

# POWER SECTOR

**IN INDIA**

Electricity generation target (Including RE)  
for **2023-24** is **1,750 billion units**  
growth of 7.2% over actual generation of  
1,624.158 BU for the previous year (2022-23)

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एनटीपीसी  
**NTPC**

## **NTPC**

CMP (Rs): 302

Buy Range: 295-305

Target Price: 388

Upside: 28%



**TATA POWER**

## **TATA POWER**

CMP (Rs): 346

Buy Range: 340-350

Target Price: 395

Upside: 15%



एनएचपीसी  
**NHPC**

## **NHPC LTD**

CMP (Rs): 76

Buy Range: 70-80

Target Price: 100

Upside: 30%



**पावरग्रिड**  
**POWERGRID**

## **POWER GRID CORPORATION OF INDIA**

CMP (Rs): 238

Buy Range: 230-245

Target Price: 295

Upside: 24%



## Company Name: NTPC

BSE CODE: 532555

NSE CODE: NTPC

Sector: Power Generation

Industry: Power generation &amp; supply

**CMP (Rs): 302 | Buy Range: 295-305 | Target Price: 388 | Upside: 28%**
**Duration of Recommendation: 8- 12 months**

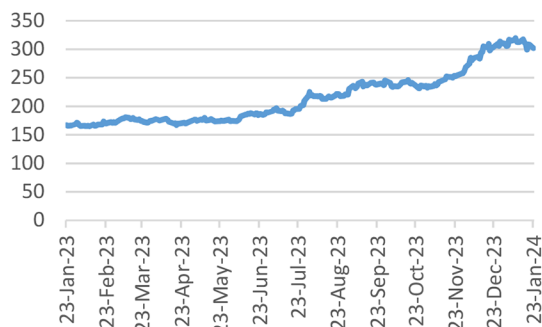
### Company Data

Market Cap (Rs Cr)	2,99,724
Enterprise value (Rs Cr)	5,14,437
52-Week High/Low (Rs)	326/163
EPS (TTM) (Rs)	19.70
P/E Ratio (x)	15.6
Industry PE (x)	21.2
EV/EBITDA (x)	9.58
P/PB (x)	1.94

Shareholding %	Q4FY23	Q1FY24	Q2FY24
Promoters	51.10	51.10	51.10
FII's	15.61	15.80	16.69
DII's	30.51	30.20	29.02
Public	2.69	2.79	3.08
Govt	0.10	0.10	0.10
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Pledged	0.00	0.00	0.00

Financial Performance			
INR (Cr)	FY23	FY24E	FY25E
Revenue	1,76,207	1,87,228	2,06,010
Growth (%)	28.70%	6.25%	10.03%
EBITDA	47,729	61,370	79,753
EBITDA margins	27.1%	28.6%	30.0%
Adj. PAT	16,913	18,853	21,146
PAT margins (%)	9.6%	11.5%	12.2%
Adj. EPS	17.44	19.4	21.8
BVPS	151.6	163	176
P/E (x)	10.0	16.3	14.6
P/BV(x)	1.16	1.94	1.80
ROE (%)	12.0%	14.9%	16.5%
RoCE	8.9	10.0	11.2
EV/EBITDA(x)	7.50	9.15	8.10

### Price Performance



**Our Recommendation:** NTPC has pushed for aggressive renewable capacity addition plan to 16000 MW over FY24-FY26, which will scale up green portfolio of the company. Company has also set target of 5GW in green hydrogen. Govt's push for infrastructure development and high power demand will be tailwinds for the sector. **We recommend BUY in price range of 295-305 with target price of 388 (based on 2.2x FY25E book value) with upside 28%.**

**NTPC** is primarily involved in generation and sale of bulk power to State power utilities. Other business of the group includes providing consultancy, project management & supervision, energy trading, oil & gas exploration and coal mining. NTPC is the largest power producer forming 17% of India's installed capacity and 25% of the total generation in FY23.

**Buisness Outlook:** By FY23, NTPC has total installed capacity of 73,874 MW of which coal-based thermal power contributes 81% which has come down from 86% in FY23. RE 5%, Hydro 5%, Gas 9%.

**Revenue Mix:** 95% of revenue comes from power generation & rest 5% comes from energy trading and consultancy.

**Increasing share of Renewable Energy:** RE now forms 5% of total capacity which was 0% in FY13 & company aims to increase RE share to 40% to 60 GW from current 3.3 GW.

- NTPC aims to transition itself from power company to well-diversified energy company with RE share of 40% by 2032.

- **Green Hydrogen Target:** Company aims to achieve 5GW capacity in Green Hydrogen for by FY30. MOU with GACL and NFL for synthesizing

### Q2FY24 Results: High demand & improvement in margins drove growth.

- ❖ Consolidated revenue up by 4.4% YoY to ₹ 44,983 Cr from ₹ 44,175 Cr.
- ❖ EBITDA up by 22.33% YoY to ₹ 12,680 Cr from ₹10,367 cr with 500 bps improvement in margins.
- ❖ Net Profit soared 38.26% YoY to ₹ 4726 Cr from ₹ 3418 Cr.

### Key Risks:

- ❖ Power demand slow-down can impact PLS.
- ❖ Slower execution of RE capacity addition.

## Company Name: Power Grid Corporation of India

BSE CODE: 532898

NSE CODE: POWERGRID

Sector: Power Generation

Industry: Power generation &amp; supply

**CMP (Rs): 238 | Buy Range: 230-245 | Target Price: 295 | Upside: 24%**
**Duration of Recommendation: 8- 12 months**

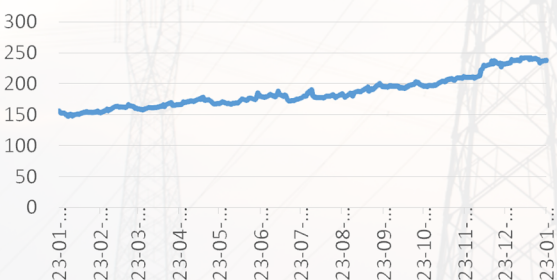
### Company Data

Market Cap (Rs Cr)	2,26,935
Enterprise value (Rs Cr)	3,39,726
52-Week High/Low (Rs)	247/158
EPS (TTM) (Rs)	16.50
P/E Ratio (x)	14.8
Industry PE (x)	21.2
EV/EBITDA (x)	8.3
P/PB (x)	2.65

Shareholding %	Q4FY23	Q1FY24	Q2FY24
Promoters	51.34	51.34	51.34
FII's	32.30	33.14	32.01
DII's	13.39	12.55	13.21
Public	2.99	2.95	3.44
Govt	0.00	0.00	0.00
Total	100.0	100.0	100.0
Pledged	0.00	0.00	0.00

Financial Performance			
INR (Cr)	FY23	FY24E	FY25E
Revenue	43,343	46,713	49,185
Growth (%)	8.5%	7.8%	5.3%
EBITDA	37,274	40,496	42,863
EBITDA growth	6.7%	8.6%	5.8%
EBITDA margin	86.0%	86.7%	87.1%
Net Profit	15,333	16,114	17,590
Profit growth	10.4%	5.1%	9.2%
Profit margins	35.4%	34.5%	35.8%
Adj. EPS	17	17	19
BVPS	89	97	105
P/E (x)	10.2	13.4	12.3
P/BV(x)	1.9	2.4	2.2
ROE (%)	19.3%	18.6%	18.6%
RoCE	11.7%	12.0%	12.5%
EV/EBITDA(x)	7.5%	7.5%	7.0%

### Price Performance



**Our Recommendation:** PWGR is India's largest power transmission firm with a monopoly on the country's inter-state transmission system. Company has unveiled Rs 1.9 trillion Capex plan for FY24-FY32. Out of this, Rs 1.7 trillion has been set for transmission infrastructure. This is expected to boost company's assets and valuations. Company will play pivotal role in Govt's aim of achieving 500GW in renewable energy by 2030. **We recommend BUY in price range of 230-245 with target price of 295 (based on 2.8x FY25E book value) with upside 24%.**

**Power Grid Corporation of India Ltd** is a Maharatna CPSU and India's largest electric power transmission company. GoI holds a 51.34% stake in the company as on March 31, 2023. PGCIL sets up extra-high voltage alternating current and high-voltage direct current (HVDC) transmission lines. The company moves large blocks of power from the central generating agencies and areas that have surplus power to load centres

**Business Outlook:** Company holds strategic significance for the government and plays a crucial role in advancing India's power sector, possessing 85% of the interstate transmission network and handling 45% of the country's power generation.

- Projects of strategic importance will be given to company because of strong implementation capability.
- Clients - NHAI and departments, CPSEs, state, and private power utilities and the Indian Railways and other government entities like and state departments.

**Capex FY25 onwards:** Rs 125bn capex, Rs 170bn capitalization. Decade outlook: Rs 1.9tn capex. Q1FY26: Rs 207bn Ladakh green energy project approved (40% grant), total projects at Rs 505bn.

### Q2FY24 Results:

- ❖ Consolidated revenue up by 1% YoY to ₹ 11,267 Cr from ₹ 11,151 Cr.
- ❖ EBITDA up by 3.67% YoY to ₹ 9,710 Cr from ₹ 9,366 cr with 200 bps improvement in margins.
- ❖ Net Profit soared 3.6% YoY to ₹ 3781 Cr from ₹ 3650Cr.

### Key Risks:

- ❖ Delays in implementation of TBCB projects.
- ❖ Delays in execution of key projects



## Company Name: NHPC Ltd

BSE CODE: 533098

NSE CODE: NHPC

Sector: Power Generation &amp; Distrib.

Industry: Power generation &amp; supply

**CMP (Rs): 76 | Buy Range: 70-80 | Target Price: 100 | Upside: 30%**
**Duration of Recommendation: 8- 12 months**

### Company Data

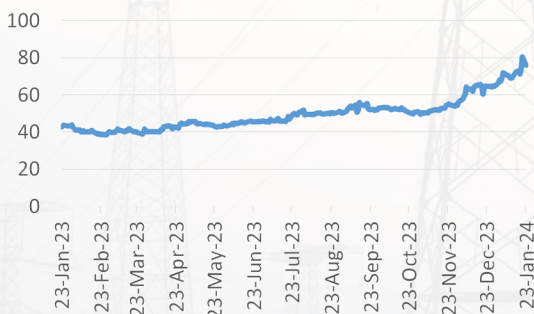
Market Cap (Rs Cr)	78,351
Enterprise value (Rs Cr)	1,05,119
52-Week High/Low (Rs)	85/37.8
EPS (TTM) (Rs)	3.88
P/E Ratio (x)	20.2
Industry PE (x)	21.2
EV/EBITDA (x)	16.4
P/PB (x)	1.95

Shareholding %	Q1FY23	Q2FY24	Q3FY24
Promoters	70.95	70.95	70.95
FII's	7.57	7.59	7.38
DII's	14.23	12.93	13.42
Public	5.71	7.00	6.73
Govt	1.53	1.53	1.53
Total	100.0	100.0	100.0
Pledged	0.00	0.00	0.00

### Financial Performance

INR (Cr)	FY23	FY24E	FY25E
Revenue	10,607	11,668	13,833
Growth (%)	16.0%	10.0%	18.6%
EBITDA	6,206	6,709	8,151
EBITDA growth	54.6%	8.1%	21.5%
EBITDA margin	58.5%	57.5%	58.9%
Net Profit	3,890	4,298	4,750
Profit growth	10.4%	10.5%	10.5%
Profit margins	36.7%	36.8%	34.3%
Adj. EPS	3.9	4.3	4.7
BVPS	36.7	38.3	39.9
P/E (x)	10.4	19.2	17.4
P/BV(x)	1.1	2.1	2.1
ROE (%)	10.9%	11.0%	11.5%
RoCE	7.5%	7.8%	8.1%
EV/EBITDA(x)	9.80	15.50	12.80

### Price Performance



**Our Recommendation:** NHPC is India's largest hydropower development firm. Company has unveiled Rs 10800 crore Capex plan for FY24. Soon to be commissioned Subansiri Lower Hydropower project will boost company's assets and sales growth. Company will play pivotal role in Govt's aim of achieving 500GW in renewable energy by 2030. **We recommend BUY in price range of 70-80 with target price of 100 (based on 2.5x FY25E book value) with upside 30%.**

**NHPC**, categorized as a Mini Ratna I public sector utility, stands as the flagship hydroelectric generation company for the Government of India. NHPC is the largest hydropower development organization in India. NHPC Limited is engaged in generating and selling power to diverse Power Utilities. Company also deals in project management, construction contracts, consultancy assignments, and power trading. NHPC has expanded its operations in the field of Solar and Wind energy development.

**Buisness Outlook:** NHPC's total installed capacity as on 30th Sept, 2023 is 7097.20 MW, comprising 6971.20 MW from 22 Hydro Power Stations, 76 MW from two Solar Power Project and 50 MW from a Wind Power Project. NHPC's hydro share of 6971.20 MW comes to about 14.88% of the country's total installed Hydro capacity of 46850.18 MW.

**Capex up by 38% in FY24:** Per management, NHPC's Capex for FY24 will go up by 38 per cent YoY to Rs. 10,800 crores from Rs. 7800 crores spent in FY23. The company's flagship 2,000 MW Subansiri Lower hydropower project is expected to be commissioned in 2024. NHPC also got two projects aggregating 3800 MW in Arunachal Pradesh.

### Q2FY24 Results:

- ❖ Consolidated revenue down by 13% YoY to ₹ 2931 Cr from ₹ 3366 Cr.
- ❖ EBITDA down by 19.7% YoY to ₹ 1757 Cr from ₹2188 cr with 500 bps contraction in margins.
- ❖ Net Profit increased marginally 0.4% YoY to ₹ 1693 Cr from ₹ 1686 Cr.

### Key Risks:

- ❖ Delay in commissioning of Subansiri Lower Hydropower project.
- ❖ Lower demand of power in winter season could impact sales.

## Company Name: Tata Power

BSE CODE: 500400

NSE CODE: TATAPOWER

Sector: Power Generation

Industry: Power generation &amp; supply

**CMP (Rs): 346 | Buy Range: 340-350 | Target Price: 395 | Upside: 15%**
**Duration of Recommendation: 8- 12 months**

### Company Data

Market Cap (Rs Cr)	1,12,364
Enterprise value (Rs Cr)	1,54,788
52-Week High/Low (Rs)	380/182
EPS (TTM) (Rs)	11.20
P/E Ratio (x)	32.9
Industry PE (x)	21.2
EV/EBITDA (x)	11.2
P/PB (x)	3.76

Shareholding %	Q4FY23	Q1FY24	Q2FY24
Promoters	46.86	46.86	46.86
FII's	9.45	9.75	10.00
DII's	14.16	14.59	15.68
Public	29.21	28.48	27.15
Govt	0.32	0.32	0.32
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Pledged	1.10	1.10	1.10

Financial Performance			
INR (Cr)	FY23	FY24E	FY25E
Revenue	55019	61642	68733
Growth (%)	28.70%	12.04%	11.50%
EBITDA	9145	10726.4	12718.3
EBITDA margins	16.6%	17.3%	18.6%
Adj. PAT	3336	3528	3736
PAT margins (%)	6.06%	5.77%	5.87%
Adj. EPS	10.4	11.0	11.6
BVPS	90	98	106
P/E (x)	18.3	31.8	30.1
P/BV (x)	2.11	3.6	3.3
ROE (%)	2.8	0.1	0.1
RoCE (%)	18.5	17.6	18.0
EV/EBITDA (x)	11.5	12.5	11.5

### Price Performance



**Our Recommendation:** Tata Power business outlook looks favorable due to its capacity expansions, enhanced execution capabilities, and adjustments in input prices. We anticipate a sustained improvement in margins. Increasing capacity in the RE sector, corrections in polysilicon and thermal coal prices, & significant Capex to contribute to its strong operational and financial performance in near to midterm. **We recommend BUY in price range Rs. 340-350 with target price Rs 395 (3.7x FY25E BV) with upside 15%.**

**Tata Power** is India's largest private sector power company with an installed generation capacity of over 2785 MW. Tata Power has a presence in all the segments of the power sector like generation (thermal, hydro, solar, wind and liquid fuel), transmission and distribution. It also manufactures solar roofs and plans to build 1 lakh EV charging stations by 2025.

### Buisness Outlook:

**Installed capacity:** As of H1FY24, company has **14,381 MW** energy capacity which includes 8,860MW Thermal, 1,007 MW Wind, 880 MW Hydro, 443MW Waste Heat Recovery /BFG, 3191 MW solar.

**Robust Order Book:** Company has 2.8 GW MoU signed for Pumped Hydro Project, greater than Rs. 18,700 Cr Solar EPC order book, and greater than 11.5 GW EPC large projects executed and under pipeline.

**Growth in Renewable Energy:** 3,760MW Renewable capacity under construction.

**EV points:** Company has greater than 4,900 Public EV charging points across

### Q2FY24 Results: High demand & improvement in margins drove growth.

- ❖ Consolidated revenue up by 12.16% YoY to ₹ 15,738 Cr from ₹ 14,031 Cr.
- ❖ EBITDA up by 57.44% YoY to ₹ 2771 Cr from ₹1760 cr with 500 bps improvement in margins.
- ❖ Net Profit soared 8.77% YoY to ₹ 1017 Cr from ₹ 935 Cr.
- ❖ Capex for renewables is ₹ 2500 Cr out of total capex of ₹ 6500 Cr.

**Key Risks:** Availability of fuel for thermal plant. Any write-off related to dues could impact valuations.



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