

Steady Show

About the stock: NTPC is India's largest power generation company with a total installed capacity of ~76,598 MW at the group level as of Q3FY25.

- NTPC has 17% of total installed capacity in India with 24% generation share
- The company's vision is to become a 130 GW+ company by 2032 of which 60 GW would be contributed by renewable energy.

Q3FY25 performance: On the operational front, the company registered a growth of 2% & 1.4% YoY in gross energy generation & sold respectively. The 9M PLF for the coal plants was 76.20% in FY25 vs 76.40% in FY24. The all India coal PLF was 69.47% for 9MFY25. The standalone/consol installed capacity stood at 59,168/76,598 MW respectively. Standalone/consol revenue came in at ₹41,352/ ₹45,053 crore up 4.8%/5.2% YoY as a result of increase in energy sold & increase in average tariff by 2.41% to ₹4.68 per KWh. Standalone/Consol EBIDTA increased by 20.3% YoY on account of decline in other expenses. Similarly, interest costs also declined by more than 15% YoY. Standalone/Consol PAT came in at ₹4,711.42/ ₹5,169.7 crore up 3% YoY. The company has declared a second interim dividend of ₹2.5 per share. The company has guided total capacity addition of 6,976/ 7,771/ 9,904 MW in FY25E/FY26E/FY27E.

Investment Rationale

- Thermal Capacity addition on track:** On the conventional side, the company has 17.56 GW of thermal based plants under construction. The company is likely to order out 7.2 GW of thermal plants for FY26-27. Thermal capacity addition for FY25E/FY26E/FY27E is expected to be 2GW/1.5GW/1.5GW. We believe this will lead to 9-10% generation growth supported by strong PLF's (averaging above national level PLF's) on thermal business and will help standalone regulated equity growth at a CAGR of 9% from ₹90,289 crore in 9MFY25 to over ₹100,000 crore by FY26E.
- Aiming to reach ~20 GW on the renewable side:** The company plans to reach 20 GW of renewable capacity by FY27E. Currently, the company has ~4475 MW of installed renewable capacity and has plans to add 3088/5000/8000 MW of RE capacity in FY25E/FY26E/FY27E respectively. It has also signed a supplementary JV agreement with NPCIL for transfer of 2800 MW nuclear power project. It is undertaking site studies to develop new nuclear-powered projects.

Rating and Target Price

- We believe strong capacity addition trajectory will drive good financial performance for the company in the medium to long run. We maintain our BUY rating on NTPC target pegged at ₹445 per share (based on SOTP Valuations).

Key Financial Summary

Key Financials	FY23	FY24	FY25E	5 year CAGR (FY20-25E)	FY26E	FY27E	2 year CAGR (FY25E-27E)
Net Sales	1,63,769.8	1,61,985.0	1,89,160.3	14.1%	2,04,293.1	2,18,593.6	7.5%
EBITDA	43,228.4	43,182.4	50,477.0	13.3%	56,323.4	64,361.9	12.9%
EBITDA Margins (%)	26.4	26.7	26.7		27.6	29.4	
Net Profit	17,196.7	18,079.4	19,476.0	14.0%	22,396.7	24,970.4	13.2%
EPS (₹)	17.4	18.2	19.7		22.6	25.2	
P/E	18.4	17.5	16.3		14.2	12.7	
RoNW (%)	12.9	11.4	12.3		13.0	13.3	
RoCE (%)	10.7	9.8	11.1		11.4	11.4	

Source: Company, ICICI Direct Research



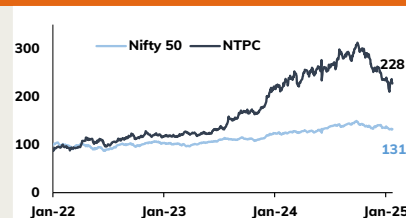
Particulars

Particulars	Rs. crore
Market Capitalisation	3,13,881
Debt (FY24)	2,35,040
Cash (FY24)	6,847
EV	5,42,074
52 week H/L (Rs.)	448/297
Equity capital	9,696.70
Face value (Rs.)	10

Shareholding pattern

	Mar-24	Jun-24	Sep-24	Dec-24
Promoters	51.1	51.1	51.1	51.1
FII	17.1	17.9	18.6	18.2
DII	28.7	27.6	26.5	26.8
Others	3.1	3.4	3.8	3.9

Price Chart



Key risks

- Slowdown in power demand
- Delay in execution of renewable capacity.

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Key Result highlights

- The standalone regulated equity stands at ₹90,289 crore vs ₹84,498 crore in December 2024 registering a growth of 7% YoY and consolidated regulated equity stands at ₹105,854 crore vs ₹101,116 crore in PY, growth of 5% YoY.
- The company has 17.56 GW thermal capacity under construction. It is actively considering awarding additional thermal capacity to the tune of 7.2GW for FY 26-27. Its' commissioned capacity stands at 76,598 MW at group level and 59,168 MW on standalone basis in 9MFY25. The company expects to commission 6976 MW capacity in FY25E, further it has given guidance of 7771 MW and 9904 MW capacity addition (on consolidated basis) in FY26E and FY27E respectively including thermal, hydro and renewables.
- The company added 640 MW commercial Renewable (RE) capacity in 9MFY25 and 135MW in Q3FY25 taking the installed RE capacity to 4,475 MW in December 2024. The under-construction capacity for Hydro & RE was 2.2 GW & 10.3 GW respectively. The company expects 3.1 GW RE capacity addition in FY25E and 5/8 GW by FY26E/FY27E. The total RE capacity is expected to reach 19.7 GW by FY27 and 60GW by FY32.
- NTPC's gross generation and energy sold grew by 3.46% YoY in 9MFY25 to 277.6 BU from 268.3 BU. The PLF at coal powered plants contracted 20 bps to 76.20% in 9MFY25 vs 76.40% in same period last year. In contrast the PLF for all India coal powered plants stood at 69.47%. Average tariff realized in 9MFY25 came in at ₹4.68 vs ₹4.57 per unit up 2.41% YoY.
- Standalone total capex was ₹16,305 crore up 36.3% from ₹11,963 crore in 9MFY24, standalone capital outlay for FY25E is ₹22,700 crore. Group capex was at ₹31,133 crore in 9MFY25 vs ₹21,642 crore in same period last year, up 44% YoY. NGEL has incurred a capex of ₹7261 crore in 9MFY25 vs ₹2729 in 9MFY24. Total contracted and awarded capacity of NGEL has increased 63% to 13900 MW from 8550 MW in 9MFY24.
- The company plans to enhance annual coal mining capacity to 67 million metric tonnes by FY29 from 40 million metric tonnes in FY25 for ensuring fuel security.
- The company has signed a 50:50 JV with Rajasthan Rajya Vidyut Utpadan Nigam Ltd. For Chabra thermal power plant. RVUNL has 2320 MW plant at Chabra. The JV will own and operate the power plant and also explore opportunities for its capacity expansion.
- NTPC will execute nuclear business through Anushakti Vidyut Nigam Ltd. (ASHWINI), a JV with NPCIL for commissioning pressurized heavy water reactor nuclear projects. It has signed a supplementary JV agreement with NPCIL in Q3FY25 for transfer of 2800 MW Mahi Banswara Rajasthan from NPCIL to ASHWINI. Further NTPC incorporated NTPC Parmanu Urja Nigam Ltd for taking on nuclear energy projects and is planning to conduct site studies at many locations. It has already received permission for 4 locations in MP for site studies.
- The company has commissioned FGD in 16.48 GW capacity and at 52GW is under progress. It plans to commission FGD for entire operation and under construction and in 3 years to reduce emissions.
- The average cost of funds at 6.64% in 9MFY25 vs. 6.66% in 9MFY24.

Exhibit 1: SOTP Valuation

Particulars	Basis	Value (Rs. Crore)	Per share Value
Base Business	15x FY27E EPS	3,74,556.7	378.5
NTPC Green	20% Holdco Discount on Mcap	64,792.0	65.5
Fair Value		4,39,348.7	445.0

Source: Company, ICICI Direct Research

Key Financials

Exhibit 2: Profit and loss statement					₹ crore
(Year-end March)	FY24	FY25E	FY26E	FY27E	
Total operating In	161,985	189,160	204,293	218,594	
Growth (%)	66	17	8	7	
Raw Material Exp	97,919	115,598	122,576	126,299	
Employee Expens	5,670	6,351	6,986	7,684	
Other expenses	15,213	16,735	18,408	20,249	
Total Operating E	118,803	138,683	147,970	154,232	
EBITDA	43,182	50,477	56,323	64,362	
Growth (%)	92	34	27	35	
Depreciation	13,943	16,268	17,365	19,673	
Interest	10,251	13,241	14,096	16,395	
Other Income	3,722	5,000	5,000	5,000	
PBT	22,711	25,968	29,862	33,294	
Others	1,969	0	0	0	
Total Tax	6,600	6,492	7,466	8,323	
PAT	18,079	19,476	22,397	24,970	
Adjusted PAT	18,079	19,476	22,397	24,970	
Growth (%)	79	8	15	11	
EPS	18.2	19.7	22.6	25.2	

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement					₹ crore
(Year-end March)	FY24	FY25E	FY26E	FY27E	
Profit Before Tax	18,079	19,476	22,397	24,970	
Add: Depreciation	13,943	16,268	17,365	19,673	
(Inc)/dec in Current Assc	1,207	(17,385)	(9,413)	(8,519)	
Inc/(dec) in CL and Prov	(956)	10,934	5,108	3,444	
Others	10,251	13,241	14,096	16,395	
CF from operating activ	42,023	55,436	58,164	66,113	
(Inc)/dec in Investments	2,246	0	(10,000)	(5,000)	
(Inc)/dec in Fixed Assets	(20,000)	(20,000)	(30,000)	(35,000)	
Others	0	1	2	3	
CF from investing activi	(17,754)	(19,999)	(39,998)	(39,997)	
Issue/(Buy back) of Equi	0	1	2	3	
Inc/(dec) in loan funds	29,164	(1,592)	13,735	12,596	
Dividend paid & divider	(7,678)	(7,925)	(8,916)	(8,916)	
Inc/(dec) in Sec. premiur	3	4	5	6	
Others	(10,251)	(13,241)	(14,096)	(16,395)	
CF from financing activi	11,239	(22,753)	(9,271)	(12,705)	
Net Cash flow	(5,169)	4,914	(5,470)	7,778	
Opening Cash	3,823	2,654	7,567	2,098	
Closing Cash	2,654	7,567	2,098	9,876	

Source: Company, ICICI Direct Research

Exhibit 4: Balance Sheet					₹ crore
(Year-end March)	FY24	FY25E	FY26E	FY27E	
Liabilities					
Equity Capital	9,895	9,895	9,895	9,895	
Reserve and Surp	136,954	148,505	161,986	178,041	
Total Shareholder	146,849	158,400	171,881	187,935	
Total Debt	188,145	193,789	213,168	245,143	
AAD	1,947	1,947	1,947	1,947	
Minority Interest /	1,152	1,152	1,152	1,152	
Total Liabilities	338,092	355,288	388,147	436,177	
Assets					
Gross Block	343,995	363,995	393,995	428,995	
Less: Acc Deprecic	96,432	96,959	97,566	98,118	
Net Block	247,563	267,036	296,429	330,877	
Capital WIP	88,067	103,067	133,067	163,067	
Total Fixed Assets	335,629	370,103	429,496	493,944	
Investments	32,239	32,239	32,239	32,239	
Inventory	17,820	20,802	22,195	23,135	
Debtors	16,199	18,916	20,429	21,859	
Loans and Advan	40,496	47,290	51,073	54,648	
Other Current Ass	29,157	34,049	36,773	39,347	
Cash	2,654	7,567	2,098	9,876	
Total Current Assc	106,326	128,625	132,569	148,865	
Creditors	19,602	22,883	24,415	25,448	
Other Liabilities	45,739	53,393	56,968	59,379	
Provisions	7,466	7,466	7,466	7,466	
Total Current Liab	72,808	83,742	88,850	92,294	
Net Current Asset:	33,519	44,883	43,719	56,571	
Others Assets	0	1	2	3	
Application of Fur	338,092	355,288	388,147	436,177	

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios				
(Year-end March)	FY24	FY25E	FY26E	FY27E
Per share data (Rs)				
EPS	18.2	19.7	22.6	25.2
Cash EPS	32.4	36.1	40.2	45.1
BV	148.4	160.1	173.7	189.9
DPS	7.8	8.0	9.0	9.0
Cash Per Share	2.7	7.6	2.1	10.0
Operating Ratios (%)				
EBITDA Margin	26.7	26.7	27.6	29.4
PBT / Total Operating incc	14.0	13.7	14.6	15.2
PAT Margin	11.2	10.3	11.0	11.4
Inventory days	66.4	65.7	66.1	66.9
Debtor days	36.5	36.5	36.5	36.5
Creditor days	10.1	10.1	10.1	10.1
Return Ratios (%)				
RoE	11.4	12.3	13.0	13.3
RoCE	9.8	11.1	11.4	11.4
RoIC	9.4	10.2	10.5	10.9
Valuation Ratios (x)				
P/E	17.5	16.3	14.2	12.7
EV / EBITDA	11.6	10.0	9.4	8.6
EV / Net Sales	3.1	2.7	2.6	2.5
Market Cap / Sales	2.0	1.7	1.5	1.4
Price to Book Value	2.2	2.0	1.8	1.7
Solvency Ratios				
Debt/EBITDA	4.4	3.8	3.8	3.8
Debt / Equity	1.3	1.2	1.2	1.3
Current Ratio	1.6	1.7	1.6	1.8
Quick Ratio	0.0	0.1	0.0	0.1

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%



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