

## Q2FY24 Result Highlights

- **Q2FY24 performance supported by higher plant utilisation at Mundra UMPP** – Tata Power (TPWR) reported Q2FY24 consol revenue of ₹154.42bn (+9% YoY & +2.7% QoQ), EBITDA at ₹27.93bn (+47.6% YoY, -7.1% QoQ) and PAT at ₹8.73bn (+6.6% YoY, -10.3% QoQ) as the performance was aided by higher plant utilisation at Mundra UMPP, which operated at 60% utilisation in the quarter on the back of Section 11 tariffs. Profit from associates (which primarily includes coal segment profits) stood at ₹2.5bn (down 79% YoY and 28% QoQ), as imported coal prices have declined sharply close to US\$114/ton from US\$240/ton in FY23. The business of Mundra, Coal and Shipping had revenues of ₹27.5bn, EBITDA of ₹5.6bn and PAT of ₹2.8bn in Q2FY24. The decline in standalone earnings with PAT of ₹4.1bn (down 20% YoY and 8% QoQ) was primarily on account of lower other income, reflecting lower dividends from the coal subsidiaries.
- On the execution businesses, Tata Power Solar System Ltd (TPSSL) saw an improvement in revenues to ₹19.1bn (up 68% YoY and 28% QoQ), with the margins improving sequentially to 6.6%, leading to EBITDA of ₹1.2bn (up 2% YoY and 215% QoQ) and PAT of ₹740mn. Tata Power Solar has a large EPC order book for utility-scale solar projects, with orders worth ₹159bn for 3.7 GW of capacity as of Sep'23 (₹12bn of orders canceled in Q2FY24 due to unfavorable economics). Tata Power's solar rooftop revenues improved to ₹7.7bn in Q2FY24, helped by higher group captive business
- Maithon reported revenues of ₹7.6bn (down 6% YoY and 10% QoQ) in Q2FY24, impacted by lower realizations at ₹3.8/ kwh (down 6% YoY and 11% QoQ), even as unit sales were stable at 2bn units (BU). EBITDA stood at ₹1.9bn (+2% YoY, down 36% QoQ). The sequential decline was due to a favorable order impact for heat rate and settlement with Tata Power Delhi Distribution Limited (TPDDL) with regard to a PPA dispute in Q1FY24.
- Tata Power Renewable Energy Limited (TPREL) reported EBITDA improved to ₹4.9bn (+19% YoY and 5% QoQ) in Q2FY24, as revenues rose 20% YoY and 7% QoQ. Revenues were supported by an improvement in generation as installed capacity rose and tariffs were stable at ₹3.7/kwh. PLFs for the solar plants were stable at 21%, while wind PLF improved to 32%. Installed capacity increased marginally to 3,124 MW in Q2FY24.

## Important Statistics

<b>Nifty</b>	19,380
<b>Sensex</b>	64,741
<b>MCAP (₹ bn)</b>	799.5
<b>52-week H/L (₹)</b>	277/183
<b>NSE Code</b>	TATAPOWER
<b>BSE Code</b>	500400
<b>Bloomberg Code</b>	TPWR:IN

## Shareholding Pattern (%) Sep'23

Promoter	46.9
DII	16.0
FII	10.0
Public & Others	27.1

## Financials

Particulars	FY20	FY21	FY22
Revenues	291,364	330,791	425,762
EBITDA	79,428	75,387	72,717
EBITDA Margin (%)	27.3	22.8	17.1
Net Profit	13,164	14,046	25,698
EPS (₹)	5.6	4.4	4.8
DPS (₹)	1.9	1.6	1.8
RoE (%)	6.9	6.6	10.9
RoCE (%)	3.8	5.0	6.4
P/E (x)	44.7	56.9	33.8
EV/EBITDA (x)	15.7	15.7	16.6
P/BV (x)	3.7	4.3	3.6

Particulars	FY23	FY24E	FY25E
Revenues	560,331	594,873	653,977
EBITDA	86,304	101,789	107,614
EBITDA Margin (%)	15.4	17.1	16.5
Net Profit	33,364	29,112	30,116
EPS (₹)	10.4	9.1	9.4
DPS (₹)	2.0	2.2	2.4
RoE (%)	13.0	9.8	8.9
RoCE (%)	3.3	3.9	3.5
P/E (x)	24.0	27.5	26.5
EV/EBITDA (x)	13.6	11.4	10.5
P/BV (x)	2.4	2.1	2.0

Source: Company, Way2Wealth

## View

For Q2FY24, Tata Power benefited from higher plant utilisation at Mundra under Sec 11 tariffs, although the weakness in coal profits continued to weigh on earnings. The extension of Sec 11 tariffs up to Jun'24 as well as the bottoming of the prices of imported coal will likely reduce near-term earnings volatility, with incremental growth hinging on profitable contribution from the renewable business. Hereon, the earnings depend on stability in the prices of imported coal and their contribution to earnings, growth from the renewable segment (asset ownership + project execution) and sustainability of Sec 11 orders for Mundra. We are likely to witness reasonable profitability in Indonesia coal mines and incremental opportunities in renewable business. Hence, we continue to maintain our **ACCUMULATE** stance trading at **P/BV 2.0x FY25E**.

## Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
<b>TPWR</b>	<b>9.2</b>	<b>354.6</b>	<b>225.8</b>
<b>Nifty 50</b>	7.5	53.4	81.4
<b>Sensex</b>	6.8	49.6	82.6

Source: Company, Way2Wealth

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CMP – ₹250.2/-

 View – **ACCUMULATE**
**FINANCIAL PERFORMANCE**

(₹ mn)

Particulars	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	YoY (%)	QoQ (%)	1H FY24	1H FY23	YoY (%)
<b>Revenue</b>	64,530	82,898	77,555	101,274	101,324	98,102	110,149	120,851	147,759	141,628	143,391	127,553	150,333	154,424	9.0	2.7	304,757	289,387	5.3
<b>EBITDA</b>	17,313	20,012	19,968	14,456	23,452	13,554	17,356	19,938	19,638	18,925	25,448	22,293	30,051	27,927	47.6	(7.1)	57,978	38,563	50.3
<b>EBITDA Margin %</b>	26.8	24.1	25.7	14.3	23.1	13.8	15.8	16.5	13.3	13.4	17.7	17.5	20.0	18.1	472	(10)	19.0	13.3	570
<b>Adj. PAT</b>	2,294	3,710	3,184	3,929	4,657	4,215	4,258	5,031	7,946	8,191	9,450	7,777	9,725	8,728	6.6	(10.3)	18,453	16,137	14.4

Source: Company, Way2Wealth

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Name of the Security	Tata Power Ltd.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
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