

# Initiating Coverage SJVN Ltd.

30-March-2021





Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Power	Rs. 25.2	Buy at Rs.24.5 and add at Rs. 22	Rs. 27.0	Rs. 28.5	2 quarters

HDFC Scrip Code	SJVLTDQNR
BSE Code	533206
NSE Code	SJVN
Bloomberg	SJVN:IN
LTP 26 <sup>th</sup> Mar, 2021	25.2
Equity Capital (Rs cr)	3929.8
Face Value (Rs)	10
Equity Share O/S (cr)	393.0
Market Cap (Rscr)	9883.4
Book Value (Rs)	30.0
Avg. 52 Wk Volumes	2258656
52 Week High	28.7
52 Week Low	18.5

Share holding Pattern % (31 <sup>st</sup> Dec, 2020)	
Promoters	86.8
Institutions	8.2
Non Institutions	5.0
Total	100.0

## Fundamental Research Analyst

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### Our Take:

Satluj Jal Vidyut Nigam Limited or popularly known as SJVN Limited is primarily engaged in the business of generation and sale of power. The company is a Mini Ratna, a joint venture of the Government of India (GOI) and the Government of Himachal Pradesh (GOHP). GoI holds a majority equity stake of 59.92% in SJVN while the Government of Himachal Pradesh (GoHP) has a 26.85% stake. The company plays a key role in achieving the central government's objective of optimally tapping the hydropower potential in the northern region as well as cross border hydropower development. Furthermore, it is under the administrative control of the Ministry of Power, the nominee of which is on SJVN's board.

The Mini Ratna status gives it greater operational autonomy and discretion to set up projects up to Rs 500cr without the express consent of the government. Also, GoI's majority ownership provides access to need-based or viability gap funding support. Beginning with a single project and single State operation (i.e. India's largest 1500 MW Nathpa Jhakri Hydro Power Station in Himachal Pradesh), the company has commissioned seven projects totaling 2016.51 MW of installed capacity and 86 km 400 KV Transmission Line.

The Himachal Pradesh Government agreed to provide concessions like deferment of free power, reimbursement of 50% of state GST and booking of 1.5% LADF to any head other than project cost, BOOT/ BOOM for 70 years etc., with an objective to bring down hydro tariff to around Rs 4.5 per unit. There is ample opportunity for consistent growth of business in hydro, renewable and thermal energy sector in the times to come with growth in demand.

It is implementing power projects in Himachal Pradesh, Uttarakhand, Bihar, Gujarat, Rajasthan and Arunachal Pradesh in India besides neighboring countries, which include Nepal and Bhutan. As regards to hydro potential, India has an estimated potential of about 1,50,000 MW out of which only about 45699 MW (as on 31.03.2020) has been commissioned. The bulk of the unharnessed potential is located in the hill states of Himachal, Uttarakhand, Arunachal Pradesh, J&K and Sikkim.



## Valuations & Recommendation:

SJVN has achieved the highest ever cumulative generation of 9678 Million Units during FY20 against the MoU Target of 9100 Million Units, beating its own past record of generating 9346 Million Units. Despite the pandemic, the financial position and performance of the company has been exemplary. However, SJVN may face indirect impact from overall economic slowdown to the world economy by COVID-19 pandemic.

Various government policies and the very recent union budgetary announcements heavily back the power sector. In the current status of affairs, state owned or debt ridden DISCOMS are a source of long-term worry for the power sector. However, SJVN managed to improve its receivables, where it recovered about Rs 300cr from J&K in the last two months out of Rs 600cr, and the rest is expected to be received shortly. Several steps taken to reform and strengthen the power sector including power generation and transmission & distribution, augurs well for the company. Cost plus tariff structure is going to support SJVN in generating healthy generation in plants. During FY20, the company has become the first PSU in the country to achieve Level-3 of People Capability Maturity Model (PCMM) Integration.

**We think that investors could buy the stock at Rs. 24.5 (6.6x FY22E EPS and 0.8x FY22E BV) and add at Rs. 22.0 (5.9x FY22E EPS and 0.7x FY22E BV) for base case target of Rs. 27.0 (7.3x FY22E EPS and 0.8x FY22E BV) and bull case target of Rs. 28.5 (7.7x FY22E EPS and 0.9x FY22E BV) over 2 quarters.**

## Financial Summary (Consolidated)

Particulars (Rs cr)	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ-(%)	FY19	FY20	FY21E	FY22E	FY23E
Total Operating Income	493.9	488.5	1.1	854.0	-42.2	2654.1	2696.7	2709.1	2749.7	2787.5
EBITDA	326.3	339.4	-3.9	714.5	-54.3	2032.3	2024.4	2083.3	2114.6	2154.1
Depreciation	105.2	93.2	12.9	96.6	8.9	390.3	384.1	389.3	407.5	400.1
Other Income	39.7	62.9	-36.9	36.1	10.0	253.9	400.7	156.3	153.4	154.4
Interest Cost	-15.4	41.5	-137.1	-33.5	-54.0	235.3	268.1	228.0	260.4	234.2
Tax	58.0	62.0	-6.5	124.7	-53.5	428.3	310.3	343.6	376.5	415.0
APAT	197.6	216.1	-8.6	524.3	-62.3	1366.6	1661.2	1202.1	1327.1	1462.8
Diluted EPS (Rs)	0.5	0.5	-8.6	1.3	-62.3	3.5	4.2	3.1	3.4	3.7



## Business Model of a Hydro Power Project:

The company sells electricity to bulk customers comprising mainly of Electricity Utilities owned by State Governments, and private distribution companies. Sale of electricity is based on long term Power Purchase Agreements (PPAs) entered with such Utilities. Tariff is determined with reference to Annual Fixed Charges (AFC) which comprises of Return on Equity (ROE), Depreciation, Interest on Loan, Interest on Working Capital and Operation & Maintenance Expenses. ROE is grossed up with reference to effective income tax rate of the respective financial year so as to recover income tax incidence.

## Recent Developments

**The company had signed various MoUs and resolved stalled projects, began construction works and is also exploring various new areas and other projects which will raise generation capacity eventually:**

On business expansion front, during FY20 the company secured three Hydro Electric Projects namely Bardang HEP (138MW), Purthi HEP (210MW), Reoli Dugli HEP(430MW) in the Chenab river basin in State of Himachal Pradesh adding 778 MW to the company’s project portfolio. It has also entered into a series of MoUs , as a part of its expansion spree for maximizing its reach to achieve the vision of new India 2022 (Shared vision of 5000 MW by 2023, 12000 MW by 2030 & 25000 MW by 2040). During FY20 SJVN signed MoUs for eight hydro projects totaling 2388MW while doing road shows like “Power Conclave” and “Rising Himachal Global Summit” in Nov 2019. These projects are located in Satluj, Beas and Chenab river basins in Himachal Pradesh. The development of these projects will usher in an investment of Rs 24,000cr.

In June 2019, another MoU was signed with NEEPCO to collaborate &co-operate for development of Power Projects in India & Abroad with an immediate focus on Northeast and Eastern States of India. SJVN & NEEPCO have agreed to work in alliance in the form of Joint Ventures (JVs), Special Purpose Vehicles (SPVs) and consortiums. Again in June 2019 SJVN & BHEL also entered into an MoU for development of Solar Power projects in India. This MoU aims at building a closer strategic partnership between the parties for jointly pursuing commercial solar power projects through participation in tariff/viability gap funding based competitive bidding process.

Amongst other major accomplishments during FY20, the financial closure for 900 MW Arun-3 HEP was achieved in February 2020. Ground breaking ceremony of 210 MW Luhri Stage – I HEP (20% equity) & 66 MW Dhaulasidh HEP was done. Further, Government of India has selected SJVN as Nodal PSU for execution of 1000 MW Solar Energy Development in Himachal Pradesh. This will further add to the installed capacity of the company and SJVN will contribute in achieving the renewable energy capacity addition targets set by Gol.



Also, in an another major development, R&R plan for Dhaulasidh HEP was approved by Himachal Pradesh Government on 29th July 2020 and Stage – 2 Forest clearance has been accorded by MoEF& CC on 11.08.2020. In a major breakthrough, SJVN’s Joint Venture - Kholongchhu Hydro Electric Limited (600 MW) signed a Concession Agreement (CA) with Royal Government of Bhutan. With signing of this agreement, issue of power sale, pending since 2016, stands resolved and also bears the consent of both the Governments (India & Bhutan). Tendering has been done on this project and the company is at the stage of awarding the contract. Kholongchhu HEP (Rs 5000cr out of which Rs 190cr already spent; 30:70 D/E with 5 yrs of commissioning) is the first Joint Venture Hydro Project in Bhutan and symbolizes prospering Indo-Bhutan Economic co-operation. The project that is in Bhutan is on a J.V. mode on a 50:50 partnership between SJVN and DGPC (Druk Green Power Corporation).

Further, efforts are being made by the company in bringing various projects that are under construction stages to make them economically viable. Among these are 252 MW Devsari HEP & 44 MW Jakhol Sankri HEP. The company is also under talks with various state governments (Uttarakhand & Maharashtra) to follow up for expeditious development of 880 MW Kaza Solar Park in Spiti Valley and allotment in 1,000 MW floating solar power project on Ujani dam in Uttarakhand and Maharashtra respectively. Similarly, in Nepal the Government allotted (MoU pending) one more project to SJVN that is Lower Arun Project considering various parameters on various counts like free power, the period of construction, and other things which the Government of Nepal has taken. SJVN will benefit from this project as this is a downstream project. Arun III project is the downstream project (679 MW; 30% equity; April/May/June 2023- Feb 2025 commencement) with total cost consideration of Rs 7000cr. Up until now, Rs 1400cr had been spent. The competition to win the project was between two more companies one with JV the participant company of China and another JV having a company of Japan. SJVN expects to start the project within 2-3 years (normal hydro projects start within 5-7 years). The Arun III project is a run of the river scheme with 4 hours peaking and will generate 3924 MU energy annually.

With Nepal, the company is also eyeing on Arunachal Pradesh & Sikkim to tap the potential over there, as Arunachal Pradesh has an estimated generation potential of ~50,000 MW and Mizoram 4,500 MW. Accordingly, North East will be one of the high priority areas in company’s Hydro Power expansion strategies. To resolve this, the company is in touch with State Governments of Arunachal Pradesh and Sikkim for any investment opportunities. Recently, the Government of India gave environment clearance for the 382 megawatt project Sunni Dam in H.P. Further, The Supreme Court has allowed the fresh scaling stage II for Dhaulasidh project of 66 MW in Himachal Pradesh. As per the Hydroelectricity policy- expansion in hydro and solar is on the cards. The Govt of India approved two of its projects in H.P. one is Lohri project at Rs 1810cr, and another is Balasindh Rs 687cr.



The company is expecting its FY22 revenue at around Rs 3000cr (200 MW capacity expansion in the solar side). FY23E revenue will also increase as few projects are kicking in. Other projects like the BUXAR project of Rs 10,000cr (1320 MW; Rs 1350cr spent; 30% equity; Jan 2024 commencement), the Naitwar Mori projects of 60 MW (Rs 650cr out of which, Rs 506cr spent with Rs 400cr as equity, and Rs 100cr as loan from banks; Sept 2022 commencement) are also on the list. The project is designed as run-of-the-river project and has the potential to generate 265.5 MU of energy in a 90% dependable year. SJVN also commissioned 50 MW Sadla Wind Power Project in Gujarat during FY20.

### PROJECT PORTFOLIO as of FY20

Project Details	Location	Capacity (MW)
<b>A. GENERATION PROJECTS</b>		
<b>Under Operation:</b>		
Nathpa Jhakri Hydro Power Station	Himachal Pradesh	1500
Rampur Hydro Power Station	Himachal Pradesh	412
Khirvire Wind Power Plant	Maharashtra	47.6
Charnakha Solar Power Plant	Gujarat	5.6
Sadla Wind	Gujarat	50
<b>Under construction:</b>		
Arun - 3 Hydro-electric Project	Nepal	900
Naitwar Mori Hydro Electric Project	Uttarakhand	60
Buxar Thermal Power Project (Executed by Subsidiary:STPL)	Bihar	1320
Kholongchhu Hydro Electric Project	Bhutan	600
<b>Under Pre-Construction &amp; Investment Approval:</b>		
Luhri Stage-I Hydro Electric Project	Himachal Pradesh	210
Jakhol Sankri Hydro Electric Project	Uttarakhand	44
Devsari Hydro-electric Project	Uttarakhand	162
Dhulasidh Hydro-electric Project	Himachal Pradesh	66
<b>Under Survey &amp; Investigation:</b>		
Luhri Stage-II Hydro Electric Project	Himachal Pradesh	172
Sunni Dam Hydro Electric Project	Himachal Pradesh	382
Jangi Thopan Powari Hydro Electric Project	Himachal Pradesh	780



Purthi Hydro Electric Project	Himachal Pradesh	210
Bardang Hydro Electric Project	Himachal Pradesh	138
Reoli Dugli Hydro Electric Project	Himachal Pradesh	430
Dholera Solar Project	Gujrat	100
<b>B. TRANSMISSION PROJECTS</b>		
<b>Project under Operation:</b>		
400 kV, D/C Cross Border Transmission Line (Operated by JV: CPTC)	Muzafarpur to Sursand on Indo Nepal Border	
<b>Project under Construction:</b>		
400 kV Double Circuit Transmission Line for evacuation of power from 900 MW Arun-3 Project, Nepal to India border (Executed by Subsidiary: SAPDC)	Diding to Dhalkebar (Nepal) to India Bathnahaon Indo Nepal Border	

**Union budget 2021-22 announcements for the power sector touched various aspects which will strengthen the sector as a whole if implemented well:**

The union budget 2021-22 mainly focused on the infrastructure with special attention to the Power sector. The government is setting up a new Development Financial Institution (DFI), the National Bank for Financing Infrastructure & Development (NaBFID). With an initial capital base of Rs 20,000cr is a welcome move as 15-20% of the amount will be allocated to the power sector which will be used up to finance around 10 GW. Relaxation of norms for foreign investors to allow investment in InvITs is another positive. Private sector and PSUs who are ramping up renewable capacity are expected to leverage InvITs to unlock their equity.

Further, the budget has also announced strategic disinvestment of public sector enterprises with an objective of minimising presence of the CPSEs to create a new space for private sector investment and has classified various sectors as strategic and non-strategic. The power sector has been classified as a strategic sector and it is proposed that it will have bare minimum presence of CPSEs and the remaining CPSEs will be either privatized/merged with other CPSEs or closed. This appears to be a conducive step towards reform in the sector which is dominated by public sector enterprises. Going ahead, an asset reconstruction company is being proposed to be set up, essentially as a “bad bank”, to take over stressed debt of the public sector banks, then manage and dispose of the assets to Alternative Investment Funds





(AIFs) and other potential investors. This will go a long way in managing the non-performing status of several power sector debts and potentially rejuvenate several stalled projects.

Further, DISCOM reform has been identified as a major agenda item for the present government and has seen significant focus. In order to put pressure on incumbent DISCOMS to improve, the government announced the need to provide choice of supplier in electricity distribution. If implemented well, this could be a first (and major) step in introducing competitiveness and thus forcing DISCOMS to focus more on the needs of the final consumer. On this regard, it has been proposed that a revamped reforms-based result linked power distribution sector scheme will be launched with an outlay of Rs 3,05,984cr over a period of five years to provide assistance to DISCOMS for infrastructure creation including pre-paid smart metering and feeder separation, upgradation of systems which are connected with financial improvements. This is a welcome step to curb mounting aggregate technical and commercial losses (AT&C Losses). This will specifically improve the receivables part of the generating companies. By tying funds to improvements, the same can be availed on successful outcomes only, consistent with the ongoing model.

For the renewable segment, a phased manufacturing plan for solar cells and panels is expected to be notified. Additionally, customs duty has been raised for solar invertors and solar lanterns to boost domestic production. Along with these, measures like promoting green hydrogen and increased outlay to SECI (Solar Energy Corporation of India Limited) and IREDA (Indian Renewable Energy Development Agency Limited) for renewable energy will promote energy transition. For ongoing schemes, the budget has allocated Rs 757cr for Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India (FAME), Rs 776cr for PM-KUSUM, Rs 5300cr for Integrated Power Development Scheme (IPDS), Rs 1455cr for strengthening of power systems and Rs 574cr for Power System Development Fund (PSDF). Although, the budget did not address various issues and bottlenecks that are structural in the renewable sector, nevertheless, announcement of the 'Hydrogen Energy Mission' (generating hydrogen from green sources) and the announcement of additional capital infusion into Solar Energy Corporation of India (Rs 1000cr) and Indian renewable Energy Development Agency (Rs 1500cr) are a few welcome measures.

Also, the waiver available for use of Inter State Transmission System (ISTS transmission charges and losses) has been extended for use of Inter State Transmission System (ISTS) for transmission of electricity by Solar or Wind power projects commissioned till December 2022. The waiver shall be applicable for the twenty five years from the commissioning of such projects.

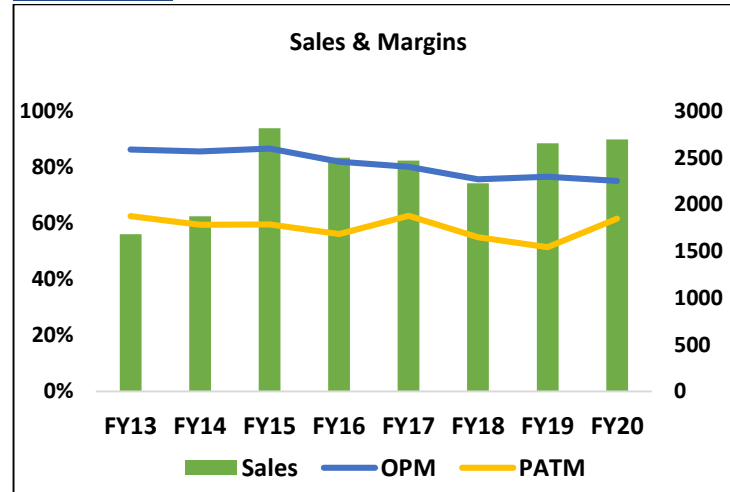




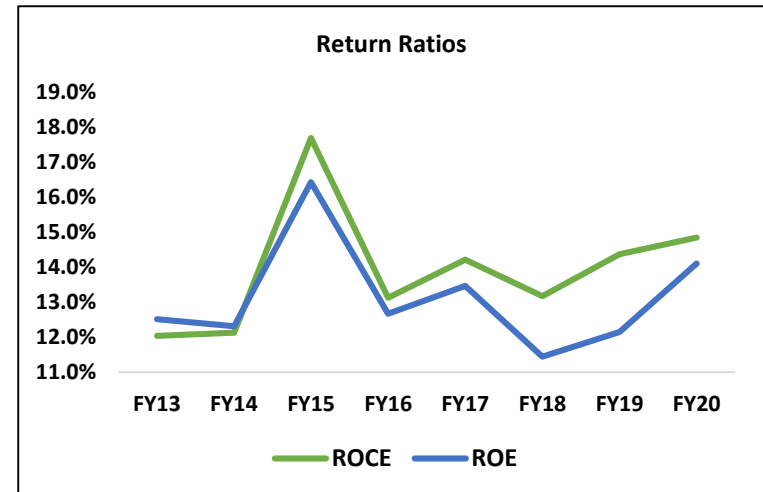
## Improving financials:

With the introduction of the Atmanirbhar package, the company has been able to reduce its receivables from Rs 822cr during Q2FY21 to Rs 522cr in Q3FY21. Out of these, Rs 119cr will be more than 45 days (without interest). As far as the CAPEX (Rs 23000cr from 2022 to 2024) is concerned, the company has cash balance of Rs 2000cr, profits (Rs 1200-1300cr) would be utilized, and a further sum of ~Rs 1500cr would be added when some projects come into operation, adding to its profits. In some projects SJVN has gone for 20:80(70:30 renewable; 80:20 hydro projects; with 60.5% of ROE), where, 20 would be the equity and 80 as debt. Thus, in a nutshell, CAPEX will be met with issuance of bonds, equity, debt etc, which will not pressurize the dividend payment part, thereby, keeping up with the payout. The management has guided close to Rs 2.2 dividend per share, for FY21, and the same to be maintained for the next 2-3 years as well.

## Consolidated



\*(sales in Rs cr)





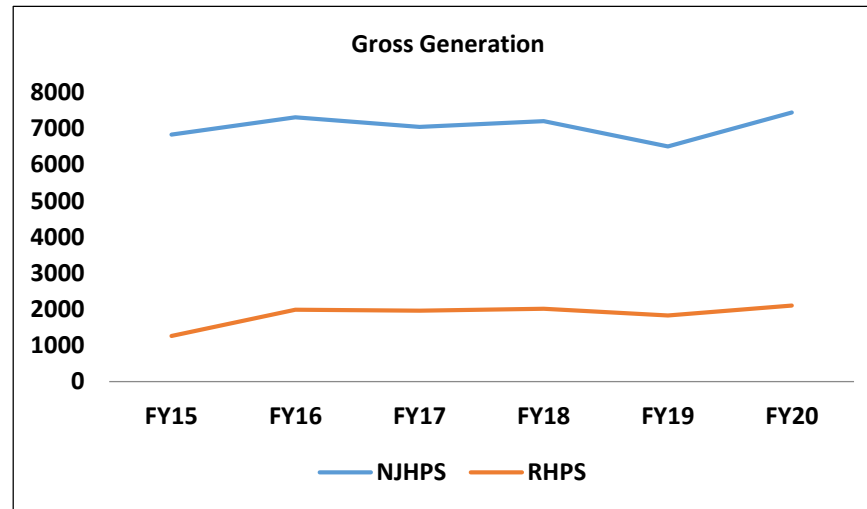
## Long term Triggers

**SJVN operates under the Cost-Plus Return on Equity model that enables the company to recover maximum of its costs:**

The Hydro Power Plants usually operates under a Cost plus return on Equity model, where, the capital costs/Interest costs/depreciations costs (as the case may be) incurred is given back by the regulatory bodies to the company. Here, SJVN operates under a cost plus return on equity structure. Here, CERC (Central Electricity Regulatory Commission) is the regulatory body that guideline the tariff rates. This ensures a reasonable recovery of costs. The company expects ROE to continue at a rate of 16.5% for storage type hydro projects (norms tightened, receivable days 45 days from 60 days, escalation 4.77% instead of 6.64%).

**Nathpa Jhakri Hydro Power Station (NJHPS) and Rampur Hydro Power stations (RHPS) are the two cash cows of SJVN:**

During the month of July 2020, highest ever record monthly generation 1213 MU & 334 MU was achieved by NJHPS and RHPS respectively as against previous high of 1191 MU and 327 MU respectively.





**Various other Governmental efforts are going to further boost the company:**

The Government has continued its thrust on its flagship Power Sector with reform schemes like - Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA), Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS), Smart Metering, Ujwal DISCOM Assurance Yojana (UDAY), One Nation-One Grid-One Frequency etc. During the year, Union Cabinet approved Guidelines for operationalizing the various measures to promote Hydropower Sector which include -Declaring Large Hydropower Projects (>25 MW) as Renewable Energy; Hydropower Purchase Obligation (HPO); Tariff rationalization measures; Budgetary support for flood moderation component; Budgetary support for enabling infrastructure like bridges, roads etc. Eight Regional Energy Management Centers (REMS) have been commissioned during 2019. These REMCs would help in Grid integration of Renewable Energy by taking care of intermittency of RE generation and, facilitating real time forecasting, scheduling and real time tracking of Renewable Energy Generation.

**What could go wrong in the near term-**

- In big power projects there are several issuances, and pending orders that need to be cleared. Significant time or cost overruns in under-construction projects, leads to deterioration in cost competitiveness of these projects or ability to earn regulated returns, subject to disallowances by CERC or higher dividend payouts/development of new projects, resulting in lowering of cushion available for debt servicing.
- Strenuous capital expenditures, mostly to be paid through equity might put pressure, during lower generation periods.
- Payment pattern of the utilities in India have always remained weak. The generating companies face receiving end when it comes to receivables. Despite the provision of a liquidity package infusing Rs 1.2 lakh crore which helped at reducing systemic stress over the DISCOMS, the financial viability of DISCOMS is still a serious concern as has also been highlighted in the budget speech. During FY20 receivables increased to Rs 744.5cr up from Rs 276.6cr, i.e. a 172.5% increase. The company is going to take a hit of Rs 197cr in FY21 balance sheet as a DISCOM discount (Rs 450cr total discount given, out of which Rs 253cr would be passed on to the DISCOM) given.
- Over past many years Hydro Power Industry has been subjected to a plethora of legislative and administrative hurdles which cause delays in execution and increased costs and ultimately render the Hydro Projects economically unviable.
- Exemption to all items of machinery, instruments, appliances, components or auxiliary equipment for setting up of solar power generation projects is being rescinded. This will have a slight impact on the capital expenditure involved in solar power generation projects. Developers would now be burdened by the increased costs of import and this would also lead to litigation under the power purchase agreements for change in law claims (adding to the burgeoning list including safeguard duty, GST et al).



- NaBFID will however face quite a few challenges, not least the continued lack of maturity of the corporate debt market and the problem with identifying a sustainable source for long-term funds.
- Hydro projects are subject to water availability, and is thus, dependant on good monsoon. Third quarter generally remains weak.
- The Bhutan government is very circumspect about induction of more labor from India. The more the COVID cases rise, as they are, the more delayed the awarding will be.

### About the company

SJVN Limited, together with its subsidiaries, engages in the generation and sale of power in India, Nepal, and Bhutan. It operates the Nathpa Jhakri Hydro Power Station with a capacity of 1500 MW located in Shimla district, Himachal Pradesh, India; and the Rampur Hydro Power Station with a capacity of 412 MW in Kullu District, Himachal Pradesh. The company also operates the Khirvire Wind Power Plant with a capacity of 47.6 MW in Nashik District, Maharashtra; the Charnakha Solar Power Plant with a capacity of 5 MW in Patan District, Gujarat; and an 86 km cross border transmission line with a capacity of 400 kV from Muzaffarpur to Sursand.

In addition, it provides consultancy services in the field of hydropower, road/railway tunnels, etc., as well as from concept to commissioning of hydroelectric projects to various organizations. The company was formerly known as Satluj Jal Vidyut Nigam Limited and changed its name to SJVN Limited in September 2009.

## Financials (Consolidated)

### Income Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>2654.1</b>	<b>2696.7</b>	<b>2709.1</b>	<b>2749.7</b>	<b>2787.5</b>
Growth (%)		1.6%	0.5%	1.5%	1.4%
Operating Expenses	621.8	672.3	625.8	635.2	633.3
<b>EBITDA</b>	<b>2032.3</b>	<b>2024.4</b>	<b>2083.3</b>	<b>2114.6</b>	<b>2154.1</b>
Growth (%)		-0.4%	2.9%	1.5%	1.9%
EBITDA Margin (%)	76.6%	75.1%	76.9%	76.9%	77.3%
Depreciation	390.3	384.1	389.3	407.5	400.1
<b>EBIT</b>	<b>1642.0</b>	<b>1640.3</b>	<b>1694.0</b>	<b>1707.1</b>	<b>1754.1</b>
Other Income	253.9	400.7	156.3	153.4	154.4
Interest expenses	235.3	268.1	228.0	260.4	234.2
<b>EBT</b>	<b>1794.8</b>	<b>1971.5</b>	<b>1545.7</b>	<b>1703.5</b>	<b>1877.8</b>
Tax	428.3	310.3	343.6	376.5	415.0
<b>RPAT</b>	<b>1366.6</b>	<b>1661.2</b>	<b>1202.1</b>	<b>1327.1</b>	<b>1462.8</b>
<b>APAT</b>	<b>1366.6</b>	<b>1661.2</b>	<b>1202.1</b>	<b>1327.1</b>	<b>1462.8</b>
Growth (%)		21.6%	-27.6%	10.4%	10.2%
<b>EPS</b>	<b>3.5</b>	<b>4.2</b>	<b>3.1</b>	<b>3.4</b>	<b>3.7</b>

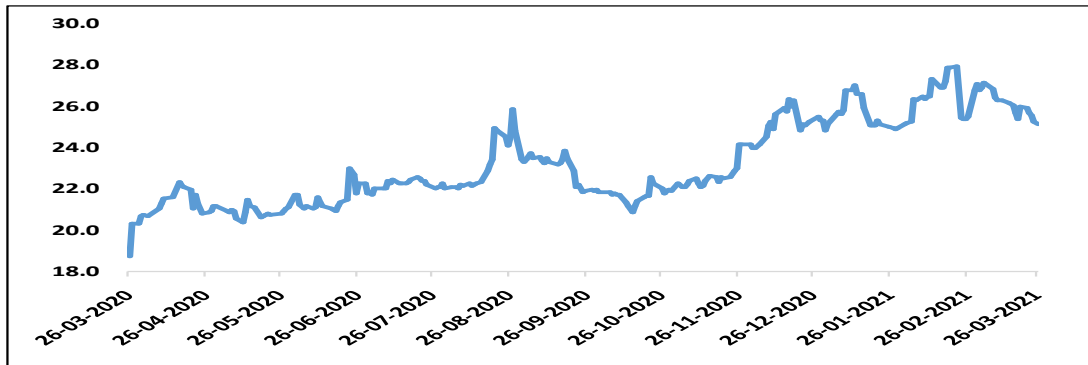
### Balance Sheet

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
<b>SOURCE OF FUNDS</b>					
Share Capital - Equity	3929.8	3929.8	3929.8	3929.8	3929.8
Reserves	7316.4	7846.3	8010.9	8300.4	8725.8
<b>Total Share-holders Funds</b>	<b>11246.2</b>	<b>11776.1</b>	<b>11940.7</b>	<b>12230.2</b>	<b>12655.6</b>
Long Term Debt	1940.5	1972.2	1676.4	1844.0	1659.6
Short Term Debt	0.0	0.0	0.0	0.0	0.0
<b>Total Debt</b>	<b>1940.5</b>	<b>1972.2</b>	<b>1676.4</b>	<b>1844.0</b>	<b>1659.6</b>
Non Current Liabilities	886.9	945.2	971.0	1210.9	1302.8
<b>TOTAL SOURCES OF FUNDS</b>	<b>14073.6</b>	<b>14693.5</b>	<b>14588.0</b>	<b>15285.1</b>	<b>15618.0</b>
<b>APPLICATION OF FUNDS</b>					
F.A.	9445.2	10316.2	10133.2	10641.2	11366.8
LT Loans & Advances	44.4	68.3	21.7	22.0	22.3
Other Non Current Assets	1025.2	1159.3	1288.3	1095.3	857.3
<b>Total Non-current Assets</b>	<b>10514.8</b>	<b>11543.9</b>	<b>11443.2</b>	<b>11758.5</b>	<b>12246.4</b>
Inventories	44.9	49.5	43.0	43.7	44.3
Debtors	276.6	744.5	705.1	738.3	740.8
Other Current Assets	1170.4	1006.9	838.2	830.1	901.9
Cash & Equivalents	2966.9	2335.4	2594.3	2980.8	2962.0
<b>Total Current Assets</b>	<b>4458.8</b>	<b>4136.2</b>	<b>4180.7</b>	<b>4592.8</b>	<b>4649.0</b>
Creditors	24.4	39.9	40.8	42.2	45.8
Current Liabilities	875.7	946.7	995.0	1024.0	1231.5
<b>Total Current Liabilities</b>	<b>900.1</b>	<b>986.6</b>	<b>1035.8</b>	<b>1066.2</b>	<b>1277.3</b>
<b>Net Current Assets</b>	<b>3558.8</b>	<b>3149.6</b>	<b>3144.8</b>	<b>3526.7</b>	<b>3371.6</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>14073.6</b>	<b>14693.5</b>	<b>14588.0</b>	<b>15285.1</b>	<b>15618.0</b>

## Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
<b>EBT</b>	1794.8	1971.5	1545.7	1703.5	1877.8
Depreciation	390.3	384.1	389.3	407.5	400.1
Int & Others	-34.6	49.3	228.0	260.4	234.2
Change in working capital	-718.6	-224.4	263.7	4.7	136.3
Tax expenses	-414.0	-466.9	-343.6	-376.5	-415.0
<b>OPERATING CASH FLOW ( a )</b>	1017.9	1713.5	2083.1	1999.6	2233.3
Net Capex	-773.8	-1268.7	-206.3	-915.5	-1125.6
(Purchase)/Sale of Investment & Others	524.4	890.6	-56.6	432.6	329.6
Div & interest received	215.4	283.4	297.6	312.5	328.1
<b>INVESTING CASH FLOW ( b )</b>	<b>210.0</b>	<b>350.2</b>	<b>1911.5</b>	<b>913.7</b>	<b>639.7</b>
Borrowings / (Repayments)	-205.5	-126.8	-295.8	167.6	-184.4
Interest paid	-805.3	-106.8	-228.0	-260.4	-234.2
Dividend paid	-96.3	-1111.8	-864.6	-864.6	-864.6
<b>FINANCING CASH FLOW ( c )</b>	<b>-1107.0</b>	<b>-1345.4</b>	<b>-1388.4</b>	<b>-957.3</b>	<b>-1283.1</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>120.9</b>	<b>718.2</b>	<b>2606.2</b>	<b>1956.0</b>	<b>1590.0</b>

## One Year Price Chart



## Key Ratios

Particulars	FY19	FY20	FY21E	FY22E	FY23E
<b>PROFITABILITY RATIOS</b>					
EBITDA Margin (%)	76.6	75.1	76.9	76.9	77.3
EBIT Margin (%)	61.9	60.8	62.5	62.1	62.9
APAT Margin (%)	51.5	61.6	44.4	48.3	52.5
RoE (%)	12.2	14.1	10.1	10.9	11.6
RoCE (%)	14.4	14.8	13.6	13.2	13.3
<b>SOLVENCY RATIOS</b>					
Net Debt/EBITDA (x)	1.0	1.0	0.8	0.9	0.8
Net D/E (x)	0.2	0.2	0.1	0.2	0.1
<b>PER SHARE DATA</b>					
EPS (Rs)	3.5	4.2	3.1	3.4	3.7
CEPS (Rs)	4.5	5.2	4.0	4.4	4.7
DPS (Rs)	2.2	2.2	2.2	2.2	2.2
BVPS (Rs)	28.6	30.0	30.4	31.1	32.2
<b>TURNOVER RATIOS</b>					
Debtors (days)	38.0	100.8	95.0	98.0	97.0
Inventory (days)	6.2	6.7	5.8	5.8	5.8
Payables (days)	3.4	5.4	5.5	5.6	6.0
<b>VALUATION</b>					
P/E (x)	7.2	5.9	8.2	7.4	6.8
P/BV (x)	0.9	0.8	0.8	0.8	0.8
EV/EBITDA (x)	4.4	4.7	4.3	4.1	4.0
EV/Revenues (x)	3.3	3.5	3.3	3.2	3.1
Dividend Yield (%)	8.5	8.7	8.7	8.7	8.7



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