



We consider NTPC as one of the best-placed firms in terms of fuel security, as most of its capacity off-take will continue to be through long-term power purchase agreements. We expect NTPC's business to improve further backed by higher capacity commercialisation, better fuel availability and likely improvement in demand owing to the UDAY scheme.

Looking ahead, we expect NTPC to add commercial capacity of 2.8 gw and 6 gw in FY18 and FY19, respectively, which would lead to a significant jump in regulated equity from current level of Rs 44,000 crore. We have valued NTPC on (P/B vs RoE) methodology given its regulated business model. At CMP, the stock trades at P/B of 1.1x & P/E 10.5x based on FY19E, which is attractive in our view. Capacity addition track record, assured RoE, robust balanceshe-

et and strong operational cash-flows augur well for NTPC. We reiterate 'buy' recommendation on the stock with a TP of Rs 192.

—Reliance Securities