: Forecasted PAT and Regulated Equity growth (Rs mn)**



Source: Company, Emkay Research

**Exhibit 7: 1-year forward P/B (5-year avg: 0.81x)**



Source: Company, Emkay Research

### Moderate earnings growth of ~7-10% in the medium term

NHPC currently has 5,451MW hydro capacity and 50MW/50MW Solar and Wind capacity. NHDC (a 51% subsidiary of NHPC) owns 1,520MW, along with the Government of MP. Both these together form ~15% of the total hydro capacity (~46GW) in the country. All its projects are on a regulated return basis with incentives for higher availability and secondary energy generation.

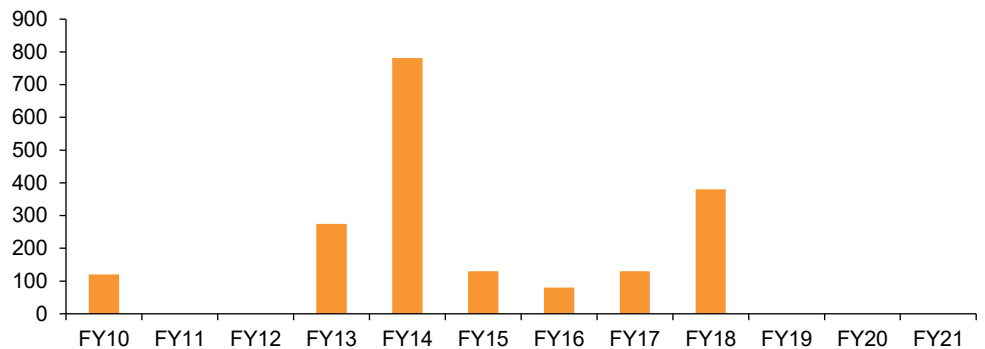
#### Exhibit 8: Operational capacity

Project Name	Installed Capacity(MW)
NHPC-Standalone	5,551
NHDC- 51% Subsidiary	1,520
Total Capacity	7,071

Source: Company, Emkay Research

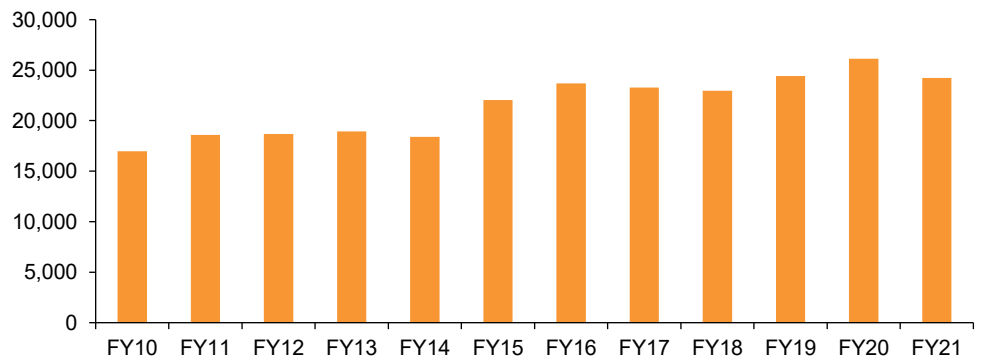
Hydro capacity addition in the country has been at a very low pace (less than 1GW annually) due to issues around land acquisition, law & order, local issues, difficult terrain, etc. NHPC took ~10 years to increase its capacity by 50% (3.8GW to 5.5GW), with the majority of the projects being delayed.

#### Exhibit 9: NHPC increased its capacity by 50% in the last decade (Annual capacity addition, MW)



Source: Company, Emkay Research

#### Exhibit 10: Generation growth of ~5% over last 10 years (MUs)



Source: Company, Emkay Research

### What is expected to change in the next five years

NHPC is expected to expand its standalone capacity by 50% in the next 4/5 years - 5.5GW to 8.4GW with the addition of Parbati II (800 MW expected by FY23/FY24) and Subansiri Lower (2,000MW expected by FY25/FY26E). Further, it has projects under construction - 500MW (through subsidiary) and 1.6GW (under JV) - that will be commissioned in the medium term. We estimate ~7-10% medium-term earnings CAGR for the company based on this. Further, it has over 7GW of projects under clearance stage.

**Exhibit 11: Capacity under construction, at standalone and through JVs/subsidiary**

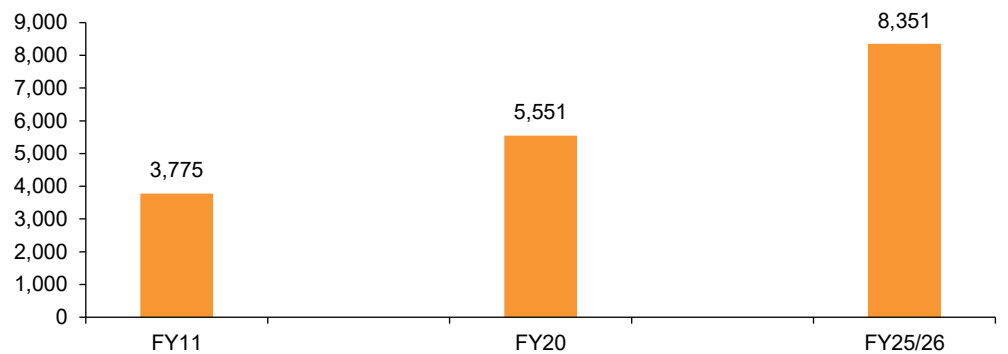
Project - Commissioning expected	Installed Capacity (MW)
<b>NHPC-Standalone</b>	<b>2,800</b>
Parbati II - 4QFY23e	800
Subansiri Lower - 2QFY24e	2,000
Teesta VI (Subsidiary) - 4QFY24e	500
Pakal Dul (49% JV) - FY26	1,000
Kiru (49% JV) - FY25	624
Rangit - IV (Subsidiary) - FY25	120
Ratle (51% JV) - FY26	850
Solar - Ganjam and Kalpi - 4QFY22e	105
<b>Total Capacity</b>	<b>5,999</b>

Source: Company, Emkay Research

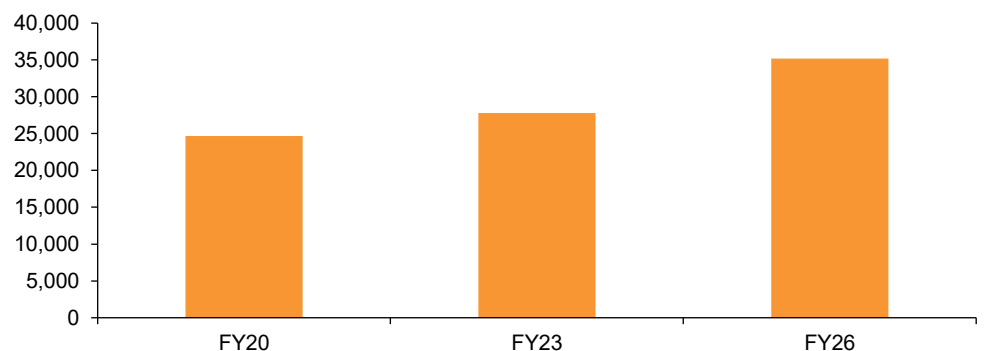
On its standalone books, NHPC is currently executing 2,800MW - Parbati II (4\*200MW) and Subansiri Lower (8\*250MW). On Parbati II, ~90% of the expenditure has been done and the project is expected to be commissioned by FY23E-end. We assume FY24/FY25 as commissioning period. It is important to note that once Parbati II is commissioned, the output of Parbati III would increase further. Thus, on the commissioning of Parbati II, there will be a dual benefit in terms of profitability. Given the general delay in the completion of hydro projects, we have assumed only half of the impact of Parbati II in FY24 and the full impact is assumed only from FY25. On Subansiri, ~70% of the total expenditure has been done and the project is expected to be commissioned by Q2FY24 – we assume FY25/26 as the commissioning period.

Teesta VI (4\*125MW): This is a wholly owned subsidiary, which has been acquired by NHPC from Lanco. Major civil works have been awarded and the tendering of all other works are in the process. The project is expected to take about five years for completion.

Under the JV route (49%), NHPC is executing ~1.6GW, which is expected to be commissioned by FY25.

**Exhibit 12: Pace of capacity addition (Standalone) in next 5 years to be ahead of that delivered in last 10 years (MW)**

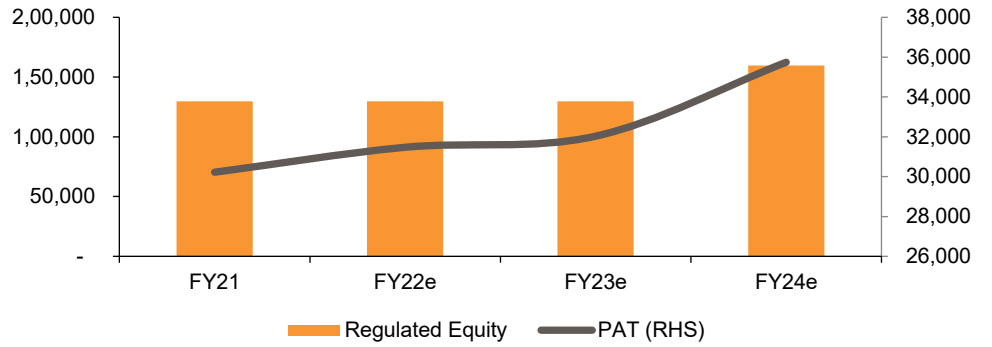
Source: Company, Emkay Research

**Exhibit 13: Design energy to grow ~7% in the medium term (MUs)**

Source: Company, Emkay Research

Regulated equity and performance above the normative parameters determine the earnings trajectory for regulated projects. We estimate regulated equity/PAT to grow at 11%/7% in FY22-FY24E. Note that our projections do factor in further delays in under-construction projects.

**Exhibit 14: Regulated Equity and forecasted PAT in near- to medium term (Rs mn)**

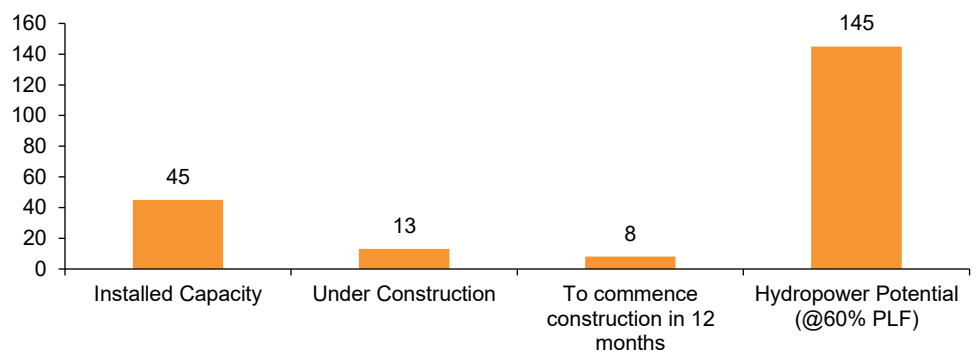


Source: Company, Emkay Research

## Sneak peek into the country's Hydropower developments

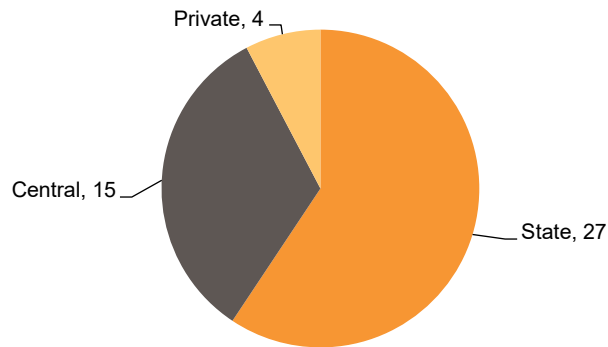
Led by regulatory changes (<https://bit.ly/CabinetMeasuresHydro>) in the last few years, Hydro Power projects in certain categories have become eligible for renewable-based capital (cheaper and easier green financing), which altogether provides the much-needed impetus to hydro capacity addition plans in the country. In addition to this, purchase obligations, grants toward infrastructure, and intra-state trade enabling policies support overall hydropower development. India alone is expected to add over 26GW (~40% of targeted addition in APAC) of hydro power by 2030, taking the total hydro-based installed capacity to ~70-75GW, in the next decade. Hydropower plants' flexibility, led by lower start-up time (2-20mins vs. 120mins+ for Thermal) and faster average ramp-up rates, make them ideal for a broad range of requirements and cost effective in the long run.

**Exhibit 15: Installed capacity and future plans for Hydropower (GW); India has added only 10GW hydropower in last decade, partially due to contractual conflicts, environmental litigations, capital stress and reluctant off-takers**



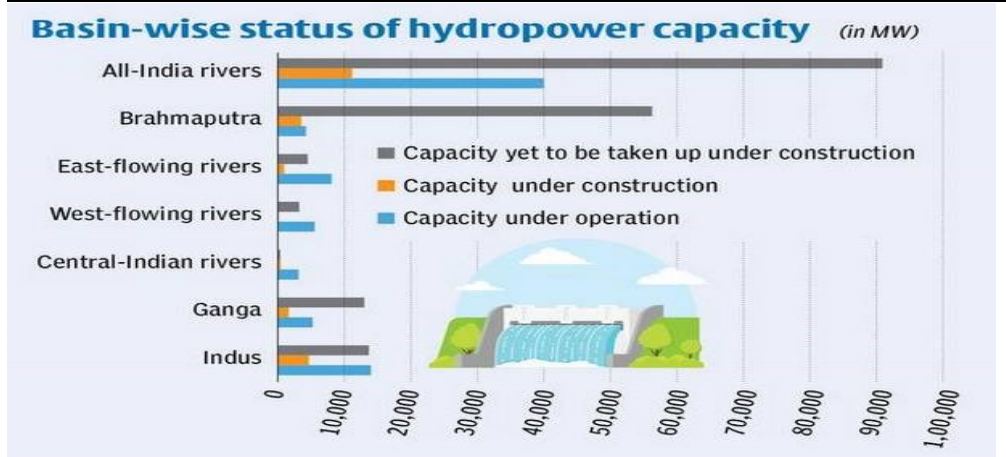
Source: Industry, Emkay Research

**Exhibit 16: Installed hydropower capacity, split by ownership (GW)**



Source: Industry, Emkay Research

**Exhibit 17: Large untapped potential among three river systems - Indus, Ganga & Brahmaputra**



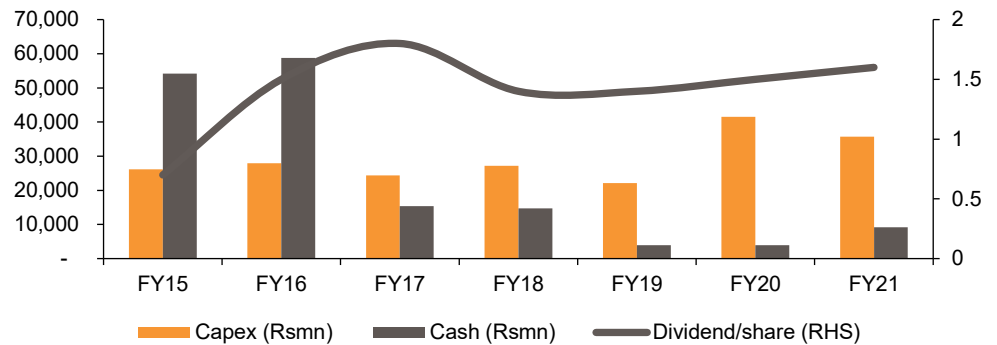
Source: HinduBusinessLine, Emkay Research

## Strong balance sheet and high dividend yield

In the last few years, the company has judiciously allocated capital - cash on standalone books in FY16 stood at ~Rs59bn vs. ~Rs9bn as of FY21 although capex and dividend have increased. A large part of the cash and internal accrual has been used to increase capex (annual outflows have now touched Rs36bn from Rs26bn earlier) and dividend (increased from Rs0.7/share to Rs1.6/share) in the last 5-6 years.

The yield on cash is far less than the regulated return; hence, this is a step in the right direction, in our view. Dividend is more guided by norms put for PSUs. At CMP, the stock provides a dividend yield of ~6%.

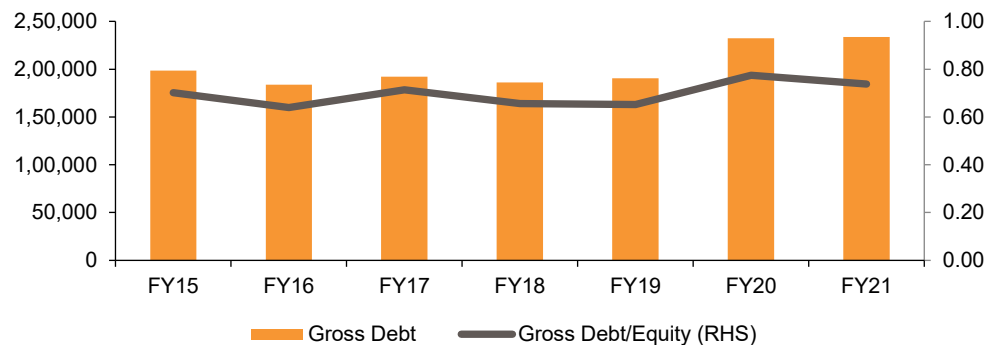
**Exhibit 18: Capex and dividend payout have been at reasonably high levels**



Source: Company, Emkay Research

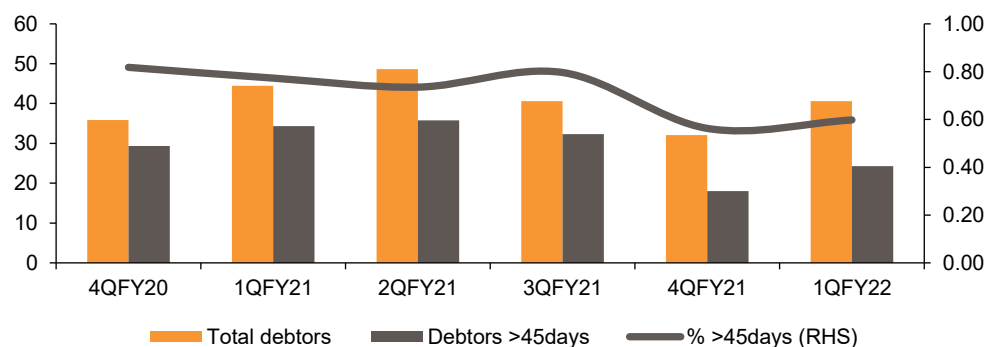
Despite an increase in capex in the last few years, NHPC has been able to maintain its gross debt/ equity levels at ~0.7x. We estimate that this will be under 1x in the medium term despite a 50% capacity addition.

**Exhibit 19: Despite higher capex, overall range of leverage remains within comfort range (Rs mn)**



Source: Company, Emkay Research

**Exhibit 20: Receivables have moderated in last few quarters (Rs bn)**



Source: Company, Emkay Research

**Exhibit 21: Receivables position has marginally improved in terms of 45+ days O/S (Rs mn)**

<b>Top 5 debtors</b>	<b>FY20</b>	<b>Q1FY22</b>
PDD, J&K	14,500	15,940
UPPCL, UP	12,880	5,990
PSPCL, Punjab	1,350	3,130
WBSEDCL	1,260	9,250
HPPC	-	-
JDVNL	1,570	1,410
<b>Total</b>	<b>31,560</b>	<b>35,720</b>
<b>% of Total debtors</b>	<b>82.7</b>	<b>87.9</b>

<b>Debtors &gt; 45 days</b>	<b>FY20</b>	<b>Q1FY22</b>
PDD, J&K	13,890	13,500
UPPCL, UP	12,260	1,830
PSPCL, Punjab	980	300
WBSEDCL	890	7,760
HPPC	-	-
JDVNL	1,430	30
<b>Total</b>	<b>29,450</b>	<b>23,420</b>
<b>% of Total debtors</b>	<b>77.1</b>	<b>57.7</b>

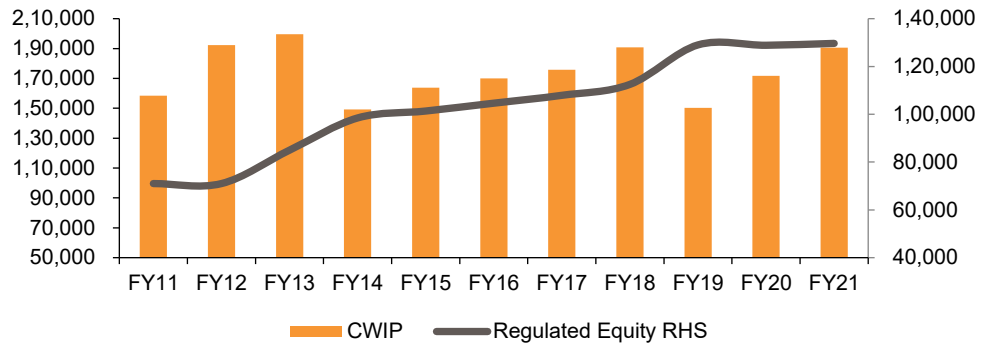
Source: Company, Emkay Research



## Improving return ratios

Despite operating under a regulated regime, NHPC has had sub-optimal return ratios. There have been two main reasons for it. First, the high ratio of CWIP and cash compared to productive regulated equity, and second, under-recovery on manpower cost. Over the years, the company has judiciously increased capex and dividend. A look at the CWIP and regulated equity clearly shows the uptrend in the latter, while the former has been range-bound.

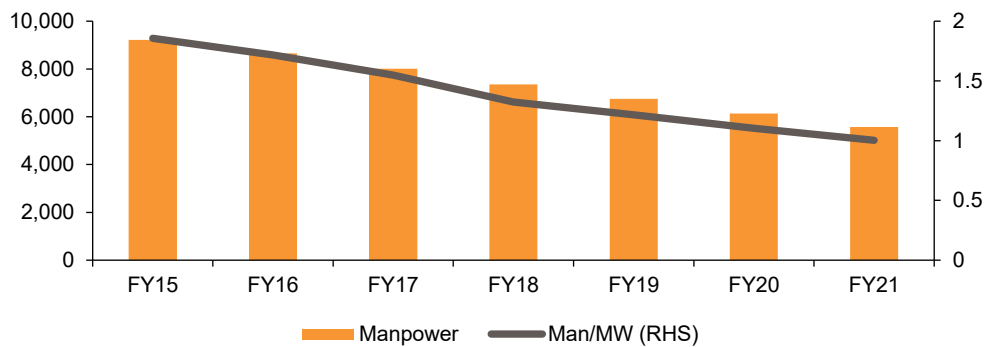
**Exhibit 22: Trajectory of Regulated Equity remains positive (Rs mn)**



Source: Company, Emkay Research

Manpower under-recovery has been ~Rs5bn in earlier years due to high manpower and cost associated with it. The company has consciously worked on this aspect, and there has been a continuous fall in the manpower strength. In the last 5/10 years, manpower is down 33%/47%, leading to a better man/MW ratio.

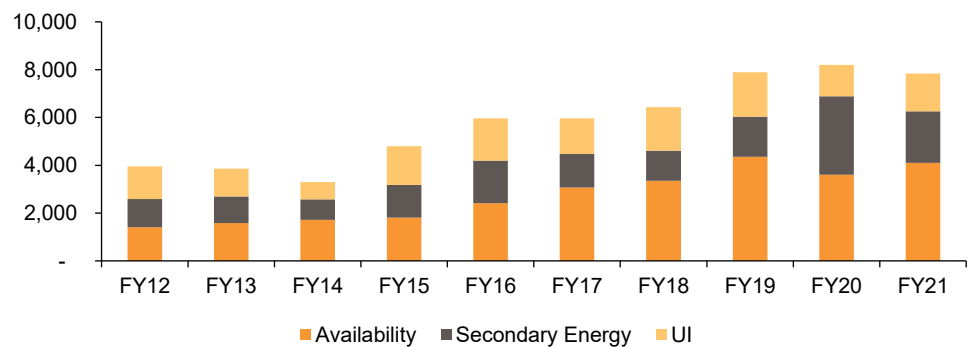
**Exhibit 23: Human Capital requirement per MW has nearly halved in last 5-6 years**



Source: Company, Emkay Research

At the same time, incentives have also increased over the years.

**Exhibit 24: Incentives have increased by a nominal amount over last 5-6 years**

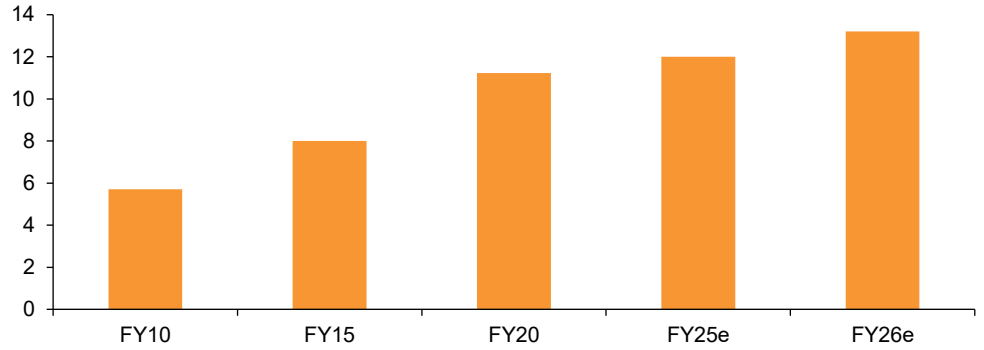


Source: Company, Emkay Research

All these efforts by the company have led to an improvement in the RoE over the years. Inherent issues like long gestation for hydro projects will remain, but higher incentives through better operations, lower manpower under recovery and proper utilization of cash are noteworthy.

We estimate further improvement in RoE in the medium term. We estimate this to touch 12%/13% by FY25E/FY26E.

**Exhibit 25: Improvement in RoE to sustain**



Source: Company, Emkay Research

## Overhang of share sale

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The Gol holds ~71% stake in NHPC; hence, the risk of a share sale through OFS remains an area of concern.

In FY20, Gol has divested 2.38% through Bharat ETF in October'19 and CPSE ETF in February'20.

In the past, companies such as NTPC and Power Grid have seen continuous share sale by the Government to meet the divestment target. This, in general, has had a negative impact on the stock price.

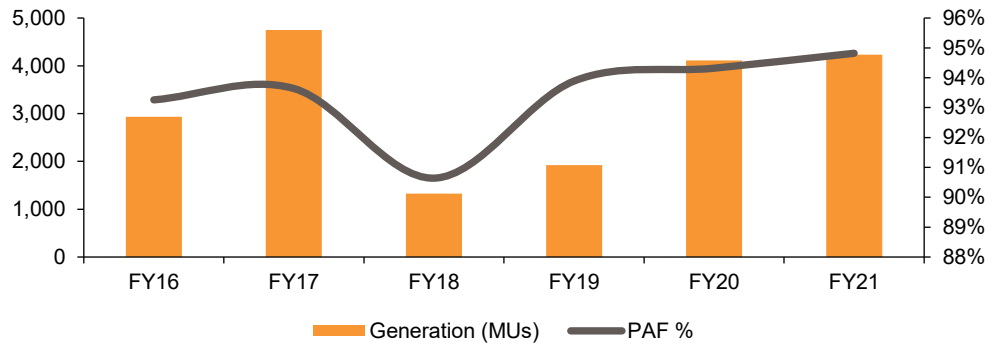
Given that the Gol's holding in both NTPC and Power Grid now stands at ~51%, further share sale is not expected. However, we can expect share sale in NHPC in the coming years till the Gol holding reaches ~51%.

## NHDC – a great asset

NHDC is a 51% subsidiary of NHPC with GoMP holding 49%. NHDC has a total capacity of 1,520MW, comprising the 1,000MW Indira Sagar hydroelectric plant and the 520MW Omkareshwar hydroelectric plant.

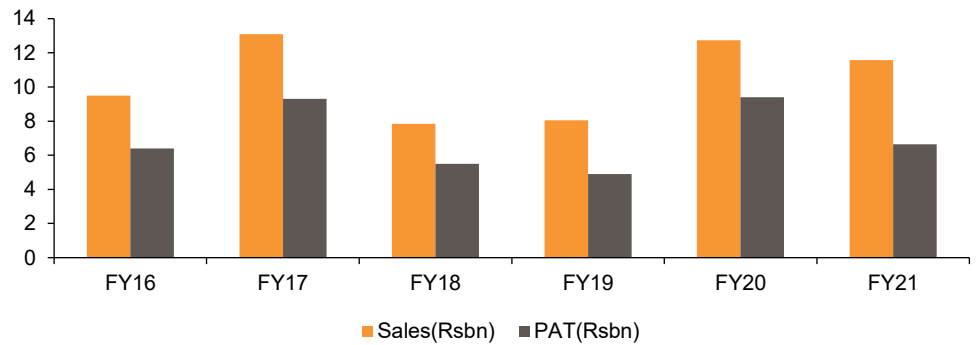
Both the plants have been able to maintain very good PAF, and average generation in the last five years has been ~50% more than the design energy, which helps it earn substantially higher returns. NHDC earns ~Rs7-9bn annual profit (PAT level), while the regulated equity stands at ~Rs17bn, implying ~20% return on the regulated equity. Cash on book for the company stands at Rs13bn.

**Exhibit 26: Generation has been ~40% above design energy**



Source: Company, Emkay Research

**Exhibit 27: Sales/PAT profile over the years**



Source: Company, Emkay Research

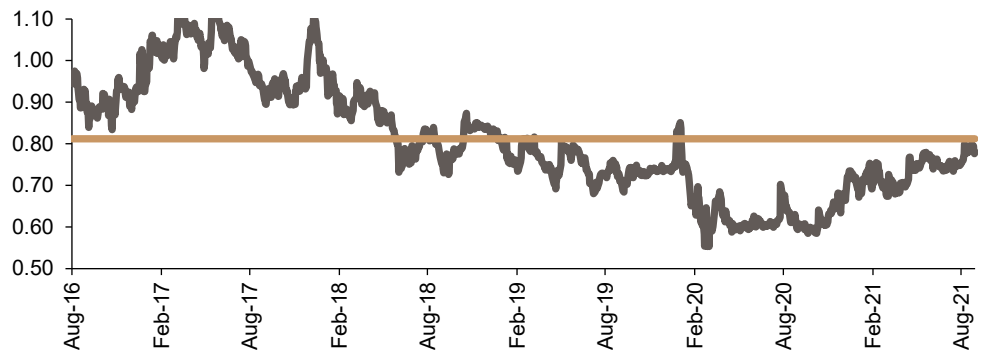
## Valuation

All the hydro projects of NHPC operate under the regulated regime, and hence the earnings are subject to base RoEs with incentives, or under-recovery, depending on how efficient operations are and how demand pans out.

The return ratios and growth trajectory determine the valuation of utilities. NHPC has been able to improve its RoE from ~6% to ~9% in the last decade. We estimate this trajectory to continue with RoEs expected to touch ~12/13% by FY25E/FY26E. Earnings growth should remain moderate and in the 7-10% range over the medium term.

Hence, there is a clear case of improvement in the Price/Book for NHPC given improving ratios. In the past 5-6 years, NHPC has traded in the 0.5x-1.1x P/B range.

**Exhibit 28: 1-year forward P/B (5-year avg: 0.81x)**



Source: Company, Emkay Research

**Exhibit 29: SoTP-based valuation (Sept'23E)**

Valuation - SoTP	Sept'23E
Regulated equity (Rs mn)	1,59,641
RoE (%)	17%
P/B (x)	1.5
Value (Rs mn)	2,46,718
<b>Value per share (Rs)</b>	<b>24.6</b>
Subansiri - Equity CWIP (Rs mn)	61,107
0.75x	0.75
Total Equity CWIP (Rs mn)	45,830
<b>Value per share (Rs)</b>	<b>4.6</b>
NHDC - Regulated equity (51%) (Rs mn)	8,604
RoE (%)	25%
P/B (x)	2.3
Value (Rs mn)	19,554
Value per share (Rs)	1.9
Cash on hand (Rs mn)	22,085
1x	22,085
<b>Value per share (Rs)</b>	<b>2.2</b>
<b>Total value per share (Rs)</b>	<b>34.0</b>

Source: Company, Emkay Research

We have used SoTP to arrive at the value of NHPC given the operational, under-construction and JV projects.

Our SoTP stands at Rs34. We have valued the operational projects of the standalone entity at 1.5x P/B, given they earn ~17% return on regulated equity. Similarly, we have valued the stake in NHDC at 2.3x P/B as it earns ~25% RoE. Within the CWIP, there are two large projects, namely Parbati II and Subansairi Lower. Parbati II is expected to be commissioned in FY24E. We have now valued Subansiri at 0.75x equity invested as the project completion date is still 3-4 years away, in our view. We have assumed Cost of Equity at 11% in our SoTP calculation.

At our TP of Rs34, the implied P/B on FY22E is 0.81x – in line with the average P/B of the last 5-6 years. Apart from the upside, NHPC provides ~6% dividend yield. We recommend Buy.

## Key Risks

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### Project delays

In the past, hydro projects have faced several issues such as law & order and local issues that have led to a delay in project execution. While both the under-construction projects - Subansiri Lower and Parbati - seem not to have these issues as of now, some delays in the commissioning timeline cannot be ruled out, in our view.

### Receivables concentration

Receivables have increased from ~Rs38bn to Rs40bn in the last 12-15months, largely due to Covid-19. Of this, ~Rs23bn is outstanding for more than 45 days and the top state, i.e., J&K, accounts for ~40% of the overall outstanding debt.

### Stake sale by Gol

The Gol holds ~71% stake in NHPC as of now. Given the high divestment target of the Gol, there have been stake sales in companies in which it holds more than 51%. We have seen this happening in companies such as NTPC and Power Grid. The same could happen in the case of NHPC as well.

## Company profile

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NHPC Limited is one of India's leading hydropower generating companies with more than 15% market share in terms of installed hydropower capacity. The company is primarily involved in the generation and sale of bulk power to various Power Utilities, with other ancillary businesses including providing project management/construction contracts/consultancy assignment services and trading of power. It is a public sector undertaking (PSU) with the Government of India's stake at 70.95% and is conferred the title of "Mini-ratna".

NHPC (standalone) has an overall installed capacity of 5,551MW, comprising 5,451MW hydro capacity and 50MW/50MW Solar and Wind capacity. NHDC, a 51% subsidiary, owns 1,520MW, along with the Government of MP.



**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>1,00,081</b>	<b>96,479</b>	<b>98,180</b>	<b>99,916</b>	<b>1,13,674</b>
<b>Expenditure</b>	<b>45,139</b>	<b>43,005</b>	<b>43,786</b>	<b>45,378</b>	<b>47,383</b>
<b>EBITDA</b>	<b>54,941</b>	<b>53,474</b>	<b>54,394</b>	<b>54,538</b>	<b>66,290</b>
Depreciation	16,140	12,983	12,658	12,350	15,953
<b>EBIT</b>	<b>38,801</b>	<b>40,491</b>	<b>41,736</b>	<b>42,188</b>	<b>50,338</b>
Other Income	7,686	10,572	7,839	7,962	8,230
Interest expenses	7,960	6,500	6,175	5,866	9,744
<b>PBT</b>	<b>38,527</b>	<b>44,563</b>	<b>43,401</b>	<b>44,284</b>	<b>48,824</b>
Tax	(794)	9,010	8,679	8,855	9,763
Extraordinary Items	(5,902)	324	0	0	0
Minority Int./Income from Assoc.	(4,570)	(3,306)	(3,306)	(3,306)	(3,306)
<b>Reported Net Income</b>	<b>28,849</b>	<b>32,570</b>	<b>31,415</b>	<b>32,122</b>	<b>35,754</b>
<b>Adjusted PAT</b>	<b>34,751</b>	<b>32,247</b>	<b>31,415</b>	<b>32,122</b>	<b>35,754</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	1,00,450	1,00,450	1,00,450	1,00,450	1,00,450
Reserves & surplus	2,13,359	2,30,453	2,45,792	2,59,826	2,75,482
<b>Net worth</b>	<b>3,13,809</b>	<b>3,30,903</b>	<b>3,46,242</b>	<b>3,60,276</b>	<b>3,75,932</b>
<b>Minority Interest</b>	<b>27,738</b>	<b>28,284</b>	<b>28,284</b>	<b>28,284</b>	<b>28,284</b>
<b>Loan Funds</b>	<b>2,61,516</b>	<b>2,63,958</b>	<b>2,90,894</b>	<b>3,29,666</b>	<b>3,53,866</b>
Net deferred tax liability	38,592	38,520	38,520	38,520	38,520
<b>Total Liabilities</b>	<b>6,41,655</b>	<b>6,61,665</b>	<b>7,03,940</b>	<b>7,56,746</b>	<b>7,96,602</b>
<b>Net block</b>	<b>2,16,303</b>	<b>1,93,272</b>	<b>1,96,505</b>	<b>1,84,156</b>	<b>2,68,173</b>
<b>Investment</b>	<b>85,390</b>	<b>92,107</b>	<b>92,107</b>	<b>92,107</b>	<b>92,107</b>
<b>Current Assets</b>	<b>2,39,183</b>	<b>2,55,476</b>	<b>2,67,774</b>	<b>2,69,070</b>	<b>2,84,676</b>
Cash & bank balance	16,933	22,568	30,291	26,920	30,447
Other Current Assets	1,76,944	1,87,779	1,91,532	1,95,361	2,02,237
<b>Current liabilities &amp; Provision</b>	<b>71,033</b>	<b>69,906</b>	<b>71,148</b>	<b>72,414</b>	<b>78,983</b>
<b>Net current assets</b>	<b>1,68,150</b>	<b>1,85,570</b>	<b>1,96,626</b>	<b>1,96,655</b>	<b>2,05,693</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>6,41,655</b>	<b>6,61,665</b>	<b>7,03,940</b>	<b>7,56,746</b>	<b>7,96,602</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>30,841</b>	<b>33,991</b>	<b>35,562</b>	<b>36,322</b>	<b>40,593</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(60,268)	(11,857)	(3,334)	(3,400)	(5,510)
<b>Operating Cashflow</b>	<b>31,502</b>	<b>52,999</b>	<b>45,611</b>	<b>45,573</b>	<b>54,372</b>
Capital expenditure	(36,717)	(17,827)	(43,877)	(65,126)	(46,772)
<b>Free Cash Flow</b>	<b>(5,215)</b>	<b>35,172</b>	<b>1,734</b>	<b>(19,552)</b>	<b>7,600</b>
Investments	(2,725)	(6,717)	0	0	0
Other Investing Cash Flow	309	(3,600)	0	0	0
<b>Investing Cashflow</b>	<b>(31,448)</b>	<b>(17,572)</b>	<b>(36,038)</b>	<b>(57,164)</b>	<b>(38,542)</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	40,614	2,442	26,936	38,772	24,201
Dividend paid (incl tax)	(28,974)	(18,488)	(16,072)	(18,081)	(20,090)
Other Financing Cash Flow	(9,254)	(7,246)	(6,540)	(6,604)	(6,669)
<b>Financing Cashflow</b>	<b>(5,574)</b>	<b>(29,791)</b>	<b>(1,851)</b>	<b>8,221</b>	<b>(12,303)</b>
<b>Net chg in cash</b>	<b>(5,520)</b>	<b>5,635</b>	<b>7,722</b>	<b>(3,370)</b>	<b>3,527</b>
Opening cash position	22,453	16,933	22,568	30,291	26,920
<b>Closing cash position</b>	<b>16,933</b>	<b>22,568</b>	<b>30,291</b>	<b>26,921</b>	<b>30,447</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EBITDA Margin	54.9	55.4	55.4	54.6	58.3
EBIT Margin	38.8	42.0	42.5	42.2	44.3
Effective Tax Rate	(2.1)	20.2	20.0	20.0	20.0
Net Margin	39.3	36.9	35.4	35.5	34.4
ROCE	7.5	7.8	7.3	6.9	7.5
ROE	11.2	10.0	9.3	9.1	9.7
RoIC	11.1	11.2	11.6	11.8	12.6

<b>Per Share Data (Rs)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EPS	3.5	3.2	3.1	3.2	3.6
CEPS	5.1	4.5	4.4	4.4	5.1
BVPS	31.2	32.9	34.5	35.9	37.4
DPS	2.9	1.8	1.6	1.8	2.0

<b>Valuations (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
PER	8.1	8.7	8.9	8.7	7.9
P/CEPS	5.5	6.2	6.4	6.3	5.4
P/BV	0.9	0.8	0.8	0.8	0.7
EV / Sales	5.2	5.4	5.5	5.8	5.3
EV / EBITDA	9.6	9.8	10.0	10.7	9.1
Dividend Yield (%)	10.3	6.6	5.7	6.4	7.2

<b>Gearing Ratio (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Net Debt/ Equity	0.8	0.7	0.8	0.8	0.9
Net Debt/EBIDTA	4.5	4.5	4.8	5.6	4.9
Working Cap Cycle (days)	91.7	91.1	118.6	104.6	110.2

<b>Growth (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Revenue	11.4	(3.6)	1.8	1.8	13.8
EBITDA	9.9	(2.7)	1.7	0.3	21.5
EBIT	16.1	4.4	3.1	1.1	19.3
PAT	11.1	12.9	(3.5)	2.3	11.3

<b>Quarterly (Rs mn)</b>	<b>Q1FY21</b>	<b>Q2FY21</b>	<b>Q3FY21</b>	<b>Q4FY21</b>	<b>Q1FY22</b>
Revenue	25,189	25,540	20,922	13,415	21,702
EBITDA	14,207	15,728	11,780	4,333	12,793
<b>EBITDA Margin (%)</b>	<b>56.4</b>	<b>61.6</b>	<b>56.3</b>	<b>32.3</b>	<b>58.9</b>
PAT	7,225	12,985	8,081	4,042	9,123
<b>EPS (Rs)</b>	<b>0.7</b>	<b>1.3</b>	<b>0.8</b>	<b>0.4</b>	<b>0.9</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>	<b>Mar-21</b>	<b>Jun-21</b>
Promoters	71.0	71.0	71.0	71.0	71.0
FIs	4.5	4.3	4.0	4.0	4.3
DIs	14.2	14.4	14.5	14.9	15.2
Public and Others	10.4	10.4	10.6	10.1	9.6

Source: Capitaline

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Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
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