

**NTPC**

Refer to important disclosures at the end of this report

# Targets ~5GW CoD in FY21; considering buyback

**CMP: Rs 88**  
as of (August 17, 2020)

**TP: Rs 122 (■)**  
12 months

**Rating: BUY (■)**

**Upside: 38.5 %**



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- Availability (PAF) improved by 470bps yoy across coal-based plants to 95.8% in Q1FY21 (highest in past 4 years) due to low generation amid subdued demand and high coal availability from better supply by CIL. Q1 saw nil under-recovery vs. Rs1.1bn last year.
- NTPC reported a strong quarter despite Covid-19-related disruptions. EBITDA grew 11.5% to Rs72bn, driven by a fall in fuel costs. NTPC recognized a one-off discount of Rs8.0bn to the discoms. Adjusting the discount, PAT rose 20.1% yoy to Rs31.4bn.
- NTPC added 660MW Khargone capacity to its commercial capacity and targets to add ~5GW capacity p.a. over FY21/22/23E. We expect NTPC's standalone regulated equity to increase at a CAGR of 10.2% over FY20-FY23E to Rs782bn.
- We maintain our Buy rating on NTPC with an unchanged TP of Rs122, backed by its risk-averse regulatory business model, historic low valuations of 0.7x FY22E P/BV and the dividend yield of ~5%-6%. NTPC is also considering a share buyback in FY21.

**Earnings better than estimates despite Covid-19-related disruptions:** In Q1FY21, power generation/energy sales fell 12.1%/12.2% yoy to 60.2bn/55.8bn units due to subdued demand during the lockdown. Blended realization rose 7.9% yoy to Rs4.1/unit. Revenues declined 5.3% yoy to Rs229.1bn (after adjusting prior period sales). EBITDA, however, rose 19.9% yoy to Rs77.5bn due to a 19.4% yoy fall in fuel costs (also adjusted for prior period expenses) due to a decline in generation. Other income increased by 74.0% yoy to Rs5.7 bn. NTPC incurred a one-off expense related to a rebate of Rs8bn provided to the discoms (as against a total rebate of Rs13.6bn, a 20-25% discount on fixed charges under the Atmanirbhar Bharat Special Economic and Comprehensive Package announced by the government). After adjusting prior period sales and above rebate, APAT came in at Rs31.4bn, up 20.1% yoy and well above our and consensus estimates.

PAF improved by 470bps yoy across coal-based plants to 95.8% in Q1FY21 due to the rise in coal inventory amid low generation. Under-recovery in Q1FY21 was nil vs. Rs1.1bn yoy.

**Capacity additions:** NTPC added the 660MW Khargone project in Q1FY21 taking its total standalone commercial capacity to 50.4GW. For FY21E, we expect 4.8GW of capacity to achieve commercialization followed by 5.4GW in FFY22E.

**Outlook and valuations:** We expect NTPC's standalone regulated equity to increase at a strong CAGR of 10.2% over FY20-FY23E to Rs782bn. Growth in profit will be driven by the speedy conversion of its CWIP into commercial assets, which would begin yielding high RoE. We have maintained our estimates and EW stance on the stock in EAP, mainly due to attractive valuations of 0.7x FY22E P/B, risk-averse regulatory business model and a dividend yield of 5%-6%. We maintain the Buy rating with a TP of Rs122. Key risks include any further delay in capacity additions and lower incentives.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Power \(page 9\)](#)

## Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	9,00,768	9,58,999	9,63,328	11,28,453	11,82,410
EBITDA	2,34,318	2,57,374	2,65,913	3,13,561	3,42,241
EBITDA Margin (%)	26.0	26.8	27.6	27.8	28.9
APAT	1,08,409	1,16,913	1,00,785	1,25,578	1,35,303
EPS (Rs)	10.7	12.3	10.2	12.7	13.7
EPS (% chg)	(13.3)	15.1	(17.1)	24.6	7.7
ROE (%)	10.5	11.5	9.3	10.8	10.9
P/E (x)	8.3	7.2	8.7	7.0	6.5
EV/EBITDA (x)	9.6	9.7	9.7	8.5	8.1
P/BV (x)	0.8	0.8	0.8	0.7	0.7

Source: Company, Emkay Research



## Change in Estimates

EPS Chg FY21E/FY22E (%)	-/-
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	BUY

## Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	10.2	12.7
Consensus	12.8	14.8
Mean Consensus TP (12M)	Rs 137	

## Stock Details

Bloomberg Code	NTPC IN
Face Value (Rs)	10
Shares outstanding (mn)	9,895
52 Week H/L	130 / 73
M Cap (Rs bn/USD bn)	875 / 11.68
Daily Avg Volume (nos.)	1,65,19,710
Daily Avg Turnover (US\$ mn)	20.4

## Shareholding Pattern Jun '20

Promoters	51.0%
FIIIs	11.4%
DIIIs	34.6%
Public and Others	3.0%

## Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	1	(1)	(22)	(25)
<b>Rel. to Nifty</b>	(4)	(19)	(15)	(26)

## Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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## Story in Charts

### Expect to commercialize 4.8GW in FY21E and 5.4GW in FY22E

We expect NTPC to commercialize 4.8GW in FY21E (Standalone: 3.2GW and JV: 1.5GW). Of this, the company has already commercialized 660MW Khargone capacity. For FY22E, we expect asset commercialization of 5.4GW (Standalone: 4.8GW and JV: 660MW). Overall, we expect NTPC's regulated equity to grow at a CAGR of 10.2% over FY20-FY23E to Rs782bn.

**Exhibit 1: Projects expected to achieve CoD in FY21E**

Projects	Capacity (MW)
Standalone	3232
Barh	660
Darlipalli	800
Tanda - Unit 1	660
Khargaon Unit – 1*	660
Solar	452
JV	1534
Nabinagar (BRBCL)	250
Meja Unit -2	660
NEEPCO	600
THDC	24
<b>Total</b>	<b>4766</b>

Source: Company, Emkay Research, \* already achieved CoD

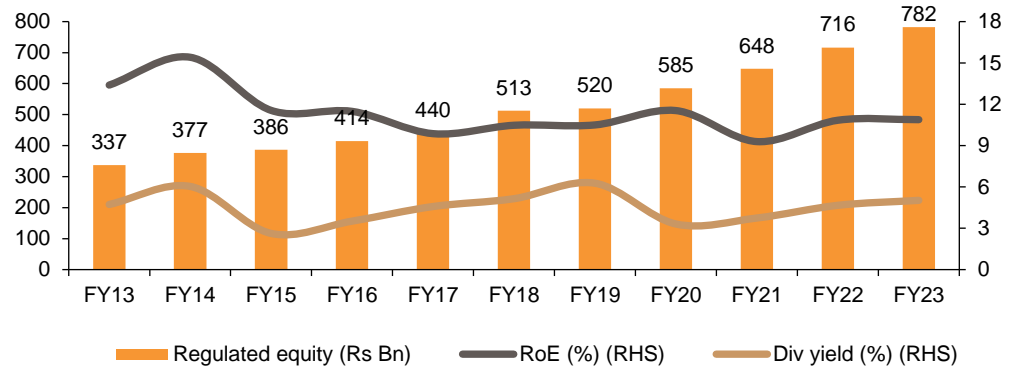
**Exhibit 2: Projects expected to achieve CoD in FY22E**

Projects	Capacity (MW)
Standalone	4770
Barh	660
Gadarwara Unit -2	800
Lara	800
Khargaon Unit - 2	660
Darlipalli Unit -2	800
Karim Nagar Telangana	800
Solar	250
JV	660
New Nabinagar (NPGCL JV)	660
<b>Total</b>	<b>5430</b>

Source: Company, Emkay Research

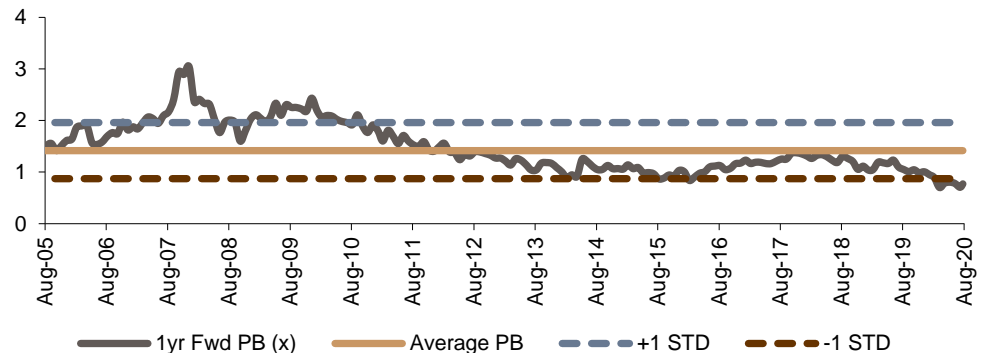
Incremental coal requirements for this capacity should be ~40MT. Of this, 11MT of coal is expected to be procured from captive mines (Pakri barwadih: 8.5MT and Dhulanga: 2.5MT).

**Exhibit 3: Regulated equity, RoE and dividend yield trend**



Source: Company, Emkay Research

**Exhibit 4: 1-year Fwd P/BV**



Source: Company, Emkay Research

**Exhibit 5: Actual vs. Estimates (Q1FY21)**

(Rs mn)	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	2,29,132	2,24,385	2,29,917	2.1%	-0.3%	Revenues were largely in line with our estimate
EBITDA	77,534	54,865	60,282	41.3%	28.6%	EBITDA beat was led by steep fall in fuel expenses due to lower generation
EBITDA Margin (%)	33.8	24.5	26.2	+9 bps	+8 bps	
Reported net profit	31,394	21,353	19,949	47.0%	57.4%	PAT beat was led by strong operating performance and higher other income

Source: Emkay Research, Company

**Exhibit 6: Quarterly performance summary**

Rs mn	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	YoY (%)	QoQ (%)	FY19	FY20	YoY (%)
<b>Revenue</b>	<b>2,42,042</b>	<b>2,26,965</b>	<b>2,30,527</b>	<b>2,59,465</b>	<b>2,29,132</b>	<b>-5.3</b>	<b>-11.7</b>	<b>900,768</b>	<b>958,999</b>	<b>6.5</b>
<b>Expenditure</b>	<b>-1,77,402</b>	<b>-1,64,184</b>	<b>-1,61,165</b>	<b>-1,98,874</b>	<b>-1,51,598</b>	<b>-14.5</b>	<b>-23.8</b>	<b>-666,450</b>	<b>-701,625</b>	<b>5.3</b>
as % of sales	-73.3%	-72.3%	-69.9%	-76.6%	-66.2%			-74.0%	-73.2%	
Fuel	-1,46,588	-1,34,811	-1,30,603	-1,50,942	-1,18,204	-19.4	-21.7	-552,074	-562,943	2.0
as % of sales	-60.6%	-59.4%	-56.7%	-58.2%	-51.6%			-61.3%	-58.7%	
Employee Cost	-11,958	-11,372	-11,647	-14,279	-12,878	7.7	-9.8	-47,799	-49,256	3.0
as % of sales	-4.9%	-5.0%	-5.1%	-5.5%	-5.6%	-68.0	-11.7	-5.3%	-5.1%	
Other expenditure	-18,856	-18,002	-18,915	-33,654	-20,517	8.8	-39.0	-66,577	-89,426	34.3
as % of sales	-7.8%	-7.9%	-8.2%	-13.0%	-9.0%	-116.4	401.6	-7.4%	-9.3%	
<b>EBITDA</b>	<b>64,640</b>	<b>62,781</b>	<b>69,362</b>	<b>60,590</b>	<b>77,534</b>	<b>19.9</b>	<b>28.0</b>	<b>234,318</b>	<b>257,374</b>	<b>9.8</b>
Depreciation	-20510	-21231	-23198	-23188	-25297	23.3	9.1	-72,544	-88,127	21.5
<b>EBIT</b>	<b>44,131</b>	<b>41,550</b>	<b>46,164</b>	<b>37,402</b>	<b>52,237</b>	<b>18.4</b>	<b>39.7</b>	<b>161,774</b>	<b>169,247</b>	<b>4.6</b>
Other Income	3,262	8,937	5,263	10,319	5,675	74.0	-45.0	18,721	27,780	48.4
Interest	-15,653	-16,190	-17,608	-18,369	-20,825	33.0	13.4	-47,167	-67,820	43.8
<b>PBT</b>	<b>31,740</b>	<b>34,297</b>	<b>33,819</b>	<b>29,352</b>	<b>37,087</b>	<b>16.8</b>	<b>26.4</b>	<b>133,328</b>	<b>129,207</b>	<b>-3.1</b>
Total Tax	-10,702	-11,030	-20,264	-13,863	-12,302	14.9	-11.3	26,199	-55,859	-313.2
PAT before extra-ordinary	21,038	23,266	13,555	15,488	24,785	17.8	60.0	159,527	73,348	-54.0
Extra ordinary items	4,990	9,358	16,370	-2,964	-84	-101.7	-97.2	-42,028	27,754	-166.0
Reported PAT	26,028	32,624	29,925	12,524	24,702	-5.1	97.2	117,499	101,102	-14.0
Non-recurring adjustments	116	-681	-389	21,487	6,692	5649.3	-68.9	-11,805	20,534	
<b>Adjusted PAT</b>	<b>26,144</b>	<b>31,944</b>	<b>29,537</b>	<b>34,012</b>	<b>31,394</b>	<b>20.1</b>	<b>-7.7</b>	<b>105,694</b>	<b>121,636</b>	<b>15.1</b>
<b>Adjusted EPS</b>	<b>3.2</b>	<b>3.9</b>	<b>3.6</b>	<b>4.1</b>	<b>3.8</b>	<b>20.1</b>	<b>-7.7</b>	<b>12.8</b>	<b>14.8</b>	<b>15.1</b>

Margins (%)						(bps)	(bps)			(bps)
EBIDTA	26.7	27.7	30.1	23.4	33.8	713	1049	26.0	26.8	82
EBIT	18.2	18.3	20.0	14.4	22.8	456	838	18.0	17.6	-31
EBT	15.2	19.2	21.8	10.2	16.1	97	598	14.8	13.5	-133
PAT	8.7	10.3	5.9	6.0	10.8	213	485	11.7	12.7	95
Effective Tax rate	29.1	25.3	40.4	52.5	33.2	411	-1929	-19.7	43.2	6288

Source: Company, Emkay Research

**Exhibit 7: Operational highlights – Q1FY21**

Particulars	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	YoY (%)	QoQ (%)	FY19	FY20	YoY (%)
Group capacity added (MW)	660	1320	2370	3954	660			1,475	8,304	
Capacity added - NTPC (MW)	0	1320	2370	660	660			1,225	4,350	
Capacity added - JV (MW)	660	0	0	3294	0			250	3,954	
<b>PLF (%)</b>								<b>1,475</b>	<b>5,290</b>	
Coal based	73.9	64.3	63.5	69.5	58.2	-1569	-1130	1,225	3,970	
Gas based	20.6	13.1	10.4	12.3	25.4	478	1309	250	1,320	
<b>PAF (%)</b>										
Coal based	91.1	84.1	88.3	94.3	95.8	470	146	76.5	67.8	-867.5
Gas based	90.4	93.3	98.8	92.6	93.3	290	65	21.1	14.1	-699.3
<b>Units generated (BU)</b>	<b>68.5</b>	<b>61.6</b>	<b>61.2</b>	<b>68.3</b>	<b>60.2</b>	<b>-12.1</b>	<b>-11.8</b>	<b>274.5</b>	<b>259.6</b>	<b>-5.4</b>
Energy sent out (BU)	63.6	56.8	56.3	63.5	55.8	-12.2	-12.0	255.6	240.2	-6.0
<b>Realization per unit (Rs/unit)</b>	<b>3.8</b>	<b>4.0</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>7.9</b>	<b>0.4</b>	<b>3.5</b>	<b>4.0</b>	<b>13.4</b>
Fuel cost per unit (Rs/unit)	2.3	2.4	2.3	2.4	2.1	-8.1	-11.0	2.2	2.3	8.6

Source: Emkay Research, Company

**Exhibit 8: Coal supply position**

MT	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Domestic coal	42.3	35.3	42.7	47.8	40.2
Imported coal	0.9	0.6	0.7	0.7	0.4
<b>Total coal</b>	<b>43.2</b>	<b>36.0</b>	<b>43.4</b>	<b>48.4</b>	<b>40.5</b>

Source: Company, Emkay Research

**Exhibit 9: Quarterly RoE trend**

Particulars	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Effective Regulated Equity (Rs.mn)	529,338	532,567	532,567	618,115	628,640
Regulated Profits (Rs.mn)	23,665	25,152	25,537	26,169	27,080
<b>Core RoE (%)</b>	<b>4.5%</b>	<b>4.7%</b>	<b>4.8%</b>	<b>4.2%</b>	<b>4.3%</b>

Source: Company, Emkay Research

**Exhibit 10: CWIP/Gross Block and ROE Trend**

Particulars	FY19	FY20	FY21E	FY22E	FY23E
Capitalization to capex	46.1%	100.0%	100.0%	100.0%	100.0%
RoE	10.5%	11.5%	9.3%	10.8%	10.9%

Source: Company, Emkay Research

**Exhibit 11: Key assumptions standalone**

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Commercial Capacity Addition	1960	1420	3978	1930	3140	3232	4770	5156
Commercial Capacity (MW)	38930	40350	44328	46258	49398	52630	57400	62556
Regulated Equity (bn)	414	441	509	520	585	648	716	782
Coal PLF (%)	79%	76%	75%	74%	70%	63%	68%	65%

Source: Company, Emkay Research

**Exhibit 12: Valuation table**

Particulars (Rs mn)	Total value	Per/share	Multiple	TP
Regulated Equity	715934	72	1.2	86
CWIP	220078	22	0.7	15
Cash & Inv	206897	21	1.0	21
<b>Total Value</b>				<b>122</b>

Source: Emkay Research

**Key risks**

- Slower project execution, leading to delays in capacity additions and thus, cost overrun.
- A weak ramp-up of domestic coal supply by CIL and from captive coal blocks.

## Key concall highlights:

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- NTPC is considering a share buyback. While the matter is still under consideration, not much details are available on the size, time and value. The company's FY20 net worth stands at Rs1,135.7bn and has a cash of Rs22bn. However, receivables as on date is ~Rs145bn (down from Rs164bn as on June'20) and management expects to square-off the old dues by the end of Q2FY21 from the proceeds of PFC/REC loans to the state discoms under the Atmanirbhar scheme. These proceeds along with the cash balance will be used towards the share buyback offer.
- **Under Construction projects:** NTPC currently has 19.9GW under construction (15GW Coal, 2.6GW Hydro and 2.3GW RES) and 46.6GW under feasibility and balance stage, which includes brownfield expansion opportunities. Thus, the target is to reach 130GW by 2030 (of which +30GW would be from solar).
- NTPC targets to add ~5-6GW capacity p.a. over the next 3-4 years and expects its regulated equity to grow at a CAGR of 15% over the next three years.
- In FY21, NTPC targets to have captive coal production of 15MT in FY21 vs. 11.15MT in FY20. Cumulative expenditure on coal mining till FY20 amounts to Rs67.22bn. Mining operations are expected to begin from Kerandiri and Chatti Bariatu coal blocks in FY21.
- FGD systems are under implementation at 59GW projects and are under tendering for ~5GW capacity. Contracts amounting to Rs280.6bn have been awarded till date. The target is to implement FGD across all the plants within the time stipulated by CEA.
- NTPC received a surcharge income of Rs4.73bn in Q1FY21 vs. Rs1.7bn yoy and an incentive income of Rs1.41bn in Q1FY21 vs. Rs1.13bn yoy.

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>9,00,768</b>	<b>9,58,999</b>	<b>9,63,328</b>	<b>11,28,453</b>	<b>11,82,410</b>
<b>Expenditure</b>	<b>6,66,450</b>	<b>7,01,625</b>	<b>6,97,414</b>	<b>8,14,892</b>	<b>8,40,169</b>
<b>EBITDA</b>	<b>2,34,318</b>	<b>2,57,374</b>	<b>2,65,913</b>	<b>3,13,561</b>	<b>3,42,241</b>
Depreciation	72,544	88,127	1,09,600	1,21,112	1,32,882
<b>EBIT</b>	<b>1,61,774</b>	<b>1,69,247</b>	<b>1,56,313</b>	<b>1,92,449</b>	<b>2,09,358</b>
Other Income	18,721	27,780	28,614	29,472	30,356
Interest expenses	1,01,001	19,531	55,715	60,924	66,250
<b>PBT</b>	<b>79,494</b>	<b>1,77,496</b>	<b>1,29,211</b>	<b>1,60,997</b>	<b>1,73,465</b>
Tax	(28,915)	60,582	28,427	35,419	38,162
Extraordinary Items	14,521	(25,257)	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>1,17,499</b>	<b>1,01,102</b>	<b>1,00,785</b>	<b>1,25,578</b>	<b>1,35,303</b>
<b>Adjusted PAT</b>	<b>1,08,409</b>	<b>1,16,913</b>	<b>1,00,785</b>	<b>1,25,578</b>	<b>1,35,303</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	98,946	98,946	98,946	98,946	98,946
Reserves & surplus	9,75,136	10,36,749	11,02,259	11,83,885	12,71,831
<b>Net worth</b>	<b>10,74,082</b>	<b>11,35,694</b>	<b>12,01,204</b>	<b>12,82,830</b>	<b>13,70,777</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>13,92,434</b>	<b>16,51,185</b>	<b>17,43,406</b>	<b>18,46,627</b>	<b>19,45,749</b>
Net deferred tax liability	42,001	80,940	80,940	80,940	80,940
<b>Total Liabilities</b>	<b>25,08,517</b>	<b>28,67,819</b>	<b>30,25,550</b>	<b>32,10,397</b>	<b>33,97,466</b>
<b>Net block</b>	<b>12,52,907</b>	<b>15,62,730</b>	<b>16,64,120</b>	<b>17,69,715</b>	<b>18,57,682</b>
<b>Investment</b>	<b>1,31,459</b>	<b>2,64,009</b>	<b>2,90,410</b>	<b>3,19,451</b>	<b>3,83,341</b>
<b>Current Assets</b>	<b>5,74,985</b>	<b>6,19,732</b>	<b>6,69,836</b>	<b>7,47,858</b>	<b>7,87,029</b>
Cash & bank balance	21,443	22,091	41,898	52,515	47,615
Other Current Assets	1,52,380	1,31,480	1,35,425	1,39,488	1,53,436
<b>Current liabilities &amp; Provision</b>	<b>4,00,261</b>	<b>4,08,855</b>	<b>4,29,019</b>	<b>4,56,830</b>	<b>4,60,789</b>
<b>Net current assets</b>	<b>1,74,724</b>	<b>2,10,877</b>	<b>2,40,817</b>	<b>2,91,028</b>	<b>3,26,239</b>
Misc. exp	37,359	96,610	96,610	96,610	96,610
<b>Total Assets</b>	<b>25,08,517</b>	<b>28,67,819</b>	<b>30,25,550</b>	<b>32,10,397</b>	<b>33,97,466</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>60,773</b>	<b>1,49,715</b>	<b>1,00,598</b>	<b>1,31,525</b>	<b>1,43,109</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(1,06,637)	3,433	(10,132)	(39,594)	(40,112)
<b>Operating Cashflow</b>	<b>80,781</b>	<b>2,45,233</b>	<b>2,27,355</b>	<b>2,38,547</b>	<b>2,63,967</b>
Capital expenditure	(2,52,479)	(2,19,476)	(2,10,991)	(2,26,706)	(2,20,850)
<b>Free Cash Flow</b>	<b>(1,71,698)</b>	<b>25,756</b>	<b>16,364</b>	<b>11,841</b>	<b>43,117</b>
Investments	(30,985)	(1,32,550)	(26,401)	(29,041)	(63,890)
Other Investing Cash Flow	(36,699)	(43,065)	(25,838)	(29,185)	(29,184)
<b>Investing Cashflow</b>	<b>(3,01,442)</b>	<b>(3,67,311)</b>	<b>(2,34,616)</b>	<b>(2,55,460)</b>	<b>(2,83,568)</b>
Equity Capital Raised	16,491	0	0	0	0
Loans Taken / (Repaid)	1,93,140	2,58,752	92,220	1,03,221	99,122
Dividend paid (incl tax)	0	0	0	0	0
Other Financing Cash Flow	93,691	(1,16,494)	(9,436)	(14,767)	(18,172)
<b>Financing Cashflow</b>	<b>2,02,320</b>	<b>1,22,726</b>	<b>27,069</b>	<b>27,530</b>	<b>14,700</b>
<b>Net chg in cash</b>	<b>(18,340)</b>	<b>648</b>	<b>19,807</b>	<b>10,617</b>	<b>(4,901)</b>
Opening cash position	39,784	21,443	22,091	41,898	52,515
<b>Closing cash position</b>	<b>21,443</b>	<b>22,091</b>	<b>41,898</b>	<b>52,515</b>	<b>47,615</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	26.0	26.8	27.6	27.8	28.9
EBIT Margin	18.0	17.6	16.2	17.1	17.7
Effective Tax Rate	(36.4)	34.1	22.0	22.0	22.0
Net Margin	12.0	12.2	10.5	11.1	11.4
ROCE	7.7	7.5	6.5	7.3	7.5
ROE	10.5	11.5	9.3	10.8	10.9
RoIC	12.0	10.7	8.6	9.9	10.1

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	10.7	12.3	10.2	12.7	13.7
CEPS	17.7	20.5	21.3	24.9	27.1
BVPS	106.7	106.3	112.9	121.2	130.1
DPS	5.4	3.8	3.6	4.4	4.8

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	8.3	7.2	8.7	7.0	6.5
P/CEPS	5.4	4.7	4.5	3.8	3.5
P/BV	0.8	0.8	0.8	0.7	0.7
EV / Sales	2.5	2.6	2.7	2.4	2.3
EV / EBITDA	9.6	9.7	9.7	8.5	8.1
Dividend Yield (%)	6.1	4.3	4.0	5.0	5.4

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	1.3	1.6	1.5	1.5	1.5
Net Debt/EBITDA	5.9	6.3	6.4	5.7	5.5
Working Cap Cycle (days)	(3.5)	13.5	50.0	60.0	70.0

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	8.6	6.5	0.5	17.1	4.8
EBITDA	4.0	9.8	3.3	17.9	9.1
EBIT	4.8	4.6	(7.6)	23.1	8.8
PAT	8.9	(14.0)	(0.3)	24.6	7.7

<b>Quarterly (Rs mn)</b>	<b>Q1FY20</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>
Revenue	2,42,042	2,26,965	2,30,527	2,59,465	2,29,132
EBITDA	64,640	62,781	69,362	60,590	77,534
<b>EBITDA Margin (%)</b>	<b>26.7</b>	<b>27.7</b>	<b>30.1</b>	<b>23.4</b>	<b>33.8</b>
PAT	26,028	32,624	29,925	12,524	24,702
<b>EPS (Rs)</b>	<b>3.2</b>	<b>4.0</b>	<b>3.6</b>	<b>1.5</b>	<b>3.0</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Jun-19</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>
Promoters	56.4	54.5	54.1	51.0	51.0
FIIIs	11.6	12.1	12.8	12.6	11.4
DIIIs	28.4	30.7	30.6	33.5	34.6
Public and Others	3.5	2.8	2.5	2.9	3.0

Source: Capitaline

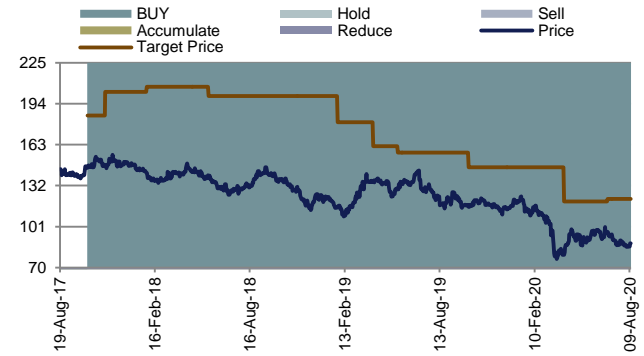


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
05-Aug-20	86	122	12m	Buy	Anuj Upadhyay
30-Jul-20	87	122	12m	Buy	Anuj Upadhyay
30-Jun-20	96	122	12m	Buy	Anuj Upadhyay
28-Jun-20	97	122	12m	Buy	Anuj Upadhyay
31-May-20	98	120	12m	Buy	Anuj Upadhyay
16-May-20	91	120	12m	Buy	Anuj Upadhyay
01-May-20	95	120	12m	Buy	Anuj Upadhyay
13-Apr-20	89	120	12m	Buy	Anuj Upadhyay
06-Apr-20	80	120	12m	Buy	Anuj Upadhyay
27-Mar-20	83	146	12m	Buy	Anuj Upadhyay
27-Feb-20	109	146	12m	Buy	Anuj Upadhyay
07-Feb-20	116	146	12m	Buy	Anuj Upadhyay
30-Jan-20	114	146	12m	Buy	Anuj Upadhyay
29-Jan-20	113	146	12m	Buy	Anuj Upadhyay
06-Jan-20	119	146	12m	Buy	Anuj Upadhyay
01-Jan-20	122	146	12m	Buy	Anuj Upadhyay
25-Dec-19	115	146	12m	Buy	Anuj Upadhyay
27-Nov-19	116	146	12m	Buy	Anuj Upadhyay
10-Nov-19	117	146	12m	Buy	Anuj Upadhyay
06-Nov-19	121	146	12m	Buy	Anuj Upadhyay
07-Oct-19	116	146	12m	Buy	Anuj Upadhyay
25-Sep-19	117	157	12m	Buy	Anuj Upadhyay
09-Sep-19	126	157	12m	Buy	Anuj Upadhyay
29-Aug-19	123	157	12m	Buy	Anuj Upadhyay
20-Aug-19	118	157	12m	Buy	Anuj Upadhyay
09-Jul-19	130	157	12m	Buy	Anuj Upadhyay
24-Jun-19	136	157	12m	Buy	Anuj Upadhyay
07-Jun-19	135	157	12m	Buy	Anuj Upadhyay
25-May-19	129	157	12m	Buy	Anuj Upadhyay
22-Apr-19	136	162	12m	Buy	Anuj Upadhyay
08-Apr-19	136	162	12m	Buy	Anuj Upadhyay
06-Mar-19	124	180	12m	Buy	Anuj Upadhyay
30-Jan-19	116	180	12m	Buy	Anuj Upadhyay
18-Jan-19	120	200	12m	Buy	Anuj Upadhyay
16-Dec-18	120	200	12m	Buy	Anuj Upadhyay
03-Jul-18	129	200	12m	Buy	Anuj Upadhyay
29-May-18	138	200	12m	Buy	Anuj Upadhyay
02-May-18	142	207	12m	Buy	Anuj Upadhyay
01-Mar-18	136	207	12m	Buy	Anuj Upadhyay
31-Jan-18	142	207	12m	Buy	Anuj Upadhyay
01-Jan-18	147	203	12m	Buy	Anuj Upadhyay
01-Dec-17	151	203	12m	Buy	Anuj Upadhyay
13-Nov-17	147	203	12m	Buy	Anuj Upadhyay
10-Oct-17	146	185	12m	Buy	Anuj Upadhyay

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research



## Emkay Alpha Portfolio – Power



### Analyst: Anuj Upadhyay

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#### Sector

Power

#### Analyst bio

Anuj Upadhyay holds an MMS in Finance and FRM (US GARP), and has total 10 years of research experience. He currently covers 8 stocks in the Power sector and 2 in the Ports space.

#### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Power</b>	<b>1.42</b>	<b>1.42</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Apar Industries	0.00	0.00	NA	0	0.00
CESC	0.00	0.00	NA	0	0.02
Gujarat Industries Power	0.00	0.00	NA	0	0.00
sJSW Energy	0.04	0.04	-1%	0	2.67
NHPC	0.08	0.08	0%	0	5.31
NTPC	0.62	0.62	0%	0	43.86
Power Grid Corporation	0.68	0.68	0%	0	48.15
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.0</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

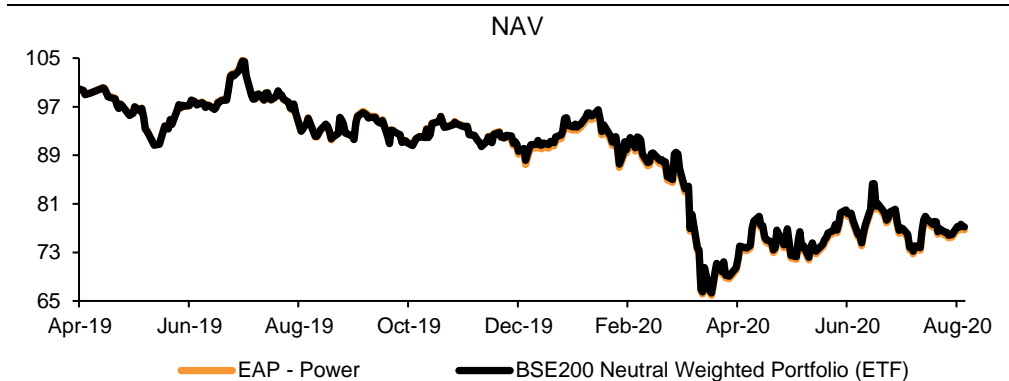
#### Sector portfolio NAV

	Base					Latest
	01-Apr-19	11-Nov-19	14-Feb-20	15-May-20	15-Jul-20	14-Aug-20
EAP - Power	100.0	92.3	88.7	73.7	73.5	76.7
BSE200 Neutral Weighted Portfolio (ETF)	100.0	92.3	89.2	74.1	73.9	77.2

\*Performance measurement base date 1<sup>st</sup> April 2019

Source: Emkay Research

#### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 17 Aug 2020 23:03:13 (SGT)

Dissemination Date: 17 Aug 2020 23:04:13 (SGT)

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