



NTPC
Hold

CMP Rs.214 (FV 10)
Date: 25 Oct 2009

Financial Highlights

Rs. Crore	Q2 FY09	Q2 FY10	% Y-o-Y	Q1 FY10	% Q-o-Q	H1 FY09	H1 FY10	% Change	FY09	FY10E	% Change
Net Sales	10091	11252	11.51	12529	-10.19	20049	23781	18.61	44126	49550	12.3
Other Income	315	271	-13.97	251	7.97	614	522	-14.98	1147	1043	-9.1
Total Sales	10406	11523	10.73	12780	-9.84	20663	24303	17.62	45273	50593	11.8
Raw Material	5956	6607	10.93	7743	-14.67	12094	14350	18.65	27111	30173	11.3
Employee	605	504	-16.69	590	-14.58	1183	1094	-7.52	2463	2495	1.3
Other Expenses	553	458	-17.18	494	-7.29	954	952	-0.21	1952	1995	2.2
Total Expenses	7114	7569	6.40	8827	-14.25	14231	16396	15.21	31526	34663	10.0
PBDIT	3292	3954	20.11	3953	0.03	6432	7907	22.93	13747	15930	15.9
Interest	526	541	2.85	444	21.85	948	985	3.90	2023	2295	13.4
Depreciation	527	644	22.20	613	5.06	1079	1257	16.50	2364	2615	10.6
PBT	2239	2769	23.67	2896	-4.39	4405	5665	28.60	9360	11020	17.7
Tax	129	617	378.29	692	-10.84	568	1309	130.46	1159	2275	96.3
Net Profit	2110	2152	1.99	2204	-2.36	3837	4356	13.53	8201	8745	6.6
Equity (FV10)	8246	8246		8246		8246	8246		8246	8246	
EPS Rs.	2.56	2.61		2.67		4.65	5.28		9.95	10.61	6.63
CMP Rs.	214	214		214		214	214		214	214	
PE (X) (Annldz)	21.01	20.60		20.11		23.10	20.35		21.62	20.27	
PBDIT (%)	32.62	35.14		31.55		32.08	33.25		31.15	32.15	
NPM (%)	20.28	18.68		17.25		18.57	17.92		18.11	17.28	

Highlights

- The performance of the company was mainly in line. There was growth on Y-o-T basis. However, Sales marginally declined Q-o-Q basis as output fell in some of its plants due to Coal shortage.
- There is reduction in raw material Costs Q-o-Q basis. Although Y-o-Y fuel costs have gone up.
- Improvement were shown in margins, as it cut down on Employee and Other Expenses.
- It has entered into JV with Coal India for acquiring Coal mines in India and abroad, to ensure the uninterrupted supply of key raw material.
- It is regularly scouting for mines abroad also to strengthen its Coal supply base.
- It has recently added 500 MW in August, 1200 MW is likely to come by the end of Q3 FY10. It is likely to boost up its capacity to 33000 MW by the end of FY10 from 30500 MW presently, Gas being the main fuel in the new facilities.
- Govt is likely to divest 5% stake in the company in next 3-4 months.

Valuation: HOLD

There were no major surprises in Q2 FY 10 results. The company has cuts in input costs, which enabled it to absorb the shock of lower production due to Coal shortage. With increased capacity and easier availability of Coal, we expect FY 10 EPS to be Rs.10.6/Share. At CMP Rs.214 it trades at 20.3 PE which leaves little room for short term appreciation. It is available at M.Cap/Capacity valuation of Rs.5.35 Crore/MW. The, company is an attractive long term investment.

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