

10th May 2024

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Q4FY24 Result Highlights

- **Q4FY24 performance aided by Traditional assets, Renewable projects execution and Mundra driving revenues** – Tata Power (TPWR) reported Q4FY24 consol revenue of ₹162.6bn (+27.4% YoY & +9.5% QoQ), EBITDA at ₹27.4bn (+23% YoY, +5.1% QoQ) and PAT at ₹8.95bn (+15.1% YoY, -6.1% QoQ) enabled by EBITDA/PAT growth of 2x YoY in Traditional generation assets (Mumbai & Hydro); lower losses, higher availability and PLF in Mundra and execution of projects in Tata Power Solar System Ltd (TPSSL). Mundra operated at 60% PLF in Q4FY24 under the benefit of Sec 11 order in comparison to 8% PLF in Q4FY23 in the absence of Sec 11 benefits. Mundra + Coal + Shipping had revenues of ₹25.2bn/₹6.83bn, EBITDA of ₹2.7bn/₹6.3bn and PAT loss of ₹430mn/profit of ₹4.1bn in Q4FY24/Q4FY23. Other income grew +46% YoY to ₹7bn due to dividend from Zambia's Itezhi Tezhi Power Corp Ltd (ITPC). Profit from JVs/associates (which primarily includes coal segment profits) in Q4FY24 stood at ₹3.1bn (+76% YoY, +22% QoQ) as coal earnings declined 37% YoY, though more than offset by the turnaround in Tata Projects that posted a profit of ₹372mn, in comparison to a loss of ₹1.75bn in Q4FY23. For FY24, Mundra + Coal + Shipping reported revenues of ₹102bn (+24% YoY), with EBITDA of ₹15bn (+41% YoY) and PAT of ₹5.7bn (-76% YoY) as Mundra operated at a PLF of 56% in comparison to PLF of 32% in FY23 due to Sec.11 order. KPC/BSSR/AGM witnessed sales volumes of 57.1//5.8/16.6mn tons in FY24 with PAT at US\$168/24/143mn.
- Maithon reported revenues of ₹9bn (+38% YoY, +7% QoQ) in Q4FY24, with higher fuel cost getting passed on to realisations, even as unit sales were stable at 2.1bn units (BU). EBITDA stood at ₹1.95bn (flat YoY) and PAT at ₹900mn (+30% YoY). For FY24, Revenue/EBITDA/PAT was at ₹33.3/₹8.7/₹4.5 bn with PLF at 89% v/s 82% YoY.
- Tata Power Solar System Ltd (TPSSL) saw improvement in revenues to ₹43bn (+45% YoY, +6% QoQ), with the margins improving sequentially to 7.7%, leading to an EBITDA of ₹3.2bn (+37% YoY, +62% QoQ) and PAT of ₹1.8bn due to strong execution and order inflows. It has a large EPC order book for utility-scale solar projects, with orders worth ₹133bn (₹70bn-3rdparty) for 2.6 GW of capacity as of Mar'23. Rooftop solar and Group Captive EPC order book stands at ₹28.67bn (Secured 286MW orders in Q4FY24). Q4FY24 Revenue Mix - Rooftop/Group Captive - ₹6.2/₹1.7bn compared to Q4FY23 Revenue Mix - Rooftop/Group Captive - ₹4.8/₹6.2bn. For FY24, Revenues was at ₹117bn (+71% YoY) and EBITDA at ₹7bn (+48% YoY), delivering margins of 5.9%. The module facility of 4.3 GW in Tirunelveli, Tamil Nadu is completed (130 MW modules produced in Q4FY24) with commercial dispatch done in Mar'24, expected to be commissioned in Q1FY25 and stabilisation of operations in 1HFY25.
- Tata Power Renewable Energy Limited (TPREL) revenues was at ₹8.5bn supported by an improvement in generation as installed capacity rose, although tariffs were tad lower at ₹3.2/kwh in Q4FY24 leading to EBITDA of ₹7.4bn, flat YoY. PLFs for solar plants were stable at 24% (25% in Q4FY23 and 21% in Q3FY24), while wind PLF improved slightly to 14% (12% each in Q4FY23 and Q3FY23). Installed renewable capacity increased marginally to 4,515 MW during the quarter. Signed an MoU with

Important Statistics

Nifty	22,033
Sensex	73,802
MCAP (₹ bn)	1,318
52-week H/L (₹)	464/200
NSE Code	TATAPOWER
BSE Code	500400
Bloomberg Code	TPWR:IN

Shareholding Pattern (%) Mar'24

Promoter	46.9
DII	15.8
FII	9.5
Public & Others	27.9

Financials

Particulars	₹ mn		
	FY21	FY22	FY23
Revenues	330,791	425,762	560,331
EBITDA	75,387	72,717	86,304
<i>EBITDA Margin (%)</i>	<i>22.8</i>	<i>17.1</i>	<i>15.4</i>
Net Profit	14,046	23,596	33,364
EPS (₹)	4.4	7.4	10.4
DPS (₹)	1.6	1.8	2.0
RoE (%)	6.9	10.8	13.2
RoCE (%)	5.0	6.4	5.0
P/E (x)	95.8	57.0	40.4
EV/EBITDA (x)	23.0	24.2	20.0
P/BV (x)	7.2	6.0	3.9

Particulars	₹ mn		
	FY24P	FY25E	FY26E
Revenues	615,723	691,142	772,098
EBITDA	111,460	121,576	156,112
<i>EBITDA Margin (%)</i>	<i>18.1</i>	<i>17.6</i>	<i>20.2</i>
Net Profit	36,935	37,043	46,991
EPS (₹)	11.6	11.6	14.7
DPS (₹)	2.0	2.2	2.4
RoE (%)	9.6	10.3	11.8
RoCE (%)	7.5	7.2	8.9
P/E (x)	35.7	35.6	28.1
EV/EBITDA (x)	15.8	14.3	13.0
P/BV (x)	3.4	3.2	2.8

Source: Company, Way2Wealth

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
TPWR	104.0	286.5	601.0
Nifty 50	20.3	47.5	95.3
Sensex	19.2	49.1	97.0

Source: Company, Way2Wealth

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the Government of Gujarat to develop 10 GW of renewable energy across multiple sites. Also entered into an MoU with the Government of Tamil Nadu with a proposed investment of ₹700bn in the next few years.

- Odisha Discoms (TPCODL, TPSODL, TPWODL, TPNODL) had combined Revenue, EBITDA and PAT at ₹47.39bn, ₹4.36bn and ₹890mn with lower power prices partially offset with higher MUs sold. The AT&C for all Discoms increased during the quarter. FY24 saw the four Odisha Discoms reducing their AT&C losses (excl. past arrears) from 21.5% in FY23 to 18.8% in FY24 with PAT at ₹3.1bn (+21% YoY); Overall cumulative reduction in AT&C losses was at 11.3 %.
- Reached a milestone of 1mn smart meter installations across its Discoms in Mumbai, Delhi and Odisha with plans to reach 1.5mn smart meter installation marked by FY25 with a planned capex of ₹7.6bn.
- As per the management, the Net Debt has decreased marginally QoQ from ₹38.6bn to ₹38.1bn due to capex of ₹13.33bn, but it is at comfortable level with Net D/E at 0.99x as on Mar'24.

View

Tata Power concluded FY24 on a strong note with PAT growth of ~11% YoY enabled by traditional Thermal + TnD Business, Mundra and renewables with Revenue/EBITDA/PAT growth of 24%/7%/16% YoY to ₹102/₹34/₹8.4bn. Going forward the earnings will dependent on stability in 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 Tata Power Solar with projects of 5.5 GW currently under construction in the renewable business. The company's recalibrated strategy involving tapping high-margin group captive RE opportunities, venturing into brownfield pumped hydro storage, expanding transmission business beyond distribution, and visible resolution of the Mundra issue, positions the company for accelerated growth. Hence, we continue to maintain our **ACCUMULATE** stance trading at **P/BV 2.8x FY26E**.

FINANCIAL PERFORMANCE

Particulars	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	QoQ	FY24	FY23	YoY
	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24	(%)	(%)			(%)
Revenue	101,274	101,324	98,102	110,149	120,851	147,759	141,628	143,391	127,553	150,333	154,424	148,407	162,559	27.4	9.5	615,723	560,331	9.9
EBITDA	14,456	23,452	13,554	17,356	19,938	19,638	18,925	25,448	22,293	30,051	27,927	26,071	27,411	23.0	5.1	111,460	86,304	29.1
EBITDA Margin %	14.3	23.1	13.8	15.8	16.5	13.3	13.4	17.7	17.5	20.0	18.1	17.6	16.9	-62	-4	18.1	15.4	270
Adj. PAT	3,929	4,657	4,215	4,258	5,031	7,946	8,191	9,450	7,777	9,725	8,728	9,530	8,952	15.1	-6.1	36,935	33,364	10.7

Source: Company, Way2Wealth

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Disclosure of Interest Statement Tata Power Ltd. as on 10th May 2024

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	No
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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