



**Fundamental and Technical  
Report  
National Thermal Power  
Corporation Limited (NTPC)**

The background image for the top section shows a large industrial complex at night. Numerous structures are illuminated with warm yellow lights, and several tall smokestacks are visible against a dark sky. The facility appears to be a power plant or refinery, with a complex network of pipes and structural elements.

**For Expert View Give a Missed Call  
860-630-830-8**

**Date  
16 January 2017**

## Introduction

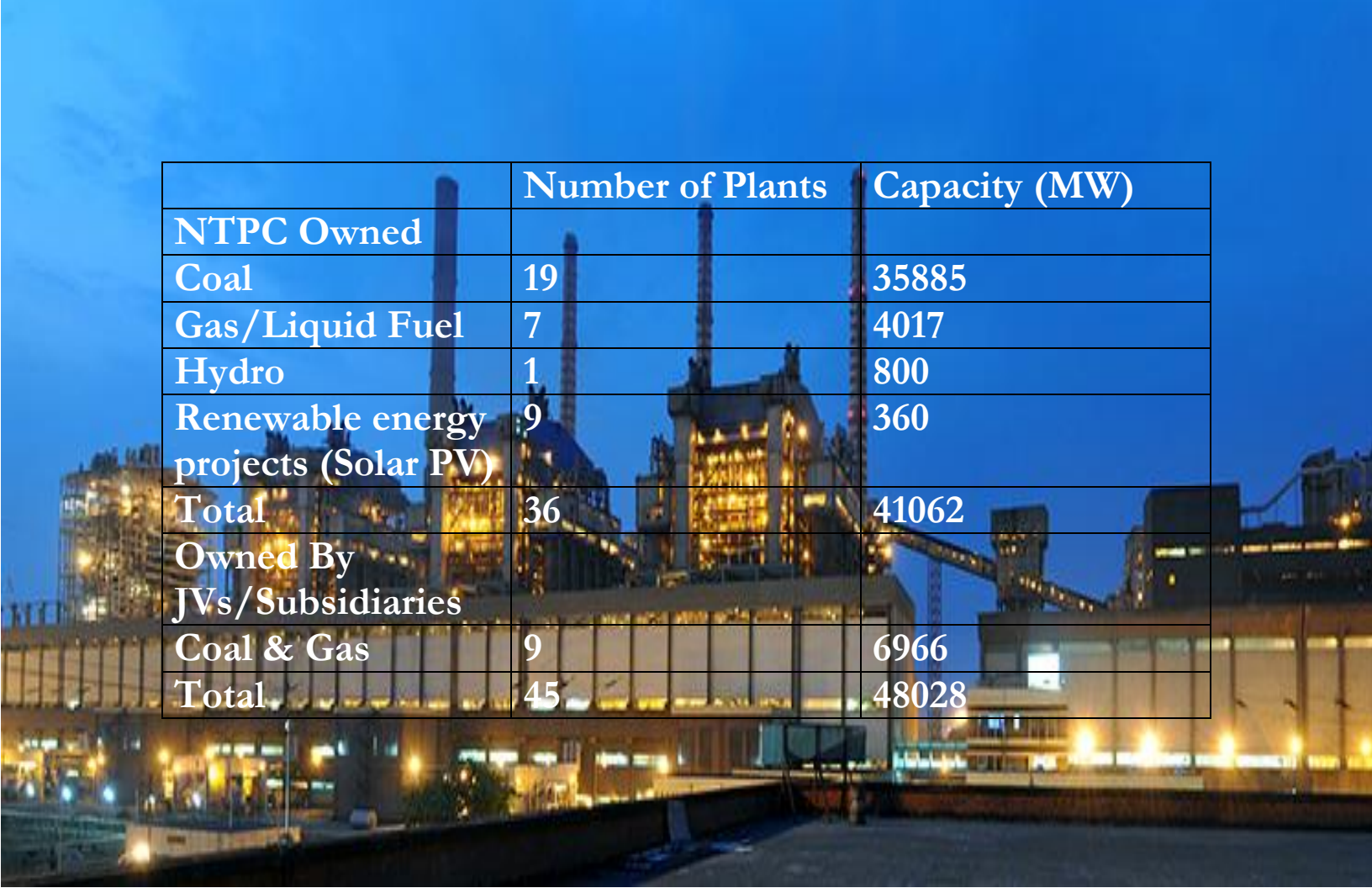
NTPC is the public sector unit of India. It is India's largest energy conglomerate with roots planted way back in 1975 to accelerate power development in India. Since then it has established itself as the dominant power major with presence in the entire value chain of the power generation business. From fossil fuels it has started generating electricity via hydro, nuclear and renewable energy sources. It will play a major role in lowering its carbon footprint by reducing greenhouse gas emissions. To strengthen its core business, the corporation has diversified into the fields of consultancy, power trading, training of power professionals, rural electrification, ash utilization and coal mining as well. NTPC became a Maharatna company in May 2010, one of the only four companies to be awarded by the government. NTPC was ranked 400th in the '2016, Forbes Global 2000' ranking of the World's biggest companies.



### NHPC Power Generation

- 1) Coal Based Power Stations
- 2) Gas Based Power Stations
- 3) Hydro Based Power Projects

Present installed capacity of NTPC is 48,028 MW (including 6,966 MW through JVs/Subsidiaries) comprising of 45 NTPC Stations (19 Coal based stations, 7 combined cycle gas/liquid fuel based stations, 1 Hydro based station), 9 Joint Venture stations (8 coal based and one gas based) and 9 renewable energy projects.



	Number of Plants	Capacity (MW)
<b>NTPC Owned</b>		
Coal	19	35885
Gas/Liquid Fuel	7	4017
Hydro	1	800
Renewable energy projects (Solar PV)	9	360
<b>Total</b>	<b>36</b>	<b>41062</b>
<b>Owned By JVs/Subsidiaries</b>		
Coal & Gas	9	6966
<b>Total</b>	<b>45</b>	<b>48028</b>

## Other Services by NTPC

NTPC undertakes consultancy and turnkey project contracts for domestic and International clients in different phases of the power plants. NTPC has emerged as the acknowledged leader in engineering, construction, O&M, RLA/R&M and management of power projects hence is preferred for consultancy assignments. It is accredited with ISO 9001:2008 certification and was established in 1989. NTPC offer consultancy services related to infrastructure sector business such as:

- 1) Fossil fuel based thermal power plants
- 2) Combined cycle power plants
- 3) Cogeneration plants
- 4) Water supply and treatment
- 5) Environment engineering and management

## Skill Development at NTPC

NTPC runs a state-of-the-art Power Management Institute (PMI), at NOIDA. PMI has over the years trained a large number of professionals from NTPC, State Electricity Boards and other power utilities in the country. Also, PMI delivers programme to Power Sector companies in the Gulf Countries at their locations and participants also come from South Asia, Gulf and African countries to PMI. With a wide range of expertise and experience acquired over the years, PMI offers programs in the following categories:

- 1) Enhancing General Management Competence and Skills
- 2) Enhancing Technical Expertise
- 3) Upgrading Functional Skills
- 4) Managing Information Technology
- 5) Induction Level Training Programs

## Fundamentals of the Company

### Balance Sheet

	Mar 2016	Mar 2015	Mar 2014	Mar 2013	Mar 2012
Equity Share Capital (a)	8,245.46	8,245.46	8,245.46	8,245.46	8,245.46
Reserve & Surplus (b)	80,536.54	73,411.89	77,569.86	72,142.05	65,045.71
Net Worth (c) = (a + b)	88,782.00	81,657.35	85,815.32	80,387.51	73,291.17
Non-Current Liabilities (d)	91,990.87	84,907.85	84,907.85	68,459.06	68,459.06
Current Liabilities (e)	33,846.39	30,519.52	30,519.52	25,279.80	25,279.80
Total Liabilities	214,619.26	197,084.72	197,084.72	179,554.18	179,554.18

<b>(f) = (c + d + e)</b>					
Non-Current Assets <b>(1)</b>	184,872.95	159,721.29	159,721.29	139,683.39	139,684.43
Current Assets <b>(2)</b>	29,746.31	37,363.43	37,363.43	39,870.79	39,869.75
Total Assets <b>(3) = (1+2)</b>	214,619.26	197,084.72	197,084.72	179,554.18	179,554.18
Contingent Liabilities	78,417.12	77,465.00	77,714.55	72,334.11	48,400.10

## **Income Statement**

	<b>Mar 2016</b>	<b>Mar 2015</b>	<b>Mar 2014</b>	<b>Mar 2013</b>	<b>Mar 2012</b>
Sales Turnover	71,236.00	73,915.69	72,644.02	66,200.24	62,480.88
Total Revenue <b>(a)</b>	71,782.59	75,564.27	74,770.56	70,534.66	64,946.24
Total Expenses <b>(b)</b>	53,264.39	57,696.18	54,304.29	48,664.63	48,430.32
Operating Profit <b>(c) = (a - b)</b>	17,242.41	15,549.87	17,714.64	17,009.30	13,621.91
PBDIT	18,518.20	17,868.09	20,466.27	21,870.03	16,515.92
Interest	3,230.36	2,743.62	2,406.59	1,924.36	1,711.64
PBDT	15,287.84	15,124.47	18,059.68	19,945.67	14,804.28
Depreciation	5,425.32	4,911.65	4,142.19	3,396.76	2,791.70
Profit Before Tax	9,862.52	10,212.82	13,917.49	16,548.91	12,012.58
Extra-ordinary items	196.15	333.83	-12.84	29.72	313.58
PBT (Post Extra Items)	10,058.67	10,546.65	13,904.65	16,578.63	12,326.16
Tax	-184.24	255.79	2,929.91	3,959.24	3,102.43
Net Profit	10,242.91	10,290.86	10,974.74	12,619.39	9,223.73

## Key Financial Ratios

Book Value	107.67	99.03	104.08	97.49	88.89
Debt Equity Ratio	0.97	0.96	0.73	0.66	0.63
Earnings per share	12.42	12.48	13.31	15.30	11.19
Profit Margin (%)	14.52	14.04	15.23	19.21	14.86
Dividend Per Share	3.35	2.50	5.75	5.75	4.00
Return on Equity (ROE) (%)	11.53	12.60	12.78	15.69	12.58
Return on Capital Employed (ROCE) (%)	5.66	6.17	7.11	9.11	7.46
Return on Asset	4.77	5.22	6.11	7.83	6.54

## Fundamental Analysis

NTPC Debt Equity ratio is equal to one above which company's profit efficiency will be affected so this is an average value. Company's book value is 107 and its current market price is 171 and the ratio of market cap to shareholder equity is 1.59 approx. Stock is trading at premium investor has to pay 1.59 rupee for every rupee invested. This is below the average value of all the blue chip stocks traded at NSE.

From last three years company's sales is almost constant. Operating profit of the company is moving around 17000 crore from last 4 years and its net profit is also constant at 10000 crore from last 3 years. Average earning of the company is 7% at current market price.

NTPC is one of the biggest power sector company of India. In coming years efficient energy would be the goal of government and it would be a necessity of general public. India is energy deficit country and to provide energy to India to its full capacity more plants and efficiency will be needed in coming future. NTPC plays a major role in India's energy sector. As demand of energy will increase NTPC has to build new plants which will increase the sales of NTPC. Increase sales will lead to more profit and company's net profit margin is 15% which is an attractive figure. Company would have the good chance for growth.

Most of the company at NSE are trading at high premium and there PE is also very high because of which investing in those companies is little bit expensive for the investor whereas NTPC is trading at very low premium and at current market price its PE is also not very high. For a conservative investor NTPC is a buy candidate. Return on NTPC could be very attractive if investor hold the stock for minimum five year less than it would not be able to gain an attractive return because company's growth potential would be effective on long term basis.

# Technical Analysis of NTPC

## Daily Candlestick Chart



**NTPC broke the long term resistance line and closed above it. It is also holding above the trend line which is a sign of strength and in coming day market can move into new highs. Volume activity in NTPC is also increasing. NTPC was in downtrend from last 6 years and now it is in the initial stage of an uptrend. NTPC looks a very strong candidate for long term buying on daily technical chart. The major support is 167 and on upside the major resistance is 194. Above 167 NTPC is buying candidate with the stop loss of 157 and the target would be 194 and 215**



## Weekly Line Chart



To reverse 6 years bear trend of NTPC a long term pattern was required on the chart and NTPC has made the one of the most trusted pattern which is a double bottom. The support of the double bottom was 113 and the resistance was 167. The gap between the two bottoms is almost equal to one and half year and the difference between the peak and trough is more than 25 % because of which this pattern falls in the category of long term reversal. High volume on the break out shows the significance of the pattern. The target of the pattern is equal to 215. Its strong buy on Weekly technical charts.

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