

Week Gone

- ⇒ In the week ended on Friday, 25 June 2021, the Sensex rose 580.59 points or 1.11% to settle at 52,925.04. The Nifty 50 index rose 177 points or 1.13% to settle at 15,860.35.
- ⇒ The BSE Mid-Cap index gained 347.40 points or 1.41% to settle at 24,996.23.
- ⇒ Total COVID-19 confirmed cases worldwide stood at 179,942,690 with 3,898,983 global deaths.

Week Ahead

- ⇒ Japan's preliminary industrial production data for May will be announced on 30 June 2021.
- ⇒ The Euro Area Markit Manufacturing PMI flash for June will be declared on 23 June 2021.

Technical Overview

Index closed with a gain of 1.13% at 15860. Index opened the week with wide gap down and recovered strongly from lows to close the near the highs with minor gains. Index has reversed finding support near its previous breakout zone which is bullish signal. Going forward index has an immediate resistance around 15900-15950, sustenance above the same will open the way for 16050-16200-16340. While on the downside support comes near 15750-15630-15550.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	25-June-21	18-June-21	Weekly % Chg
Nifty	15,860.4	15,683.4	1.1
Nifty Next 50	38,603.5	38,315.2	0.8
Nifty 100	16,087.2	15,915.6	1.1
Nifty 500	13,539.4	13,386.6	1.1
Nifty Midcap 100	26,895.0	26,496.3	1.5
Sensex	52,925.0	52,344.5	1.1
BSE 100 Index	16,120.8	15,951.8	1.1
BSE 200 Index	6,868.4	6,793.7	1.1
BSE 500 Index	21,564.2	21,319.1	1.1
BSE Mid-Cap	22,549.7	22,238.2	1.4
BSE Small Cap	24,996.2	24,648.8	1.4

NIFTY TOP GAINERS (WEEKLY)

Scrip	25-June-21	18-June-21	Weekly % Chg
Maruti Suzuki India	7,649.0	6,959.4	9.9
Tata Steel	1,165.3	1,092.3	6.8
Infosys	1,574.2	1,503.3	4.7
Bajaj Finserv Ltd.	12,486.6	11,999.4	4.1
SBI	428.8	412.9	3.9

NIFTY TOP LOSERS (WEEKLY)

Scrip	18-June-21	25-June-21	Weekly % Chg
Reliance Inds.	2,225.7	2,104.5	-5.5
Kotak Mahindra Bank	1,760.5	1,735.0	-1.5
Asian Paints Ltd.	3,047.2	3,003.9	-1.4
Hindustan Unilever L	2,482.9	2,448.7	-1.4
Nestle	17,670.7	17,506.7	-0.9

WORLD INDICES

Index	25-Jun-21	18-Jun-21	Weekly % Chg
Nikkei Index	29,066.2	28,964.1	0.4
Hang Seng Index	29,292.4	28,753.0	1.9
Kospi Index	3,302.8	3,267.9	1.1
Shanghai SE Composite	3,607.5	3,525.1	2.3
Strait Times Index	3,121.6	3,144.1	-0.7
Dow Jones	34,434.4	33,823.5	1.8
NASDAQ	34,434.4	14,161.4	143.2
FTSE	7,132.6	7,036.5	1.4

FOREX

Currency	25-June-21	18-June-21	Weekly % Chg
US\$ (Rs.)	74.2	74.2	0.0
GBP (Rs.)	103.2	103.3	-0.1
Euro (Rs.)	88.5	88.4	0.1
Yen (Rs.) 100 Units	66.9	67.3	-0.6

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
25-Jun-21	6,766.3	7,445.2	-678.8
24-Jun-21	7,094.4	9,985.3	-2,890.9
23-Jun-21	13,648.6	10,492.1	3,156.5
22-Jun-21	6,488.1	7,516.0	-1,027.9
21-Jun-21	4,675.5	5,920.2	-1,244.7
<u>MTD</u>	148,923.7	145,760.9	3,162.9

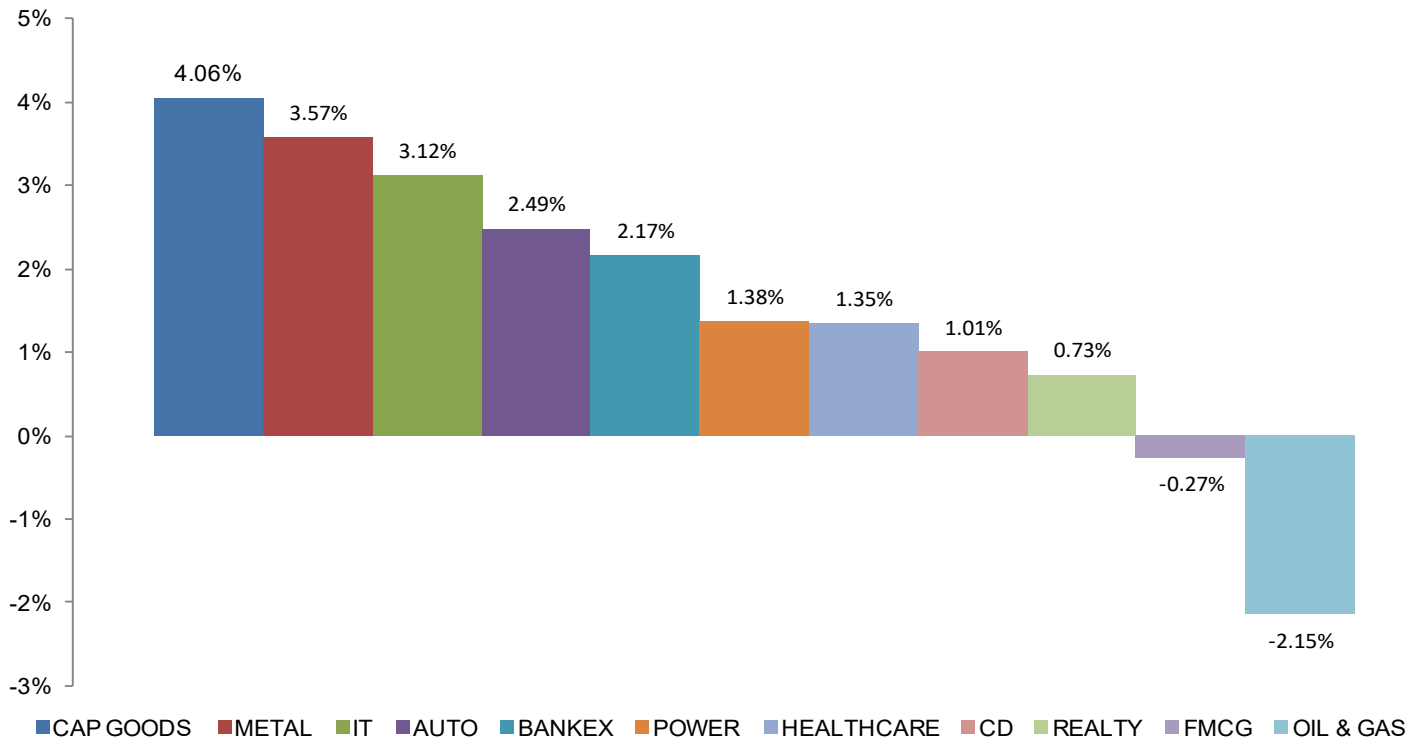
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
25-Jun-21	6,844.0	5,011.3	1,832.8
24-Jun-21	5,377.8	4,239.0	1,138.8
23-Jun-21	4,982.6	3,665.4	1,317.2
22-Jun-21	5,099.0	4,796.6	302.5
21-Jun-21	4,028.3	3,890.2	138.1
<u>MTD</u>	93,797.0	91,360.8	2,436.2

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	11-June-21	18-June-21	Weekly % Chg	11-June-21	18-June-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
AARTIIND	1767.25	863.65	-51.1	965600	2295850	137.8
SUNTV	550.9	546.95	-0.7	5794500	11172000	92.8
GRASIM	1483.0	1510.4	1.8	6032025	11354400	88.2
ADANIPORTS	689.8	716.7	3.9	43907500	79678750	81.5
AMARAJABAT	749.35	743.95	-0.7	5312000	9256000	74.2

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	11-June-21	18-June-21	Weekly % Chg	11-June-21	18-June-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
BANDHANBNK	316.7	334.55	5.6	14848200	11001600	-25.9
NTPC	113.7	115.85	1.9	64655100	48564000	-24.9
ULTRACEMCO	6687.25	6919.95	3.5	1889000	1515000	-19.8
PIDILITIND	2131.25	2135.6	0.2	2354000	1924000	-18.3
POWERGRID	233.05	231.65	-0.6	20616000	16872000	-18.2

Company Background

NTPC was incorporated on November 7, 1975 under the name National Thermal Power Corporation Private Limited. Subsequently, it was converted into a public limited company in September 1985. The company is majority-owned by the Govt. It is the largest power generation company in India with an installed generation capacity of 65.15 GW (including JVs) constituting around 17.3% of the total installed power generation capacity in the country as on February 28, 2021. NTPC currently operates 55 power stations (24 Coal, 7 combined cycle gas/liquid fuel, 2 Hydro, 1 Wind, and 11 solar projects). Further, it has 9 coal and 1 gas station, owned by joint ventures or subsidiaries. Their subsidiaries include NTPC Electric Supply Company Ltd, NTPC Hydro Ltd, NTPC Vidyut Vyapar Nigam Ltd, Pipavav Power Development Company Ltd, Kanti Bijlee Utpadan Nigam Ltd and Bhartiya Rail Bijlee Company Ltd.

Investment Rationale

Established position in India's power generation sector

NTPC Ltd is India's largest power utility company India with an electric power generating capacity of 53.6 GW. Although the company has approx. 16% of the total national capacity it contributes to over 25% of total power generation due to its focus on operating its power plants at higher efficiency levels (approx. 80.2% against the national PLF rate of 64.5%). NTPC currently produces 25 billion units of electricity per month. The company operates their stations at a level of efficiency that exceeds the average in India based upon availability factor and average plant load factor (PLF). They have developed a long term technology roadmap for the induction of high efficiency equipment including super-critical and ultra-super-critical machines at their new plants. Over the years, the share of coal-based thermal capacity of NTPC out of total capacity of coal-based thermal plants in India has increased. Besides, it is well diversified in terms of customer base, type of fuel used for generation and geographical spread of its capacity.

Renewables- plans to add 60GW capacity by FY32

NTPC is betting big on renewables with a long term capacity addition target of 60 GW by 2032 (vs 1.1GW in FY21), which was earlier pegged at 30 GW. Also, in the medium term, NTPC expects to have a cumulative capacity to the tune of 3 GW in FY22, 8GW in FY23 and 15GW by FY24E. NTPC is confident of achieving commercial capacity addition of 6 GW (both solar, thermal) in FY22. Management has provided robust guidance for growth in regulated equity, which makes us optimistic about strong earnings growth for NTPC over the next couple of years.

Valuation and Outlook

NTPC's consistently healthy operating performance with its plant load factor (PLF) remaining higher than all India average PLF. The company maintains robust profitability on the back of firm long-term power purchase agreements (PPAs) backed by a cost-plus tariff structure, thereby ensuring adequate recovery of return on equity for the thermal/ hydro plants and long-term fuel supply arrangements for its projects. We derive comfort from NTPC's risk averse regulated business model, which provides earnings visibility as robust commercialisation would drive strong growth in regulated equity base. On the valuation front, we valued the company based on a 8.5x P/E multiple of FY23E and recommend a BUY rating on this stock with a price target of INR142 (23% upside from CMP) with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL

Sector Outlook

Positive

Stock

CMP (INR)	116
Target Price (INR)	142
NSE Symbol	NTPC
BSE Code	532555
Bloomberg	NTPC IN
Reuters	NTPC.BO

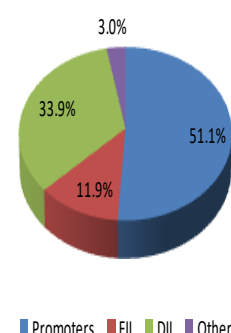
Key Data

Nifty	15,860
52WeekH/L(INR)	121/78
O/s Shares (Mn)	9697
Market Cap (INR bn)	1145
Face Value (INR)	10

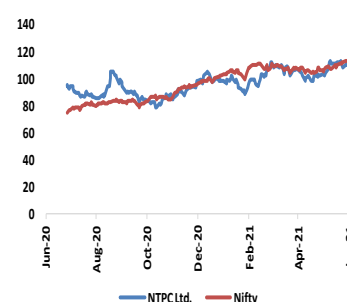
Average volume

3 months	2,10,26,680
6 months	2,60,47,150
1 year	2,92,68,540

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	993,821	1,085,116	1,115,312	1,207,882	1,321,423
<i>Revenue Growth (Y-o-Y)</i>	<i>14.0%</i>	<i>9.2%</i>	<i>2.8%</i>	<i>8.3%</i>	<i>9.4%</i>
EBIDTA	224,762	315,359	339,738	341,831	381,891
<i>EBIDTA Growth (Y-o-Y)</i>	<i>0.5%</i>	<i>40.3%</i>	<i>7.7%</i>	<i>0.6%</i>	<i>11.7%</i>
Net Profit	137,367	116,002	146,346	140,114	162,535
<i>Net Profit Growth (Y-o-Y)</i>	<i>30.3%</i>	<i>(15.6%)</i>	<i>26.2%</i>	<i>(4.3%)</i>	<i>16.0%</i>
Diluted EPS	14.2	12.0	15.1	14.4	16.8
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>30.3%</i>	<i>(15.6%)</i>	<i>26.2%</i>	<i>(4.3%)</i>	<i>16.0%</i>

Key Ratios

EBIDTA margin (%)	22.6%	29.1%	30.5%	28.3%	28.9%
NPM (%)	13.8%	10.7%	13.1%	11.6%	12.3%
RoE (%)	12.3%	9.8%	11.6%	10.2%	10.8%
RoCE (%)	7.9%	9.9%	10.5%	10.2%	11.0%

Valuation Ratios

P/E (x)	8.2x	9.7x	7.7x	8.0x	6.9x
EV/EBITDA	12.6x	9.8x	9.0x	8.9x	8.0x
P/BV (x)	1.0x	0.9x	0.9x	0.8x	0.7x
Market Cap. / Sales (x)	1.1x	1.0x	1.0x	0.9x	0.9x

Source: Company, BP Equities Research



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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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