

RESULT UPDATE ✓

NTPC (NTPC)

WHAT'S CHANGED...

PRICE TARGET.....	Unchanged
EPS (FY09).....	Unchanged
EPS (FY10E).....	Changed to Rs 10.7 from Rs 10.6
RATING.....	Changed to PERFORMER from OUTPERFORMER

Current Price
Rs 217

Target Price
Rs 245

Potential upside
13%

Time Frame
12 months

PERFORMER

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First cut....

NTPC delivered a spectacular performance in Q1FY10 witnessing a revenue growth of 25.8% YoY from Rs 9,539.5 crore to Rs 12,002.7 crore and profit after tax growth of 27% YoY from Rs 1,726.5 crore to Rs 2,193.6 crore. NTPC's sales volume rose from 47 BU to 52 BU commanding a growth of 11% mainly lead by a higher PLF utilisation and capacity addition of 2,000 MW over the same period last year. The performance was above our expectation on the bottomline front primarily guided by the reduction in other employee benefit which witnessed a correction of Rs 89.1 crore.

Outlook

The new CERC policy is apparently turning out to be beneficial for NTPC. Blended realisation per unit has witnessed significant appreciation from Rs 2.03 per unit to Rs 2.27 per Kwh. The increased availability of the gas led to higher utilisation of gas-based generators. In FY10, the management expects to commercialise 3,300 MW and incur a capex of Rs 17,000 crore.

Valuation

At the CMP of Rs 217, the stock is trading at 21.8x and 20.3x its FY09 and FY10E EPS, respectively. We have fine-tuned our earning estimates factoring the revision in the schedule for capacity addition. With rush of IPOs, which are expected to hit the market over the next couple of quarters, we believe NTPC should derive benefit of the improving market sentiment. Thus, we re-iterate the target price at Rs 245 with a **PERFORMER** rating on the stock.

Stock data....

Market Cap.	Rs 178,926.6 Cr
Debt (FY09E)	Rs 40,729.2 Cr
Cash (FY09)	Rs 16,271.0 Cr
EV	Rs 203,384.8 Cr
52 week H/L	233/113
Equity capital	Rs 8,245.5 Cr
Face value	Rs 10.0
MF Holding	4.15%
FII Holding	3.00%

Stock return (%)	3M	6M	12M
NTPC	10.2	17.1	12.2
Neyveli Lignite	33.5	72.8	6.8
Reliance Power	29.8	76.1	2.3
Tata Power	32.1	65.4	16.1

Exhibit 1: Key Financials

(Rs. Crore)

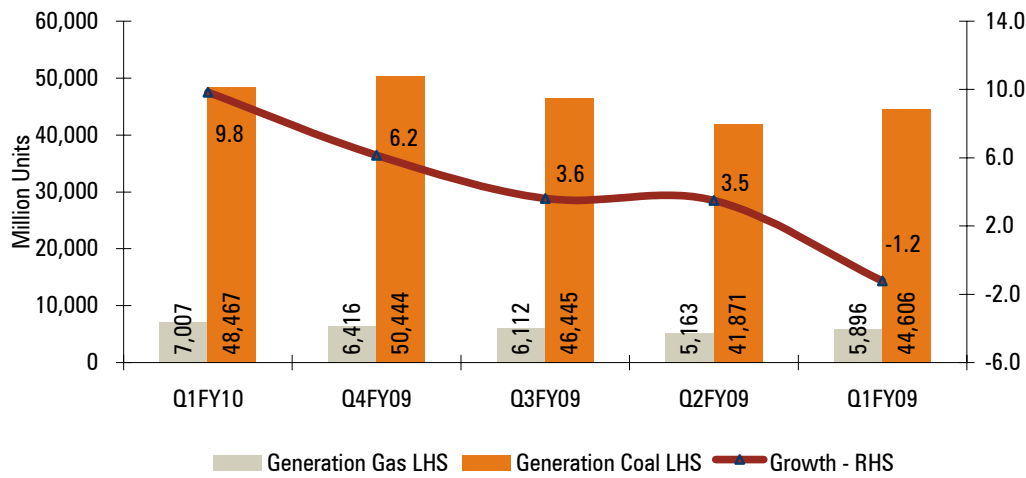
	Q1 FY10E	Q4FY09	Q1FY09	Q3FY09	YoY (%)	QoQ (%)	FY09	FY10E	FY11E
Sales	12,002.7	11,445.8	9,539.5	11,277.1	25.8	4.9	41,923.7	47,573.8	54,763.6
EBITDA	3,175.7	2,219.9	2,422.5	3,208.6	31.1	43.1	13,746.9	17,424.7	20,652.8
EBITDA margin	26.5	19.4	25.4	28.5	4.2	36.4	32.8	36.6	37.7
Depreciation	612.8	726.4	552.0	559.4	11.0	(15.6)	2,364.5	3,309.2	4,197.7
Interest	444.7	567.1	421.9	507.6	5.4	(21.6)	2,022.9	3,689.4	5,379.8
Other Income *	776.3	1,035.7	717.2	851.3	8.2	(25.0)	3,349.0	3,392.8	3,451.6
Reported Net Profit	2,193.6	2,113.4	1,718.1	2,250.5	27.7	3.8	8,201.3	8,835.4	9,385.6
EPS (Rs.)	2.7	2.6	2.1	2.7	27.7	3.8	9.9	10.7	11.4
Valuation									
PE (x)	-	-	-	-	-	-	21.8	20.3	19.1
Target PE (x)	-	-	-	-	-	-	24.6	22.9	21.5
EV to EBITDA (x)	-	-	-	-	-	-	14.8	11.7	9.8
Price to Book (x)	-	-	-	-	-	-	3.0	2.8	2.6
RONW (%)	-	-	-	-	-	-	14.9	14.8	14.6
RoCE (%)	-	-	-	-	-	-	12.8	13.0	12.3

* Other Income includes Interest received on bonds and project consultancy revenues

Source: ICICIdirect.com Research, Company

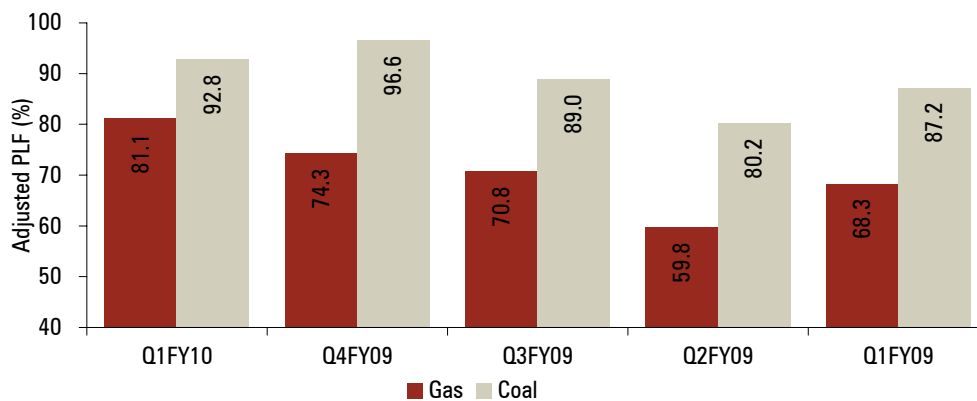
Annexure

Exhibit 2: Generation growth



Source: CEA, ICICIdirect.com Research

Exhibit 3: Adjusted PLF for projects



Source: CEA, ICICIdirect.com Research

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Outperformer (OP): 20% or more;

Performer (P): Between 10% and 20%;

Hold (H): $\pm 10\%$ return;

Underperformer (UP): -10% or more;

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