

Result Update – Q3FY23

- ❑ Consolidated Revenue up by 29.5% at ₹ 141,291 million vs ₹ 109,131 million in Q3 FY22 on account of capacity addition in Renewables, higher generation in Thermal plants and higher sales in Distribution Companies. Consolidated EBITDA up by 46.6% at ₹ 25,448 million vs ₹ 17,356 million in Q3 FY22 on account of capacity addition in Renewables and better performance across all businesses.
- ❑ Consolidated PAT up by 90.6% at ₹ 10.521 million vs ₹ 5,519 million in Q3 FY22 on account of better performance across all businesses. PAT has grown consistently for these 13 successive quarters demonstrating very strong business fundamentals.
- ❑ During Q3FY23, renewable capacity has increased to 6072MW with the installed capacity of 3918MW and another 2154MW under various stages of implementation. The renewable Company that is TPREL won a 255MW hybrid project from Tata Power Delhi distribution through e-auction process, as also, it has won other orders from MSEDCL which consists of 150MW order worth ₹684 crores.
- ❑ The TPREL rooftop business also has seen very good traction in the quarter and 127 MW of capacity was installed in the last quarter. In addition to this, 102 MW of new orders have been won during this quarter. The rooftop business has a very healthy order book of 368MW worth ₹1,375 crores. The rooftop portfolio has now expanded to 1300 MW cumulatively with installation right across the whole country and they have a footprint in nearly 275 cities in the country.
- ❑ Tata Power energized 900 public charges during Q3, taking a network of public and semi public charges to nearly 3100. Tata Power EV charging network is now present in more than 500 cities with the Company adding 18 cities during Q3. They also have installed more than 6600 home charges in Q3 taking the total number of home charges to more than 30,000.
- ❑ Tata Power net debt has reduced further by ₹ 13,500 million in the December quarter. The fall was driven by the Company's robust operating performance, lower CAPEX, and the inflow of the outstanding proceeds from divestment of Arutmin and other investments. The net debt to underlying EBITDA has improved from 3.5 in the last quarter to close to 3.0 in this quarter.
- ❑ 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 upgrade our rating on the stock to **BUY** with a revised target price of ₹ **256**.

Quarterly Results

Financial Results

Consolidated						
	Q3-FY23	Q3-FY22	Chg	9M-FY23	9M-FY22	Chg
Net Sales	141,291	109,131	29.5%	426,553	308,557	38.2%
Operating Expense	115,843	91,776	26.2%	362,542	255,778	41.7%
EBITDA	25,448	17,356	46.6%	64,011	52,779	21.3%
Other Income	2,728	1,056	158.4%	5,665	6,606	-14.2%
Depreciation	8,533	7,581	12.5%	25,129	22,765	10.4%
EBIT	19,644	10,830	81.4%	44,547	36,620	21.6%
Interest	10,983	9,526	15.3%	31,761	28,444	11.7%
PBT	8,661	1,304	564.0%	12,786	8,176	56.4%
Tax	8,119	2,366	243.1%	14,281	9,412	51.7%
PAT	542	(1,062)	-151.0%	(1,495)	(1,236)	20.9%
Minority /Other Adj.	9,980	6,581		30,204	16,469	
Consolidated PAT	10,521	5,519	90.6%	28,709	15,232	88.5%

Consolidated						
Margins	Q3-FY22	Q3-FY21	Chg BPS	9M-FY22	9M-FY21	Chg BPS
Operating Margin %	18.0%	15.9%	211	15.0%	17.1%	-210
Net Margin %	7.4%	5.1%	239	6.7%	4.9%	179

Source: Company, Anand Rath Research

Consolidated Financials:

(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
Net Sales	327,033	428,157	540,301	585,146
Operating Expense	257,006	357,260	439,547	477,199
EBITDA	70,027	70,897	100,754	107,946
Other Income	9,753	11,072	10,806	12,288
Depreciation	27,449	31,222	35,205	38,128
EBIT	52,330	50,747	76,355	82,107
Interest	40,104	38,642	43,831	44,531
Misc. items	(1,093)	(1,503)	-	-
PBT	11,133	10,602	32,524	37,576
Tax	5,019	3,796	9,107	10,146
Minority Interest	5,621	15,287	-	-
PAT	11,736	22,093	23,417	27,431
Margins	FY-21	FY-22	FY-23E	FY-24E
Sales Growth %	10.9%	30.9%	26.2%	8.3%
Operating Margin %	21.4%	16.6%	18.6%	18.4%
Net Margin %	3.6%	5.2%	4.3%	4.7%

(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
<u>Liabilities</u>				
Equity Share Capital	18,196	3,196	3,196	3,196
Reserves & Surplus	205,027	221,220	244,637	272,068
Total Shareholder's Funds	223,223	224,416	247,833	275,263
Minority Interest	29,273	35,869	35,869	35,869
Long-Term Liabilities	300,449	327,297	327,297	327,297
Other Long-term Liabilities	111,725	137,249	137,249	137,249
Deferred Tax Liability	7,921	6,987	6,987	6,987
Short-term Liabilities	313,958	393,684	516,490	562,610
Total	986,548	1,125,501	1,271,725	1,345,275
<u>Assets</u>				
Net Fixed Assets	554,494	620,245	750,380	795,030
Long-Term L&A	15,715	17,609	17,609	17,609
Non Current Investments	126,495	137,498	137,498	137,498
Other Non-Current Assets	33,748	35,719	35,719	35,719
Current Asset	256,097	314,429	330,518	359,418
Total	986,548	1,125,501	1,271,725	1,345,275
(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
EPS (₹)	4.2	5.4	7.3	8.6
P/E (x)	49.4	37.8	28.1	24.0
P/B (x)	2.5	2.9	2.7	2.4
ROE	5.1%	7.8%	9.4%	10.0%

Source: Company, Anand Rathi Research

Key Risks:

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

Rating and Target Price history:

TATAPOWER rating history & price chart



Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 16 February 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

Source: Bloomberg, Anand Rathi Research

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