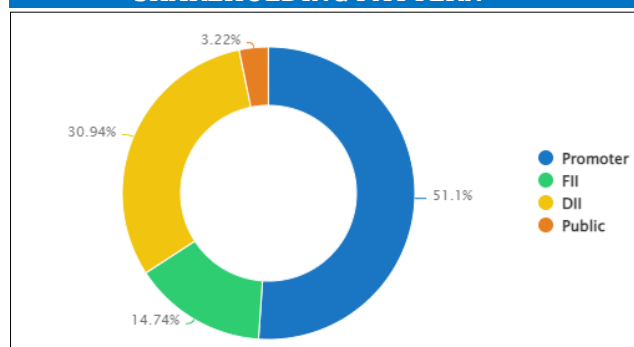


May 2022

VALUE PARAMETERS

Face Value (Rs.)	10.00
EPS (TTM)	16.6
52-Week High/Low	166/108
M.Cap (Rs. in Cr.)	1,45,062
P/E Ratio (TTM)	9.20
Book Value per share (Rs)	134
Industry P/E	49.0
P/B Ratio (calc at CMP)	1.14
Dividend Yield (%)	4.14
Enterprise value (Rs in Cr)	3,43,602

SHAREHOLDING PATTERN



FINANCIAL PERFORMANCE

	ACTUAL	FORECAST	
	FY Mar-21	FY Mar-22	FY Mar-23
Sales (Rs. Cr)	1,13,434	1,23,643	1,34,440
Growth (%)	-0.8	9	7.7
EBITDA	35,877	39,200	42,988
EBITDA margin (%)	31.6	31.7	31.9
PAT (Rs. Cr)	15,203	15,495	17,043
EPS (Rs)	15.7	16	17.5
ROE	12.4	12	12.5
ROCE	7.4	7	7.5
P/E	7.5	7.4	6.7
EV/EBITDA	8.8	7.9	7.2

Our Recommendation: NTPC has drawn a long-term corporate plan to become 128 GW company by 2032 as well as plans to reach 60 GW in renewable energy segment. We are positive on company's performance in coming quarters on the back of continued expansion in installed capacity and expansion in RE segment. Thus, we recommend BUY in price range Rs. 145-150 with target price 170 (upside 13%).

Investment Rationale:

About Company: NTPC Ltd. Is an Indian statutory corporation. The company is involved in generation of electricity and allied activities and is the largest power utility with an installed capacity of 68,961.68 MW. The company has started generation of electricity from fossil fuels, hydro, nuclear, and renewable sources of energy. The corporation has started consultancy, power trading, and training of power professionals, rural electrification, ash utilization and coal mining as well. NTPC has 17% of total installed capacity in India with 23% generation share.

Q3FY22 Results: The company reported robust performance in Q3. Generation and power sold were higher.

- Consolidated revenue showed a significant growth of 20.9% YoY basis to Rs 33,292.61 crore compared to Rs 27,526 crore in the year ago quarter.
- On a sequential basis, revenue was up by 2.7% from Rs 32,403.58 crore recorded in the previous quarter.
- PAT increased by 17.2% to 4,318 Cr as compared to Rs 3,681 Cr registered in the corresponding quarter of the previous fiscal year.

Key Highlights:

- The company has strong financials and a strong balance sheet with low gearing and healthy coverage ratios.
- The company has a strong and highly talented team of professionals and has been able to retain and develop talent.
- Company has a strong payment recovery mechanism due to which it has been able to realize its 100% dues in the past few years and maintain a good cash flow.
- Most of the power station of NTPC are pit head station which gives the company a cost advantage when compared to its peers.
- The company is ambitious to retain the status of leader in power sector and due to which it has drawn a long-term corporate plan to become 128 GW Company by 2032.
- NTPC is increasing its presence in renewable energy segment. The company is undertaking a pilot project at Vindhyanchal for green hydrogen with an estimated cost of <USD3/kg

Risks:

- Difficulty faced in acquisition of lands.
- Compliance and regulatory norms.
- Delay in execution of projects and inadequate fuel supply.

Financials and Valuations

Income Statement, consolidated (Rs. Cr)

Y/E March	FY2018	FY2019	FY2020	FY2021
Net Sales	87,762	90,637	1,14,336	1,13,434
Change (%)	7.4	3.3	26.1	-0.8
Expenditure	64,781	70,728	77,928	77,557
EBITDA	22,981	19,909	36,409	35,877
Margin (%)	26.2	22	31.8	31.6
Depreciation	7,460	7,688	10,356	12,450
EBIT	15,521	12,221	26,052	23,427
Interest	4,435	5,261	8,117	9,224
Other Income	1,558	1,795	2,909	4,016
Extraordinary items	0	0	0	-1,512
PBT	12,645	8,755	20,844	16,706
Tax	2,588	-3,206	9,348	2,421
Tax Rate (%)	20.5	-36.6	44.8	14.5
Share of Joint Ventures	445	672	405	684
Minority interest	-42.5	-6.6	302	335
PAT	10,544	12,640	11,600	14,635
Prior period items	-1,745	-1,179	2,061	-944
Adj. PAT	8,799	11,461	13,661	15,203
Change (%)	-10.9	30.3	19.2	11.3
Adj. EPS	10.66	13.88	11.72	15.7

Balance Sheet, consolidated (Rs. Cr)

Y/E March	FY2018	FY2019	FY2020	FY2021
Equity Capital	8,246	9,895	9,895	9,697
Reserves & Surplus	95,318	1,00,142	1,08,945	1,16,042
Net Worth	1,03,564	1,10,037	1,18,839	1,25,739
Minority Interest	948	665	3,317	3,524
Loans	1,30,014	1,61,682	2,00,512	2,05,172
Deferred Tax Liability	2,408	4,200	7,617	9,888
Capital Employed	2,36,934	2,76,583	3,30,285	3,44,322
Gross Block	1,50,153	1,66,581	2,36,879	2,64,772
Less: Accum. Deprn.	20,615	28,760	49,076	61,527
Net Fixed Assets	1,29,539	1,37,821	1,87,803	2,03,245
Capital WIP	82,093	1,06,778	98,509	97,506
Investments	9,252	8,100	9,307	10,089
Current Assets	53,485	64,698	81,769	88,126
Inventory	6,140	8,119	11,139	9,810
Account Receivables	8,812	10,148	20,371	17,718
Cash and Bank Balance	4,388	2,782	3,214	4,888
Loans and Advances	693	673	764	814
Others	33,452	42,976	46,282	54,896
Current Liabilities	37,434	40,813	47,102	54,645
Payables	6,731	8,566	10,177	8,806
Other current liabilities	30,704	32,247	36,926	45,838
Net Working Capital	16,051	23,885	34,667	33,481
Application of Funds	2,36,934	2,76,583	3,30,285	3,44,322

Financials and Valuations

Cash Flow Statement, consolidated (Rs Cr)

Y/E March	FY2018	FY2019	FY2020	FY2021
PBT	13,242	8,372	22,282	19,290
Interest	4,416	5,243	8,061	9,163
Depreciation	7,460	7,688	10,356	12,450
(Inc)/Dec in WC	-5,830	-7,287	-6,320	829
Tax paid	1,926	-3,039	-3,607	-3,068
other expenses	-1,551	5,390	-6,189	-6,219
CashFlow from Operations	19,663	16,367	24,583	32,444
Capital Expenditure	-18,756	-19,755	-18,063	-23,282
(Purchase)/sale of Investment	0	0	0	-500
Acquisition in subs.	-1,153	-4,057	-12,265	8
Interest & Dividend Income	303	108	6	2,740
Others	-4	34	34	1,181
CashFlow from Investments	-19,610	-23,670	-30,287	-19,853
Inc/(Dec) in Debt	14,506	22,470	23,257	10,801
finance cost	-8,606	-10,767	-13,399	-13,307
Dividend (incl. tax)	-4,867	-5,927	-3,775	-5,778
Others	0	-78	53	-2,632
CashFlow from Financing Activity	1,033	5,698	6,136	-10,917
Inc/Dec of Cash	1,086	-1,605	432	1,674
Beginning Balance	3,302	4,388	2,782	3,214
Closing Balance	4,388	2,782	3,214	4,888

Key Ratios

Y/E March	FY2018	FY2019	FY2020	FY2021
Per Share Data (Rs)				
EPS	8.9	11.6	13.8	15.7
BV/Share	104.7	111.2	120.1	129.7
DPS	3.6	5.4	3.2	6.2
Dividend Payout (%)	40.5	46.3	22.8	39.2
Valuation Ratios				
P/E	13.3	10.2	8.5	7.5
P/BV	1.1	1.1	1	0.9
EV/EBITDA	10.5	13.8	8.6	8.8
Return Ratios (%)				
EBITDA Margins (%)	26.2	22	31.8	31.6
Net Profit Margins (%)	12	13.9	10.1	12.9
ROE	8.7	10.7	11.9	12.4
ROCE	6.4	6.7	6.5	7.4
Working Capital Ratios				
Debtor (Days)	37	41	65	57
Inventory (Days)	26	33	36	32
Payable (Days)	28	34	32	28
Leverage Ratio (x)				
Current Ratio	1.4	1.6	1.7	1.6
Interest Cover Ratio	3.9	2.7	3.6	2.73
Net Debt/Equity	1.2	1.4	1.7	1.6

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Disclosure:

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