

## Rationale:

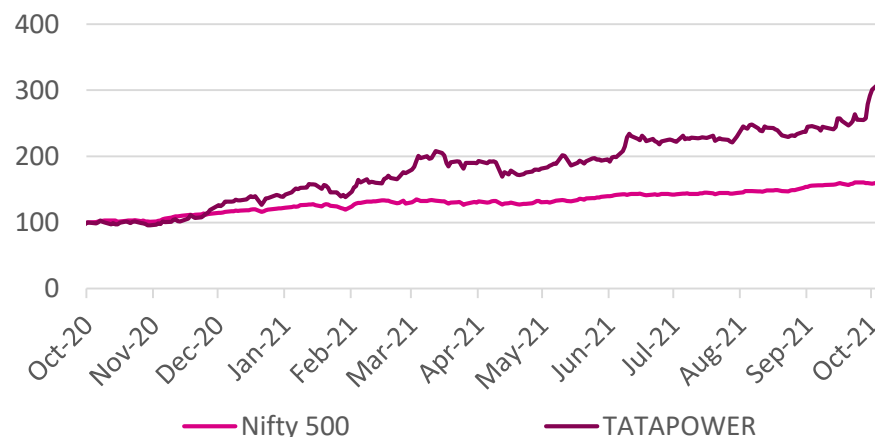
- The Tata Power Company Limited (Tata Power), India's largest integrated power company has a presence across the power value chain viz. generation of renewable as well as conventional power including hydro and thermal energy; transmission and distribution and trading. In line with the Company's view on sustainable and clean energy development, Tata Power is steering the transformation of traditional utilities to providers of integrated solutions by initiating new business models in EV charging, Solar pumps and rooftops, Microgrids, Home automation and Smart meters.
- As on 31st March 2021, the Tata Power group of companies has a generation capacity of 12,808 MW based on various fuel sources - thermal (coal, gas and oil), hydroelectric power, renewable energy (wind and solar PV) and waste heat recovery. Out of the total capacity, thermal accounts for ~69%, followed by solar (14%), wind (7%), hydro (7%) and Waste-heat recovery (3%).
- Company's main focus is on renewables, transmission and distribution, as well as customer centric businesses of Solar rooftops, solar pumps, microgrids, EV charging, energy services, home automation, floating solar and others. The company is a leader in most renewable energy segments in the country. It is the leader in rooftop solar installations, solar water pumps and has dominant position in the growing EV charging stations market in India.
- In Q1FY22, consolidated revenue increased by 54.5% YoY to Rs. 99,680 million, primarily due to recent acquisition of DISCOMS in Odisha and improved execution in TPSSL. Resultantly, EBITDA rose by 12.2% YoY to Rs. 21,870 million further aided by lower costs on raw materials and fuel partially offset by an increase in power purchase costs. However, EBITDA margin witnessed a contraction to 21.9% due to higher employee-related and other expenses.
- TATAPOWER is India's largest, integrated power company and operates across the power value chain. The net debt of the company saw a steady decline. Working capital management has helped to keep net debt in check. Also, continued de-leveraging of the Balance Sheet through sale of non-core assets are key near-term triggers for the company. Therefore, we initiate our coverage with BUY rating on the stock with a target price of Rs.223

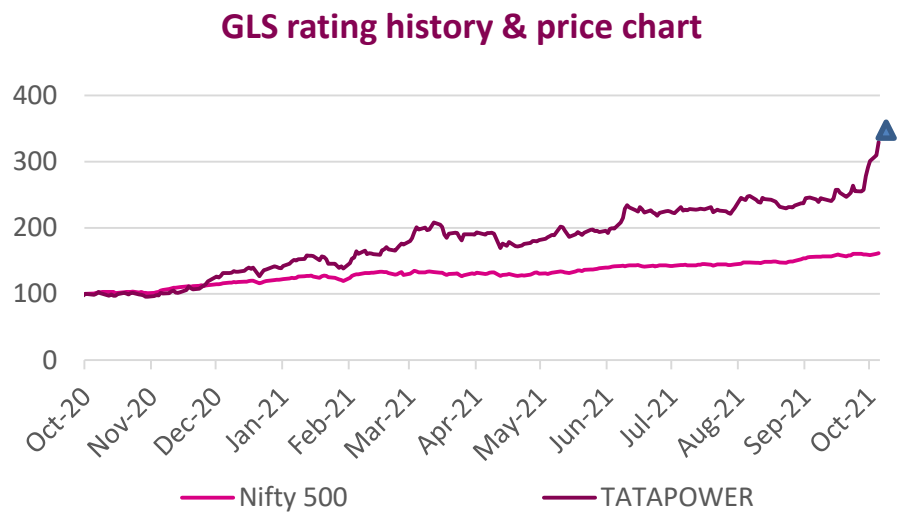
52 Week Low / High	52/ 185
Avg. Daily Volume (3M) ('000)	33,406,585
No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)	3,196/ 5,73,240
Shareholding (Promoters/Institutional/Others)	46.9% / 28.4%/ 24.7%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-22E
Revenue	2,91,364	3,24,681	4,28,579	4,60,722
EBITDA	79,428	69,285	98,573	1,03,663
PAT	13,164	13,551	18,023	20,366
EPS (₹)	4.9	4.2	5.7	6.8
P/E	34.8	40.0	30.1	26.3
P/B	2.5	2.6	2.4	2.3
ROE	6.4%	6.1%	8.0%	8.7%

Source: Company, Estimates,. Note: Prices are as on 5-Oct-21

## Price Performance (Sep'20=100)





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Mid/Small Caps (<₹300 Bn.)	20%	10%-15%	Below 10%

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