

Result Update – Q4FY23

- Consolidated Revenue up by 4.13% at ₹ 124,538 million in Q4 FY23 vs ₹ 119,600 million in Q4 FY22 due to higher sales across Distribution Companies & capacity addition in Renewables. Consolidated Revenue growth of 32% at ₹5,60,330 million vs ₹4,25,760 million in FY22 due to higher availability in Mundra Thermal Plant which operated under Ministry of Power (MoP) guidelines, higher sales across distribution companies & robust addition in Renewables portfolio
- Consolidated EBITDA up by 38% at ₹31,010 million vs ₹22,530 million in Q4FY22 due to lower under recovery in Mundra, capacity addition in Renewables & execution of Solar EPC projects. Consolidated Reported PAT up by 48 % at ₹9,390 million vs ₹6,320 million in Q4FY22 supported by strong performance across all businesses.
- The TPREL rooftop business also has seen very good traction in the quarter and 300 MW of capacity was installed in the last quarter. In addition to this, 400 MW of new orders have been won during this quarter. The rooftop business has a very healthy order book of 468MW worth ₹19,000 million. Companies' rooftop business has grown many times and they did installation during the year of 718 megawatts with a revenue of ~ ₹ 27,770 million. Their solar rooftop business has expanded more than 1600 MW.
- In the green mobility space, company continue to grow and have a lot of partnerships. Company recently signed up with the Coimbatore Municipal Corporation and also with GAIL. They have more than 3,778 public and semi-public EV chargers and nearly 39,000 home chargers, and they expect it to grow in the coming years by adding public charges as well as fleet chargers and home chargers.
- Tata Power net debt has reduced further by ₹ 28,000 million in the March quarter and currently the debt is now ₹ 3,53,280 million. This is because of very healthy operating performance, equity infusion by our strategic partner, and working capital release.
- Capex for renewables is close to ₹ 2,500 crore out of a total consolidated capex of ₹ 6,500 crore. Pipeline for renewables includes 2.6GW, and the order book is ₹ 17,000 crore, indicating higher capex for FY'24.
- Tata Power continues to steadily move towards its long-term aspiration built on businesses of the future while maintaining a healthy balance sheet. This is clearly visible from the improvement seen in the operational and financial metrics in each passing quarter. With rapidly growing generation capacity at its disposal, strengthened focus on EV and renewables businesses, we expect the company's performance to improve from current levels. We maintain our rating on the stock to **BUY** with a target price of ₹ 256.

Quarterly Results

Financial Results

	Consolidated						
	Q4-FY23	Q3-FY23	Q4-FY22	Chg	FY23	FY22	Chg
Net Sales	1,24,538	141,291	109,131	4.1%	5,51,091	4,28,157	28.7%
Operating Expense	1,02,245	115,843	91,776	2.6%	4,64,787	3,55,440	30.8%
EBITDA	22,293	25,448	17,356	11.8%	86,304	72,717	18.7%
Other Income	8,715	2,728	1,056	-	14,380	9,200	-
Depreciation	9,263	8,533	7,581	-	34,392	31,222	-
EBIT	21,745	19,644	10,830	54.5%	66,292	50,695	30.8%
Interest	11,956	10,983	9,526	-	43,717	38,590	-
Profit before share from associates and JV	9,790	8,661	1,304	-	22,575	12,104	-
Share from associates and JV	1,791	9,980	2,960	-	31,995	19,428	-
PBT	11,581	18,640	6,889	68.1%	54,570	31,532	73.1%
Tax	2,193	8,119	(5,616)	-	16,473	3,796	-
Exceptional item	-	-	6,181	-	-	6,181	-
PAT	9,388	10,520	6,324	48.5%	38,097	21,556	76.7%
Minority /Other Adj.	1,611	1,071	(1,293)	-	(4,732)	(4,142)	-
Consolidated PAT	7,777	10,521	5,031	54.6%	33,365	17,414	91.6%

Margins	Consolidated						
	Q4-FY23	Q3-FY23	Q4-FY22	Chg BPS	FY23	FY22	Chg BPS
Operating Margin %	17.9%	18.0%	16.7%	123	15.7%	17.0%	-132
Net Margin %	6.2%	7.4%	4.2%	204	6.9%	5.0%	188

Source: Company, Anand Rathi Research

Consolidated Financials:

(In ₹ mn)	FY-22	FY-23	FY-24E	FY-25E
Net Sales	4,28,157	5,51,091	6,83,353	8,33,690
Operating Expense	3,55,440	4,64,787	5,67,040	7,08,800
EBITDA	72,717	86,304	1,16,312	1,24,890
Other Income	9,200	14,380	15,099	15,854
Depreciation	31,222	34,392	35,424	36,486
EBIT	50,695	66,292	95,988	1,04,258
Interest	38,590	43,717	45,028	46,379
Misc. items	13,247	31,995	-	-
PBT	25,352	54,570	50,960	57,879
Tax	3,796	16,473	12,740	14,470
Minority Interest	(4,142)	(4,732)	-	-
PAT	17,415	33,365	38,220	43,409
Margins	FY-22	FY-23	FY-24E	FY-25E
Sales Growth %	-	28.7%	24.0%	22.0%
Operating Margin %	17.0%	15.7%	17.0%	15.0%
Net Margin %	4.1%	6.1%	5.6%	5.2%

(In ₹ mn)	FY-22	FY-23	FY-24E	FY-25E
Liabilities				
Equity Share Capital	3,196	3,196	3,196	3,196
Reserves & Surplus	2,21,220	2,84,678	3,22,898	3,66,307
Total Shareholder's Funds	2,24,416	2,87,874	3,26,093	3,69,502
Minority Interest	35,869	54,167	54,167	54,167
Long-Term Liabilities	3,27,297	3,07,084	3,19,367	3,32,142
Other Long-term Liabilities	1,37,249	1,75,378	1,75,378	1,75,378
Deferred Tax Liability	6,987	16,664	16,664	16,664
Short-term Liabilities	3,63,214	4,39,792	4,83,771	5,32,148
Total	10,95,031	12,80,959	13,75,441	14,80,002
Assets				
Net Fixed Assets	6,20,245	6,71,220	7,18,205	7,68,480
Long-Term L&A	17,609	17,609	17,609	17,609
Non-Current Investments	1,37,498	1,87,498	1,87,498	1,87,498
Other Non-Current Assets	35,719	55,719	55,719	55,719
Current Asset	2,83,960	3,48,912	3,96,409	4,50,696
Total	10,95,032	12,80,958	13,75,441	14,80,002
(In ₹ mn)	FY-22	FY-23	FY-24E	FY-25E
EPS (₹)	5.5	10.4	12.0	13.6
P/E (x)	37.8	19.7	17.2	15.2
P/B (x)	2.9	2.3	2.0	1.8
ROE	7.8%	11.6%	11.7%	11.7%

Source: Company, Anand Rathi Research

Key Risks:

- ❑ Availability of fuel for thermal plant at optimal cost
- ❑ Any write-off related to dues from dis-coms could impact valuations.

Rating and Target Price history:

TATAPOWER rating history & price chart



Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 22 May 2023 close.

TATAPOWER rating details

Date	Rating	Target Price (₹)	Share Price (₹)
05-Oct-2021	BUY	223	179
03-Nov-2021	BUY	264	228
16-Feb-2022	BUY	273	232
15-Feb-2023	BUY	256	205
22-May-2023	BUY	256	206

Source: Bloomberg, Anand Rathi Research

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