28th March 2023

INITIATING COVERAGE

Retail Equity Research

Torrent Power Limited

Power

BSE CODE : 532779 NSE CODE: TORNTPOWER

BLOOMBERG CODE: TPW:IN SENSEX : 57,654

Accumulate

12 Months Investment Period | Rating as per Mid Cap

CMP Rs.488 TARGET Rs.550 RETURN 13%

(Closing: 27.03.2023)

Operational effectiveness to craft future...

Torrent Power Ltd. (TPL) is one of the leading power utility companies in India, with functions across generation, transmission, and distribution. It has operations spread across Gujarat, Maharashtra, UP, and Karnataka.

- **The distribution businesses foresee increased productivity as a result of decreased T&D losses and expansion ambitions to boost the top line.**
- **By FY25, we anticipate a 28% rise in renewable capacity, spurred by capacity augmentation.**
- **With the expected drop in gas prices, we believe that the gas plants' efficiency will improve, resulting in increased profitability.**
- **The company is expected to maintain a debt/equity ratio of 0.7x in FY25, down from 0.9x in FY23, and an ROE of 16% in FY25.**
- **We initiate TPL with an Accumulate rating and a target price of Rs. 550 based on a multiple of 1.62x FY25 P/Bk, considering its healthy balance sheet, solid performance in distribution circles, and the expectation that the PLFs of the generating units would pick up.**

Revenue growth to stay intact..

TPL maintained a healthy operational performance, which was contributed by the addition of new licensed area, low AT&C losses, higher demand, and improved collections across distribution areas. This boosted revenue in 9MFY23, reported at Rs.19,656cr, showed a growth of 87% when compared to 9MFY22 of Rs.10,514cr. This is mainly due to a 63% increase in the sale of units in the distribution areas. The margins, however, declined to 18.7% from 24.7% during the period due to low fuel-based incentives and impairment charges at the DGEN plant. Going forward, we expect the positives to stay intact and the revenue to grow by ~5% CAGR for the period FY23-25, owing to the high base set during the 9-month period of FY23.

Being ready to spur growth...

By reducing losses through smart metering and maintaining strict supervision in the distribution areas, TPL has been able to manage its distribution segments effectively. The renewable segment is expected to increase the Plant Load Factor (PLF), which would aid in better profitability for the segment. As a result of rising gas prices, the efficiency of gas generation plants has suffered significantly. TPL makes a tactical decision to sell gas or generate power and earns revenue as a result. We anticipate that the efficiency of the gas plants will improve as gas prices normalise.

Expansion plans...

Torrent Power Ltd. has plans to expand its renewable assets with a total capacity of 715 MW, which consists of 300MW of solar and 415 MW of wind. Additionally, a potential acquisition of the distribution areas of Nagpur and adjoining areas is under discussion.

Valuation

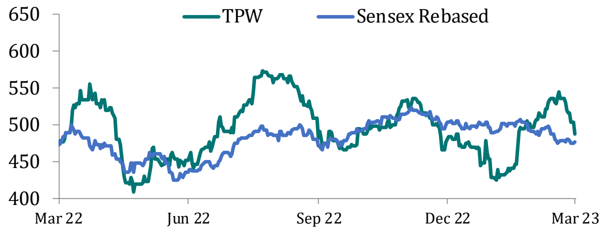
Given its healthy balance sheet and robust performance from its licensed and franchised distribution segments, along with improvements in PLF for both generation segments, we anticipate the company's earnings to improve. As a result, we initiate with an Accumulate rating on the stock and value it at 1.62x FY25 P/Bk with a target price of Rs. 550.

Company Data	
Market Cap (Rs cr)	23,416
Enterprise Value (Rs cr)	33,368
Outstanding Shares (Rs cr)	48.1
Free Float	46.4%
Dividend Yield	4.5%
52 week high	610
52 week low	416
6m average volume (cr)	0.06
Beta	0.99
Face value (Rs)	10

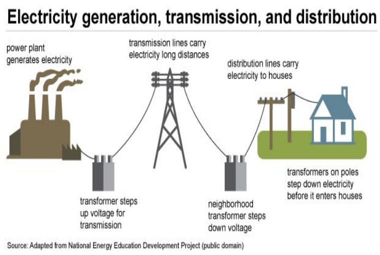
Shareholding (%)	Q1FY23	Q2FY23	Q3FY23
Promoters	53.6	53.6	53.6
FII's	6.8	6.8	6.7
MFs/Institution	22.6	21.2	21.3
Public	17.0	18.5	18.4
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 months	6 months	1 year
Absolute Return	1.4%	1.2%	2.8%
Absolute Sensex	-5.4%	1.9%	0.5%
Relative Return*	6.8%	-0.7%	2.3%

***over or under performance to benchmark index**



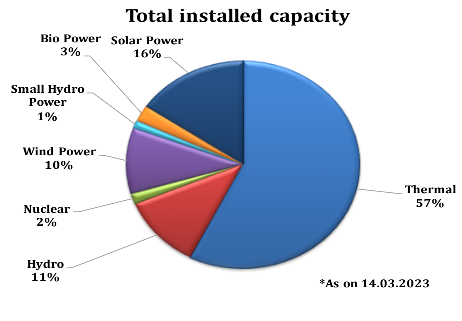
Consolidated (cr)	FY23E	FY24E	FY25E
Sales	25,690	26,671	28,078
Growth (%)	*80.2*	*3.8*	*5.3*
EBITDA	4,815	5,106	5,406
EBITDA Margin(%)	*18.7*	*19.1*	*19.3*
PAT Adj.	2,056	2,306	2,457
Growth (%)	*16.9*	*12.1*	*6.6*
Adjusted EPS	43	48	51
Growth (%)	*16.9*	*12.1*	*6.6*
P/E	13	11	11
P/B	2.2	1.9	1.6
EV/EBITDA	7.8	7.4	7.0
ROE (%)	*18.9*	*17.8*	*16.2*
D/E	0.9	0.8	0.7

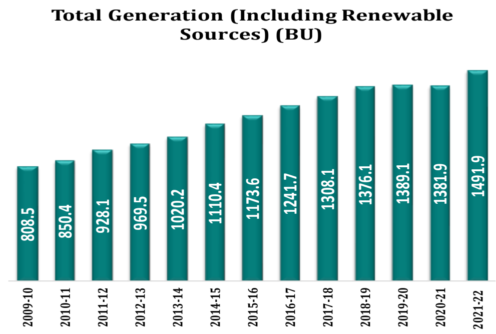


Sector Outlook

The backbone of the economy is the power sector, which fosters economic expansion. The government is aware that it needs to modernise the infrastructure in order to meet the nation's increasing demand for electricity. The power sector's three main components are generation, transmission, and distribution. India's power sector is one of the most versatile in the world, using both conventional and unconventional sources to produce energy.

Total installed capacity as on October'22 is 408.71 GW.





Source: CEA, Geojit Research

Generation

According to the above pie chart, conventional methods of power generation account for more than half of the total installed capacity, and their percentage has been steadily declining. It is also clear that the thermal Plant Load Factor (PLF), which fell from 73.3% in FY12 to 63.6% in FY23(*upto January 2023 data), has decreased over the past ten years. This is mainly due to the rise in the coal prices in the international market and also supply concerns faced during the period. As a result of the high coal prices on the global market, coal imports have declined. The war between Russia and Ukraine is mostly to penalise for this. To meet the nation's demand for coal, there was a notable growth in domestic coal production. Ample supply, however, was unable to keep up with the rising demand for electricity.

Coal Plant

Transition to unconventional sources of energy like solar and wind aided to meet the demand of power in the country. Renewable Energy (RE) capacity has increased steadily, from 18% in FY12 to 29% in FY22. As of February'23., the total installed capacity including hydro power stands at 174.53GW.

As commodity prices increased during the last fiscal year, this caused an increase in tariffs on solar projects. However, in order to increase the adoption of renewable energy, the government made the required adjustments to laws, including net metering and waiving the inter-state transmission system (ISTS) for transmission of renewable projects. Additionally, during the year, Production Linked Incentives (PLI) totaling Rs. 24,000 crores was allocated for capacity addition.

In the past 8.5 years, India's installed renewable energy capacity has grown by 396%, reaching more than 174.53 Giga Watts (including large hydro), or nearly 42.5% of the nation's total capacity (as of February 2023). India experienced the largest year-over-year growth of 9.83% in the addition of renewable energy in 2022. FDI investments up to 100% is allowed by automatic route for renewable energy route.

Transmission

India has become one of the largest synchronous interconnected electricity grids in the world with 4,63,758ckm of transmission line and 11,56,105MVA of transmission capacity (As of Jan.23).

India's transmission networks use 765kV, 400kV, and 220kV AC lines. To accommodate the rising demand caused by the shift in the generating mix, several initiatives have been made in the transmission system. A network of infrastructure corridors known as "Green Energy Corridors" was built to connect India's conventional national grid to the renewable energy produced. This is done in two ways (i) Power Grid Corp. is in charge of linking the interstate transmission network in the first of two phases. (ii) projects given to private parties through competitive bidding based on tariffs (TBCB).

There have been 64 projects granted in all, 34 of which have been commissioned, and 32 are currently under construction. The remaining initiatives have either been shelved or are being litigated.

However, there are concerns faced by the bidders for TBCB route of which the execution is been delayed, such as delay in securing right of way, forest clearance and rerouting requirements in some cases. The median delay of executing projects which are won under TBCB route is 8.5 months.

Distribution

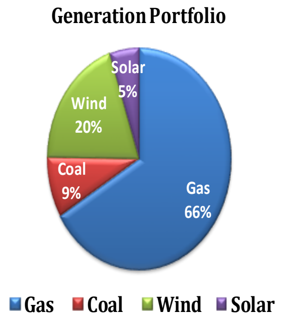
One of sector's key segments. Numerous difficulties have been encountered in the segment. The government has announced a number of plans and programmes to reduce and manage the damages in this area. High Aggregate Technical & Commercial Losses (AT&C losses), the expanding Average Cost of supply– Average Realizable Revenue (ACS-ARR gap), insufficient tariff increases, and a backlog in government subsidy payments are just a few of the problems plaguing the sector and limiting the development of Discoms. Government initiatives like the privatisation of Discoms would aid to improve financial and operational performance of the Discoms. AT&C Losses and ACS-ARR gap in the country currently is 17.39% and Rs.0.54/unit respectively. (excluding Andaman Nicobar Islands, Lakshadweep and Nagaland)

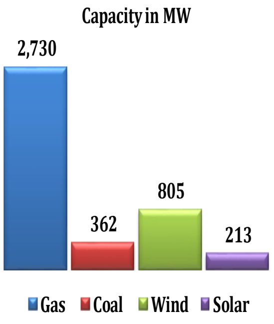
MOP has requested all states prepare a road map for shifting over to smart prepayment meters. New smart meters must be installed before any new connections are made. By 2025, this is anticipated to be finished.

Company Overview

One of India's top integrated power utility companies, Torrent Power Limited, is the flagship company of the Torrent Group. TPL is prominent in each of the industry's three verticals, namely generation, transmission, and distribution. The company has 4109.5 MW of total installed capacity, which comes from thermal and renewable energy generation facilities. With a 99.9% dependability rate, Torrent maintains power distribution networks that service over 4 billion users. For the transmission of electricity produced by gas-based power plants, the company also owns and operates 482 km of transmission lines.

Sugen Plant (1147.5MW), Surat, Gujarat





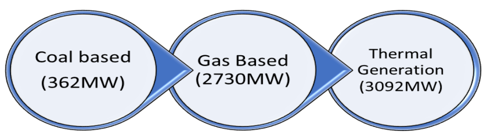
Source: Company, Geojit Research

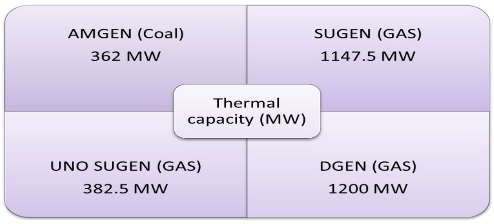
Company portfolio

Thermal: Torrent Power Limited (TPL) has a total of 3.1GW capacity of thermal power generation plants, which includes a 362MW coal plant and 2,730MW gas power plants. These power plants are regulated by the central/ state regulatory commissions as mentioned below:

- Amgen - Gujarat Electricity Regulatory Commission (GERC)
- Sugen– Central Electricity Regulatory Commission (CERC)
- Uno-sugen—Central Electricity Regulatory Commission (CERC)
- Dgen- Central Electricity Regulatory Commission (CERC)

Uno-Sugen Plant (382.5MW), Surat, Gujarat





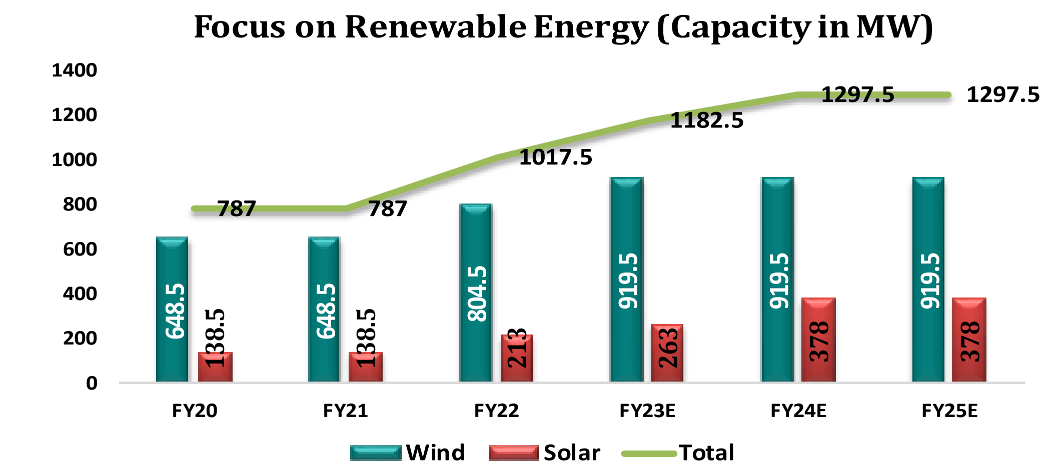
Source: Company, Geojit Research

All three power plants, i.e., Amgen, Sugen, and Uno-Sugen, are tied up with long-term Power Purchase Agreements (PPAs) with the company's own distribution arm (i.e., Licensed Distribution (LD) areas). The Dgen facility, however, is now devoid of PPAs and largely dormant.

Renewable Energy (RE)

TPL has a total capacity of 1,068MW and 715MW of projects are under-development. The company focuses to increase the capacity as the country focus is shifting to renewable energy than the conventional mode of power generation. The renewable portfolio consist of Solar (263 MW) and Wind (805MW).

Solar panel and wind turbine



Source: Company, Geojit Research

Torrent Power is cautious about selecting its portfolio of real estate investments. The business also takes the required actions to expand its overall renewable capacity. TPL currently has 415 MW of renewable energy projects in development, including 115 MW of wind projects and 300 MW of solar projects.

Licensed Distribution (LD)

Power distribution lines

The company has approx. 425sq.kms area of licensed operation which is spread across Ahemedabad, Gandhinagar, Surat and Dahej SEZ. Additionally, TPL has added two areas under licensed distribution portfolio in Dholera SIR of 920 sq.kms and acquisition of Dadra and Nagar Haveli and Daman and Diu (DNHDD) power distribution (51% stake) from DNHDD Power Distribution Company. The licensed distribution of the company in Gujarat are regulated by GERC. Torrent's position as the country's leading power distribution company is strengthened by the total area under licensed distribution and the acquisition.

Franchised Distribution (FD)

Lowest T&D loss in the country when compared with global benchmarks.

TPL operates franchise of licensed holders for electricity distribution in cities like Bhivandi, Agra and Shil-Mumbra-Kalwa (SMK). It has a total area of 1,007 sq.kms under franchise distribution. Here, the company invests, maintains, operates and distributes power in the networks which are purchased. The term of Bhivandi is upto 2027, Agra 2030 and SMK 2040. There is a chance that these contracts may be renewed in the future. These areas are governed by the agreements between the company and the respective state DISCOMs. The main objective of TPL in these franchise distribution areas is to reduce its AT&C Loses and improve electricity supply and customer services. For the franchisee, the profits comes from lowering the Transmission and Distribution Losses (T&D Losses).

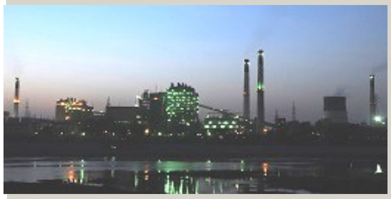
Smart meter

Torrent Power may soon takeover the parallel distribution business in the city of Nagpur and adjoining areas. Expected to serve over 3 lakh customers for a tenure of 5 years. As the government plans to unveil the revival of DISCOM's and focus on more franchised distribution and privatization would open more opportunities for Torrent Power in franchised distribution.

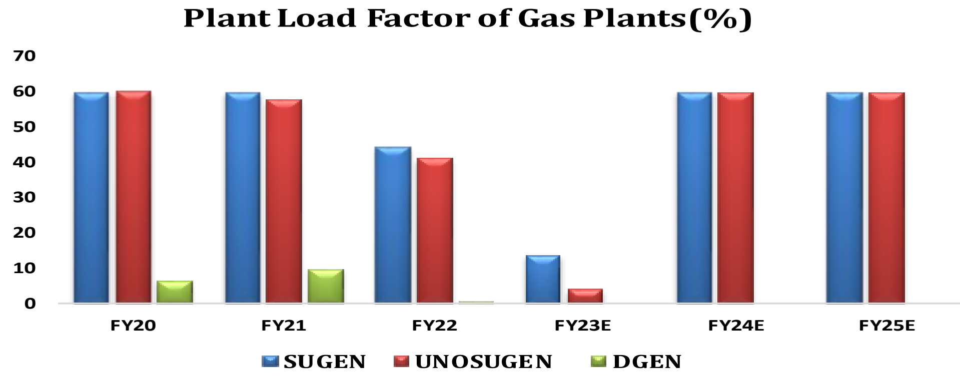
Operational Performance

TPL's major portion of revenue is from their distribution business (i.e, LD+FD). For the conventional power generation, i.e., gas and coal, the PLF depends on the availability of natural gas and coal. Of lately, the natural gas prices have not been favorable for power production and TPL decides to sell the gas which is in the inventory and purchase power for the sale of power in the licensed distribution areas. TPL would continue the sale of natural gas until they would feel the gas prices are economical for power production. This is the reason why the PLF of the gas based plants declined in FY22. Going forward, we anticipate that gas prices will fall and the efficiency of the gas plants will improve. Additionally, with the introduction of a market segment in the power exchange to sell power that is generated with highly priced fuel, there is an opportunity for the DGEN plant to generate and sell units in the exchange.

DGEN Gas Plant (1200MW) Dahej, Gujarat



AMGEN Coal Plant (362MW), Ahemedabad, Gujarat

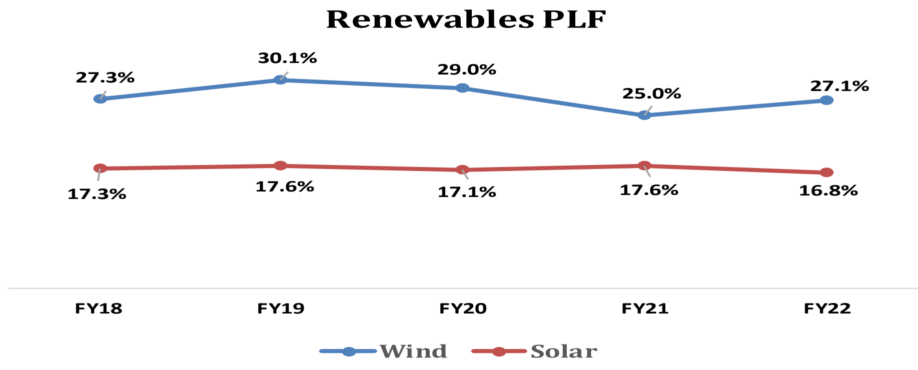


Source: Company, Geojit Research

The coal based plant Amgen, has reached its optimal level of PLF in FY22, which had been reduced in FY21 due to COVID and low demand for power in the area. In Q3FY23 Angen plant maintained a PLF of 75.4% with 552 MU's produced.

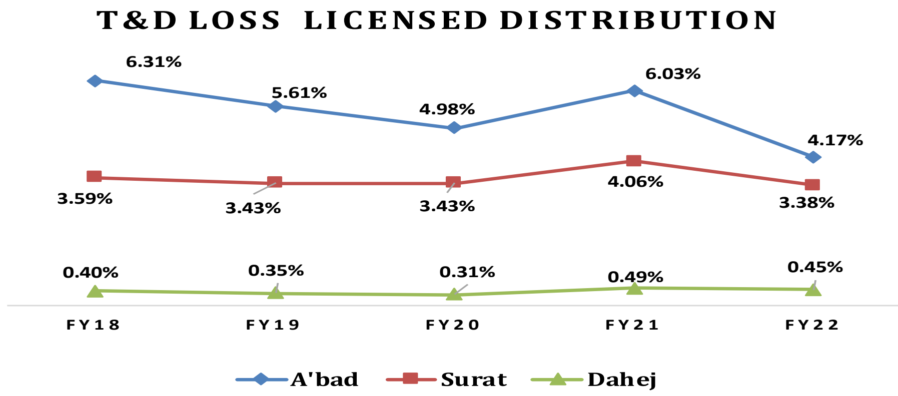
We anticipate that the price of gas will soon decrease and that the PLFs at the three gas plants (Sugen, Unosugen, and Dgen) will return to normal. However, for Dgen we are a bit sceptical about the plant's operation as it has no standing long term Power Purchase Agreements (PPA's).

TPL has a total installed capacity of 1,067.5MW in the renewable energy, of which 156MW wind power plants and 75MW of solar power plants was acquired in the year FY22. During FY23, the company has acquired a 52MW of RE capacity. During FY21, the PLF of wind has decreased, owing to substantial and abnormal drop in wind speed, heavy rain & extended monsoon and un-scheduled outages. However it has increased to 27.1% in FY22. The solar PLF has reduced due to lower irradiation in FY22.



Source: Company, Geojit Research

Due to rising economic activities, demand in the licensed regions keeps growing. Ahmedabad, Surat, and Dahej are licensed distribution areas that are governed by GERC, which permits a cost plus post-tax ROE of 14% as part of a regulated tariff structure. In addition, the company assumed control of the distribution activities in the Union Territories of Dadra & Nagar Haveli, Daman, and Diu in Q1FY23 (DDDNH). Over the nine-month period in FY23, the T&D losses for the licensed regions of A'bad, Surat, and Dahej were 3.24%, 3.32%, and 0.54%, respectively, while they were 3.36%, 3.28%, and 0.45% in the nine-month period in FY22. In 9MFY23, DDDNH reported a 1.9% T&D loss.



Source: Company, Geojit Research

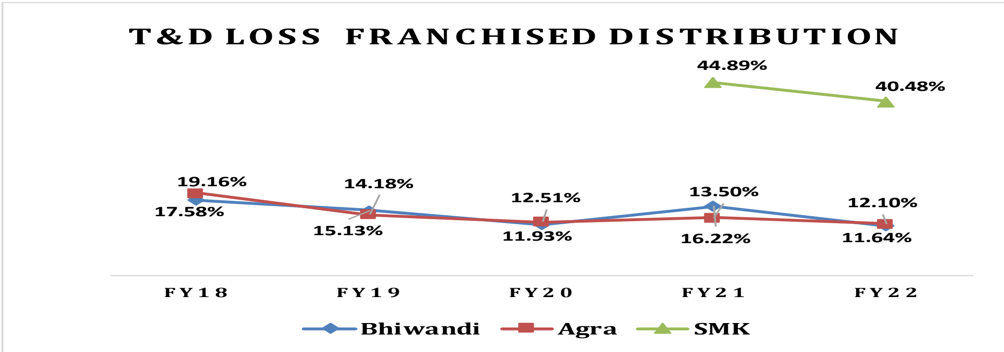
The T&D losses of both the Licensed as well as the Franchised areas has shown a significant reduction.

The objective of Torrent Power is to bring down the T&D loss in the franchised areas.

The company distributes nearly 26 billion units to over 3.94 billion customers across its distribution areas.

Contracted Storage-cum-Regasification capacity of 1MTPA with Petronet LNG, Dahej Terminal for 20 years from April 2017.

The sale of electricity in the licensed area was 17,668MUs in 9MFY23 Vs. 9,391MUs in 9MFY22, which is higher by 88% YoY. Despite higher sales of power, the company focused on reducing the T&D loss in the distribution areas. Additionally, operations in Dholera are yet to be commenced as the infrastructure is yet to be developed.



Source: Company, Geojit Research

Franchised distribution sales were higher by 12% in 9MFY23 when compared to 9MFY22, which was impacted due to covid restrictions. TPL focuses on improving the efficiency in the franchised areas and that can be visible in the previous graph, where the T&D Loss in these areas has shown improvement.

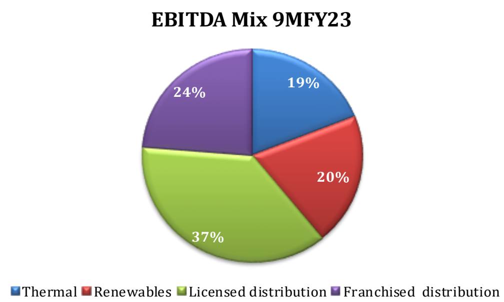
Shil, Mumbra & Kalwa (SMK) is the largest franchisee area among the three. The operations commenced in March,2020 and the agreement is up until February,2040. During FY17, SMK suffered AT&C Losses of 47% and post take over the losses are expected to reduce to 12% over the next 15 years.

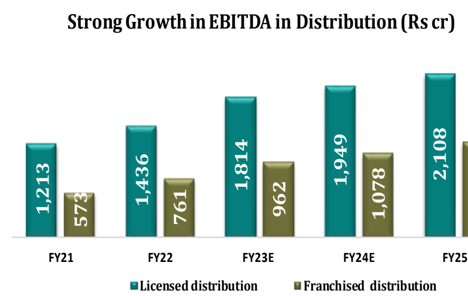
In the franchised areas of Bhiwandi, Agra, and SMK, the T&D losses for the nine-month period were 10.61%, 9.43%, and 34.01%, respectively, for FY23, compared to 12.27%, 11.49%, and 40.92% during the nine-month period of FY22.

Investment Rational

Distribution segment leads future growth

Torrent Power has a diversified portfolio and is present across the value chain in the power sector. Its business segments have a mix of regulatory and non regulatory business. The company mainly focuses on the distribution segment, which is a the combination of licensed and franchised distribution. As shown in the below pie chart, 61% of the total EBITDA in 9MFY23 was contributed by distribution segments .





Source: Company, Geojit Research

We anticipate that the distribution business's combined EBITDA will improve in the coming years due to increase in demand in the distribution areas accompanied with management efficiency by better vigilance, improved collections and smart metering. This would aid in reducing of the T&D Losses and the gap between ACS-ARR. The company has also added two areas under the licensed distribution areas such as Dholera SIR and DNHDD. The operations in DNHDD has already begun and the operations in Dholera is expected to begin in the coming quarters.

Torrent has also applied for parallel distribution license in the areas of Thane, Palghar, Pune and Nagpur. This is in the initial stages and with pending approvals from the regulator. We expect a strong demand growth in these areas.

Thermal generation to pick up as gas prices stabilizes

In the conventional generation segment, specifically in the gas segment, there was a fall in the PLF in FY22. This was due to unfavorable gas prices and this trend continues to spillover in FY23. The company takes strategical decision about whether to generate power using the existing stock of gas or to sell the gas. However, the company decides to sell the gas, which is more profitable than generating power.

Around 70–77% of the plant's capacity is tied up in long-term Power Purchase Agreement (PPA's) and the power is distributed through the licensed distribution network. The Dgen plant has no long term Power Purchase agreement; hence, it is mostly inoperative. We expect the gas prices to come down and the plant PLF to normalize in the coming years.

However, a average PLF 87.2% was maintained at the coal based plant, i.e., Amgen during 9MFY23, and is expected to be maintained. The Amgen plant generates power for the licensed area of Ahmendabad.

Capacity addition in renewable segment.

The nation is inching towards the renewable energy target of 500GW by 2030. Torrent Power also focuses on growing its Renewable portfolio, which consists of solar and wind. A total of 415MW of renewable energy is under development. We expect an increase in capacity addition of 280MW, i.e, 28% by FY25.

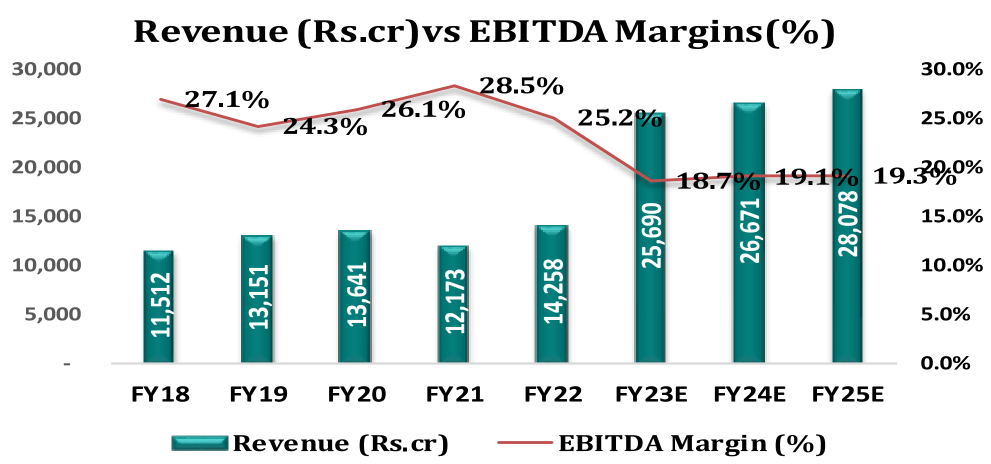
Strong balance sheet with healthy cash flows.

When compared to its peers in the sector, Torrent Power has one of the lowest debt-to-equity ratios. Furthermore, the company maintained a healthy operating cash flow which is driven by strong operating performance from the distribution areas as well as renewable generation.

Financial Performance

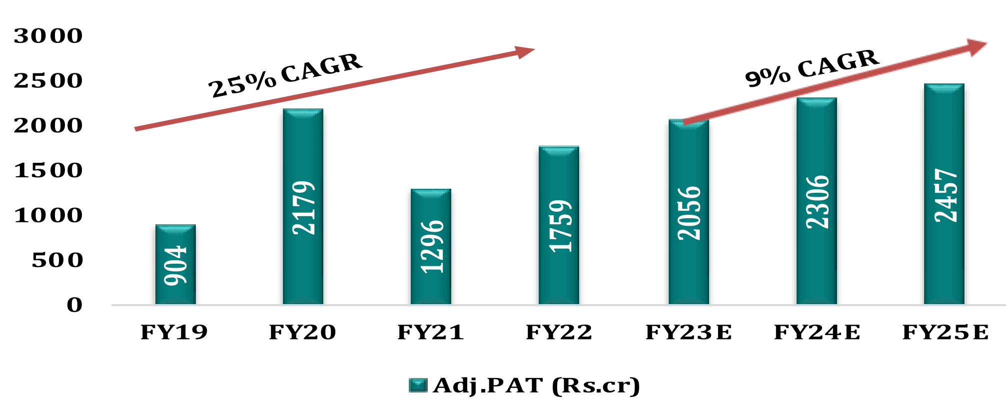
Revenue to grow at 5% CAGR over FY22-FY25E ...

During the past 5 years the company had a revenue growth by 3% CAGR and we expect a growth of 5% over the period of FY23- FY25, aided by strong performance of the distribution and renewables segments. The low growth is due to the base effect in 9MFY23. However the operating margins moreover is expected to be maintained with slight improvement in our forecasted for the period FY23-25 as we are cautious of the raw material prices. Due to this, we anticipate a Adj. PAT growth of 9% CAGR during this period.



Source: Geojit Research

PAT growth hindered due to cost constraints

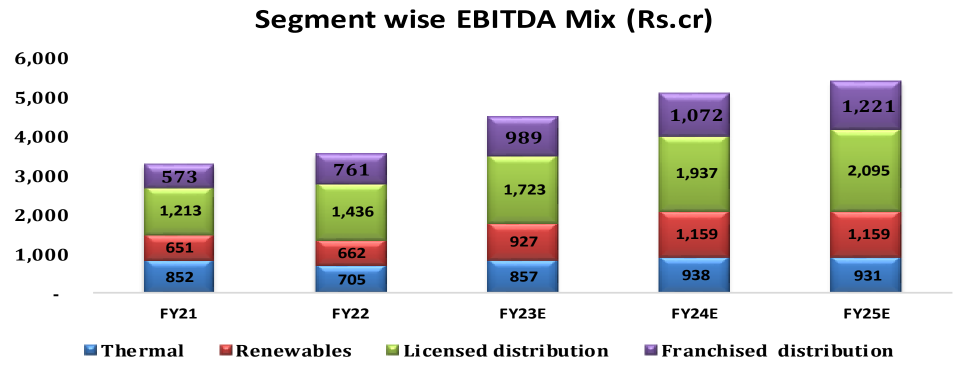


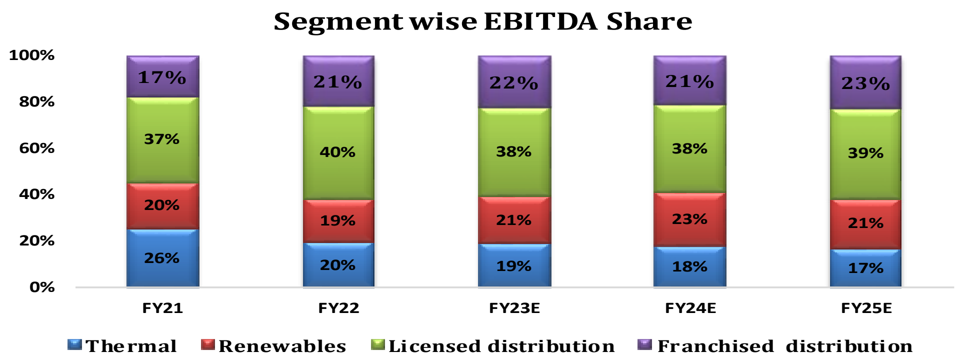
Source: Geojit Research

The distribution segment contribute around 60% to the EBITDA.

Renewables and distribution areas boost EBITDA..

A decrease in the PLF of the gas plants has significantly contributed to the 13% decline in EBITDA for thermal production. If the gas prices stabilise and the gas plants resume normal operation, we project a growth of 8% by FY25. With the shift toward renewable energy, we anticipate a 25% increase in EBITDA in FY25 via capacity addition . Although the generation (thermal and renewables) segments will both do well, we anticipate that the distribution sectors i.e., licenced and franchised areas will perform better, with EBITDA growth of 21% and 23%, respectively, during FY23- FY25.

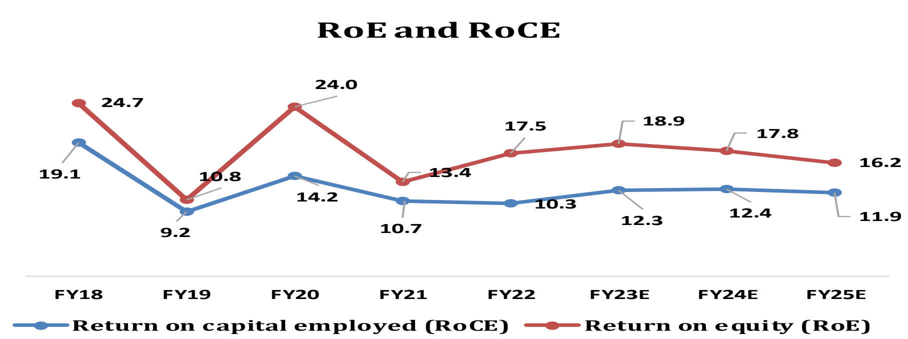


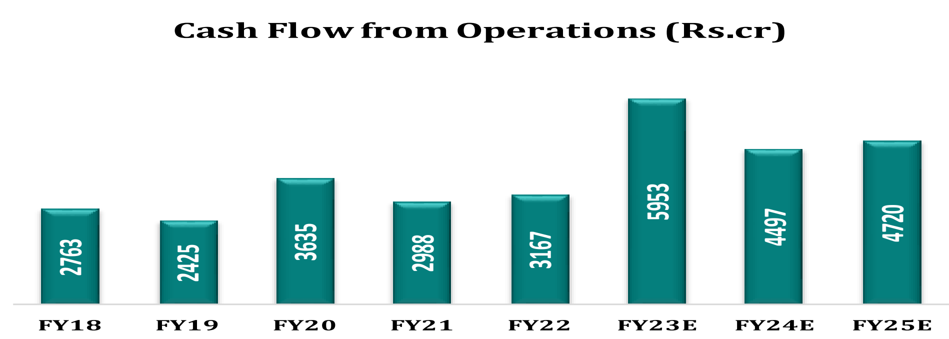


Source: Geojit Research

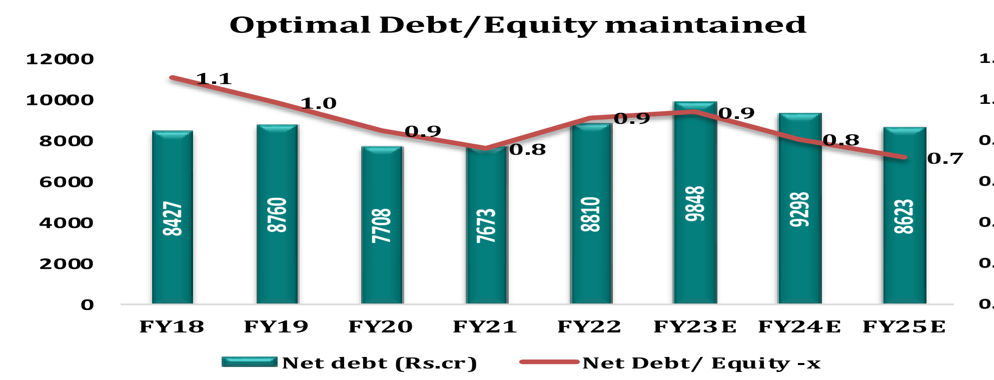
Strong Balance sheet with sufficient cash

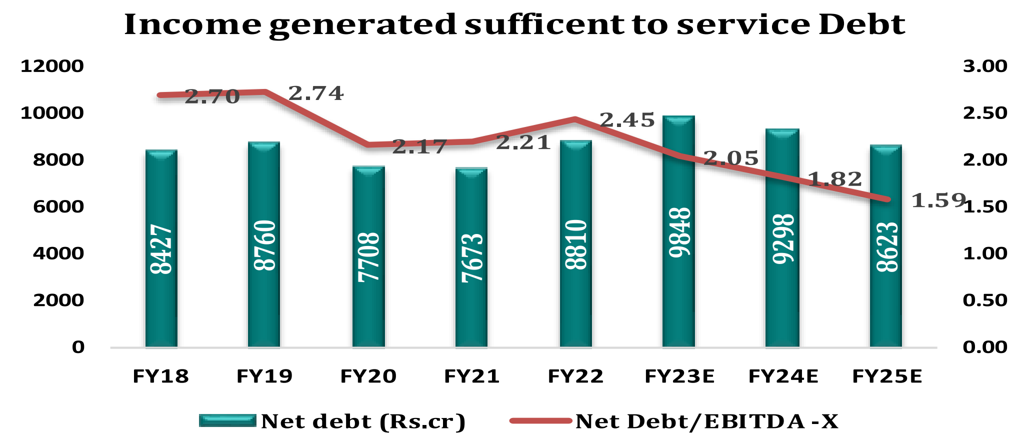
TPL holds a strong balance sheet, with a current debt-to-equity ratio of 0.9x, which has historically been less than 1x. In addition to that, the company has enough cash available for its operations and expansion projects. In the upcoming years, we estimate that the company will constantly remain its current RoE level of the range of 16%-19%, and we also anticipate that the same will be maintained in its current RoCE levels, which are due to high leverage, though slight improvements are also to be expected. The cash from operations (CFO) is expected to improve as the distribution and the renewable generation segments grow.





Source: Geojit Research





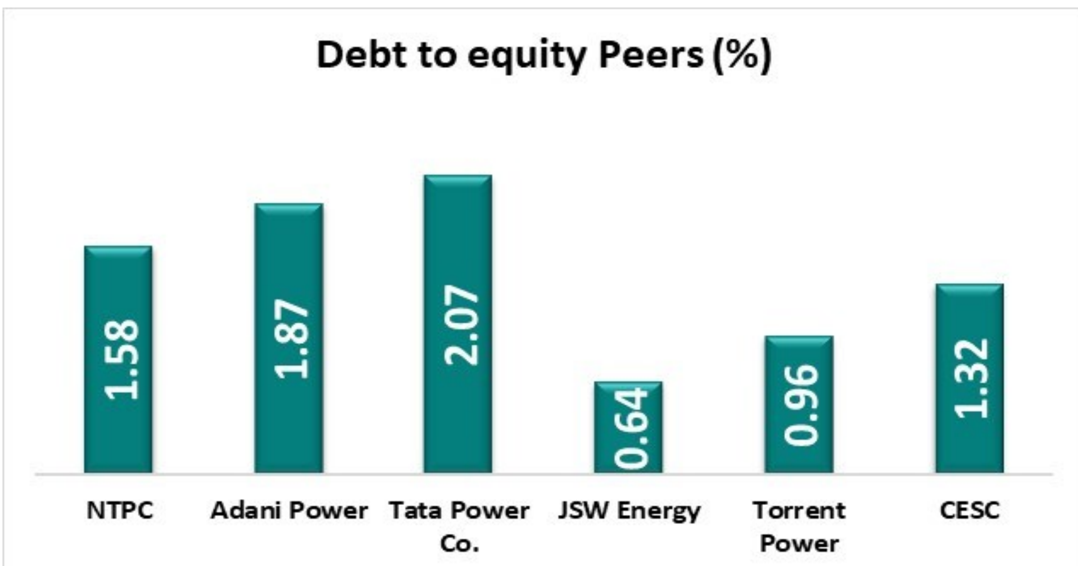
Source: Geojit Research

Peer Comparison

Torrent Power was able to keep up a better growth margins while maintaining an optimum value of debt/equity ratio. In comparison with its peers, the company upholds its Debt/ Equity ratio at 0.96 x.

Name	MCap (Rs.cr)	Sales (Rs.cr)	EBITDA (Rs.cr)	EBITDA Margin (%)	PAT (Rs.cr)	EPS (Rs)	P/E	D/E (FY22)	P/ Bk	EV/ EBITDA	ROE (%)
NTPC	1,61,594	1,61,500	46,152	28.6	17,652	18.0	9.2	1.6	1.1	8.3	12.3
Tata Power	66,526	52,132	8,177	15.7	3,313	11.3	18.6	2.0	2.6	14.2	13.7
JSW Energy	46,832	9,536	3,576	37.5	1,440	8.5	26.4	0.6	2.0	12.5	8.2
Torrent Power	25,698	25,690	4,815	18.7	2,056	42.8	11.6	0.96	2.2	7.7	18.9
CESC	10,233	14,353	3,671	25.6	1,344	10.7	6.7	1.32	0.9	5.7	13.4

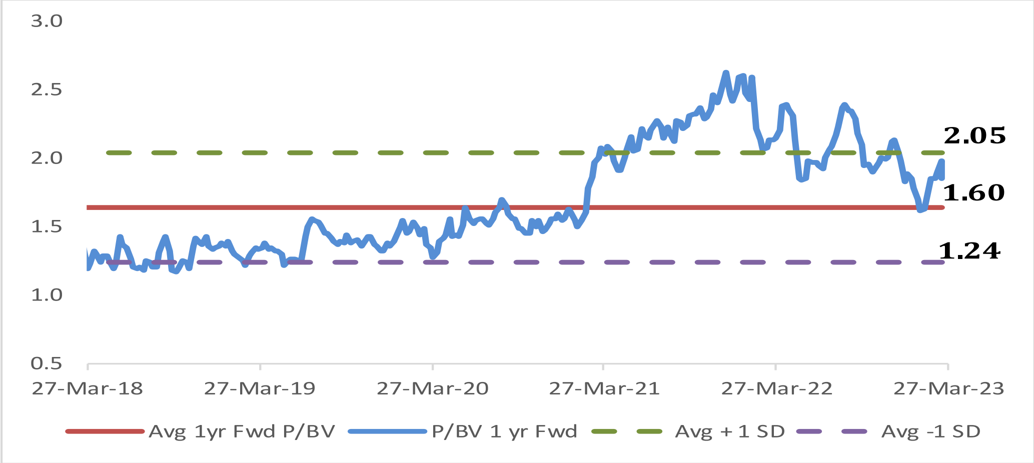
Source: Bloomberg, Geojit Research ***FY23 Estimates**



Source: Geojit Research

Valuation Analysis

P/BV band chart on 1 year Forward



Source: Geojit Research

Torrent Power Ltd., one of the major industrial players in the power sector, is prominent across all industrial verticals. Its noted that that there was a rerating in the stock post April'21. This is due to the shift in the company focus of renewables and the distribution segments. However, by reducing T&D losses, it is anticipated that the performance of licenced and franchised distribution would support revenue growth for FY23, FY24, and FY25. The expansion of renewable energy capacity would also increase revenue. The stock currently trades at 1.9x P/Bk multiple. The country is focusing more on unconventional electricity generation techniques and government programmes to strengthen the discoms' financial standing. Along with a healthy balance sheet, the potential for growth in the renewable space, a fall in the gas prices, which would help raise the PLF in the gas plants, and a reduction in the losses in the distribution areas provides visibility. We initiate TPL with a Accumulate with a target of Rs. 550. We value the stock at 1.62x FY25 P/Bk.

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	**12,173**	**14,258**	**25,690**	**26,671**	**28,078**
% change	(10.8)	17.1	80.2	3.8	5.3
EBITDA	**3,465**	**3,591**	**4,815**	**5,106**	**5,406**
% change	(2.6)	3.6	34.1	6.0	5.9
Depreciation	1,280	1,334	1,327	1,355	1,422
EBIT	2186	2257	3488	3751	3984
Interest	776	628	835	956	1,011
Other Income	142	235	284	300	325
PBT	**1,552**	**564**	**2,937**	**3,095**	**3,298**
% change	227	(63.7)	421	5	7
Tax	256	105	881	789	841
Tax Rate (%)	16.5	18.7	30.0	25.5	25.5
Reported PAT	**1,296**	**459**	**2,056**	**2,306**	**2,457**
Adj*	0	1300	0	0	0
Adj PAT	**1,296**	**1,759**	**2,056**	**2,306**	**2,457**
% change	-40.5	35.7	16.9	12.1	6.6
No. of shares (cr)	48	48	48	48	48
Adj EPS (Rs.)	27	37	43	48	51
% change	-40.5	35.7	16.9	12.1	6.6
DPS (Rs.)	0	2	3	3	3

BALANCE SHEET

Y.E March (Rs. cr)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash	107	289	1,304	2,055	3,138
Accounts Receivable	1,420	1,603	2,964	3,019	3,055
Inventories	450	538	1,217	1,136	1,164
Other Cur. Assets	232	283	429	453	469
Investments	561	469	707	763	847
Gross Fixed Assets	24,892	27,104	29,354	30,854	32,354
Net Fixed Assets	17,129	16,759	17,683	17,828	17,906
CWIP	838	1,297	2,797	4,297	5,797
Intangible Assets	18	123	1,000	1,000	1,000
Def. Tax (Net)	25	35	35	35	35
Other Assets	2,580	3,411	4,575	5,378	6,154
Total Assets	**23,539**	**25,023**	**32,926**	**36,179**	**39,780**
Current Liabilities	3,514	4,064	6,521	7,335	8,095
Provisions	335	274	458	484	506
Debt Funds	7,781	9,099	11,152	11,353	11,761
Other Liabilities	1,724	1,643	2,940	2,990	3,090
Equity Capital	481	481	481	481	481
Reserves & Surplus	9,704	9,463	11,374	13,536	15,848
Shareholder's Fund	10,184	9,943	11,855	14,016	16,329
Total Liabilities	**23,539**	**25,023**	**32,926**	**36,179**	**39,780**
BVPS (Rs.)	212	207	247	292	340

CASH FLOW

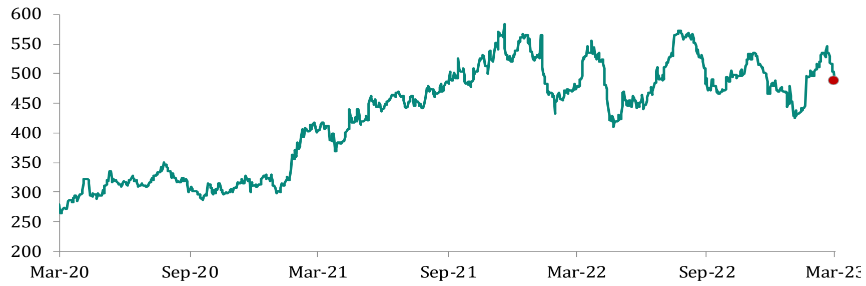
Y.E March (Rs. cr)	FY21A	FY22A	FY23E	FY24E	FY25E
Net inc. + Depn.	2,831	1,898	4,264	4,449	**4,720**
Non-cash adj.	493	1,523	(46)	167	170
Changes in W.C	(255)	(163)	123	90	25
C.F. Operation	**2,988**	**3,167**	**4,341**	**4,707**	**4,915**
Capital exp.	(1,289)	(1,760)	(4,627)	(3,000)	(3,000)
Change in inv.	(2)	(2)	(237)	(56)	(84)
Other invest.CF	173	141	--	--	--
C.F – Investment	**(910)**	**(2,483)**	**(4,864)**	**(3,056)**	**(3,084)**
Issue of equity	(1,125)	(235)	--	--	--
Issue/repay debt	36	933	2,053	202	408
Dividends paid	(4)	(4)	--	--	--
Other finance.CF	(816)	(694)	(835)	(956)	(1,011)
C.F – Finance	**(2,061)**	**(502)**	**1,538**	**(899)**	**(748)**
Chg. in cash	16	182	1,015	751	1,083
Closing cash	107	289	1,304	2,055	3,138

RATIOS

Y.E March	FY21A	FY22A	FY23E	FY24E	FY25E
Profitab. & Return					
EBITDA margin (%)	28.5	25.2	18.7	19.1	19.3
EBIT margin (%)	18.0	15.8	13.6	14.1	14.2
Net profit mgn.(%)	10.6	12.3	8.0	8.6	8.7
ROE (%)	13.4	17.5	18.9	17.8	16.2
ROCE (%)	10.7	10.3	12.3	12.4	11.9
W.C & Liquidity					
Receivables (days)	40.5	38.7	32.4	40.9	39.5
Inventory (days)	15.7	12.6	12.5	16.1	14.9
Payables (days)	33.6	30.1	55.3	94.8	100.3
Current ratio (x)	0.6	0.6	0.8	0.9	0.9
Quick ratio (x)	0.5	0.5	0.7	0.8	0.8
Turnover & Leverage					
Gross asset T.O (x)	0.5	0.5	0.9	0.9	0.9
Total asset T.O (x)	0.5	0.6	0.9	0.8	0.7
Int. coverage ratio (x)	2.8	3.6	4.2	3.9	3.9
Adj. debt/equity (x)	0.8	0.9	0.9	0.8	0.7
Valuation					
EV/Sales (x)	2.6	2.3	1.3	1.3	1.3
EV/EBITDA (x)	9.0	9.1	7.2	6.8	6.5
P/E (x)	18.1	13.3	11.4	10.2	9.5
P/BV (x)	2.3	2.4	2.0	1.7	1.4

PEOPLE YOU PROSPER WITH

PRICE HISTORY



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
28.03.2023	Accumulate	550

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:
Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note.
Accumulate: Partial buying or to accumulate as CMP dips in the future.
Hold: Hold the stock with the expected target mentioned in the note.
Reduce: Reduce your exposure to the stock due to limited upside.
Sell: Exit from the stock.
Not rated/Neutral: The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Neutral/Not rated- The analyst has no investment opinion on the stock under review.

General Disclosures and Disclaimers

CERTIFICATION

I, Antu Eapen Thomas, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Financial Services Limited, hereinafter referred to as Geojit.

COMPANY OVERVIEW

Geojit Financial Services Limited (hereinafter Geojit), a publically listed company, is engaged in services of retail broking, depository services, portfolio management and marketing investment products including mutual funds, insurance and properties. Geojit is a SEBI registered Research Entity and as such prepares and shares research data and reports periodically with clients, investors, stake holders and general public in compliance with Securities and Exchange Board of India Act, 1992, Securities And Exchange Board Of India (Research Analysts) Regulations, 2014 and/or any other applicable directives, instructions or guidelines issued by the Regulators from time to time.

DISTRIBUTION OF REPORTS

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Geojit will not treat the recipients of this report as clients by virtue of their receiving this report.

GENERAL REPRESENTATION

The research reports do not constitute an offer or solicitation for the purchase or sale of any financial instruments, inducements, promise, guarantee, warranty, or as an official confirmation of any transaction or contractual obligations of any kind. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. We have also reviewed the research report for any untrue statements of material facts or any false or misleading information. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

RISK DISCLOSURE

Geojit and/or its Affiliates and its officers, directors and employees including the analyst/authors shall not be in any way be responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Investors may lose his/her entire investment under certain market conditions so before acting on any advice or recommendation in these material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. This report does not take into account the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this report (including the merits and risks involved). The price, volume and income of the investments referred to in this report may fluctuate and investors may realize losses that may exceed their original capital.

FUNDAMENTAL DISCLAIMER

We have prepared this report based on information believed to be reliable. The recommendations herein are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/return/lack of clarity/event we may revisit rating at appropriate time. The stocks always carry the risk of being upgraded to buy or downgraded to a hold, reduce or sell. The opinions expressed are subject to change but we have no obligation to tell our clients when our opinions or recommendations change. This report is non-inclusive and does not consider all the information that the recipients may consider material to investments. This report is issued by Geojit without any liability/undertaking/commitment on the part of itself or any of its entities. We may have issued or may issue on the companies covered herein, reports, recommendations or information which is contrary to those contained in this report.

The projections and forecasts described in this report should be evaluated keeping in mind the fact that these are based on estimates and assumptions and will vary from actual results over a period of time. The actual performance of the companies represented in the report may vary from those projected. These are not scientifically proven to guarantee certain intended results and hence, are not published as a warranty and do not carry any evidentiary value whatsoever. These are not to be relied on in or as contractual, legal or tax advice. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

JURISDICTION

The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. Distributing/taking/sending/dispatching/transmitting this document in certain foreign jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Failure to comply with this restriction may constitute a violation of any foreign jurisdiction laws. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. Investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk.

REGULATORY DISCLOSURES:

Geojit's Associates consists of privately held companies such as Geojit Technologies Private Limited (GTPL- Software Solutions provider), Geojit Credits Private Limited (GCPL- NBFC Services provider), Geojit Investment Services Limited (GISL- Corporate Agent for Insurance products), Geojit Financial Management Services Private Limited (GFMSL) & Geojit Financial Distribution Private Limited (GFDPL), (Distributors of Insurance and MF Units).In the context of the SEBI Regulations on Research Analysts (2014), Geojit affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

1. Disclosures regarding Ownership:

Geojit confirms that:

It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein.

It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein.

Further, the Analyst confirms that:

(i) he, his associates and his relatives have no financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company.

(ii) he, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered.

2. Disclosures regarding Compensation:

During the past 12 months, Geojit or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company (e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

3. Disclosure by Geojit regarding the compensation paid to its Research Analyst:

Geojit hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. Disclosure regarding the Research Analyst's connection with the subject company:

It is affirmed that I, Antu Eapan Thomas, Research Analyst(s) of Geojit have not served as an officer, director or employee of the subject company

5. Disclosure regarding Market Making activity:

Neither Geojit/its Analysts have engaged in market making activities for the subject company.

ANTU EAPAN THOMAS

Digitally signed by ANTU EAPAN THOMAS
Date: 2023.03.28 11:41:40 +05'30'

Geojit Financial Services Ltd. Registered Office: 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website: www.geojit.com. For investor queries: customercare@geojit.com, For grievances: grievances@geojit.com, For compliance officer: compliance@geojit.com.

Corporate Identity Number: L67120KL1994PLC008403, SEBI Stock Broker Registration No INZ000104737, Research Entity SEBI Reg No: INH200000345, Investment Adviser SEBI Reg No: INA200002817, Portfolio Manager: INP000003203, Depository Participant: IN-DP-325-2017, ARN Regn.Nos:0098, IRDA Corporate Agent (Composite) No.: CA0226