

CMP: ₹ 345

Target: ₹ 435 (26%)

Target Period: 12 month

May 26, 2025

BUY

Steady Show

About the stock: NTPC is India's largest power generation company with a total installed capacity of ~79930 MW at the group level as of FY25.

- 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.

Q4FY25 performance: On the operational front, the company registered a growth of 1.97% & 2.33% YoY in gross energy generation & sold respectively. The PLF for the coal plants was 77.44% in FY25 vs 77.25% in FY24. The all-India coal PLF was 69.95% for FY25. The standalone/consol installed capacity stood at 59,413/ 79,930 MW respectively. Standalone/consol revenue came in at ₹43,904/ ₹49,834 crore up 3.2%/4.6% YoY as a result of increase in energy sold & increase in average tariff by 1.95% to ₹4.7 per KWh. Standalone/Consol EBIDTA at ₹11,255/₹14,754 marginally up 4% YoY on consol basis. Standalone/Consol PAT came in at ₹5,778.1/ ₹5,601 crore up 4% YoY on standalone and -14% on consol on account of high other expenses. The company has declared a final dividend of ₹3.35 per share. The company has guided total capacity addition of 11,806 & 9,904 MW FY26E & FY27E respectively.

Investment Rationale

- **Thermal Capacity addition on track:** On the conventional side, the company has 17.56 GW of thermal based plants under construction. Thermal capacity addition for FY26E/FY27E is expected to be 3.5GW/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 ₹90,902 crore in FY25 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 ~5902 MW of installed renewable capacity and has plans to add 5000/8000 MW of RE capacity in FY26E/FY27E respectively. It has also signed a supplementary JV agreement with NPCIL for development of 2800 MW nuclear power project at estimated capex of ₹50400 crore and expect to commission the same in 6 years. 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 ₹435 per share (based on SOTP Valuations).



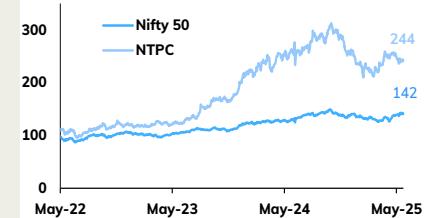
Particulars

Particulars	Rs. crore
Market Capitalisation	3,34,050
Debt (FY25)	1,85,244
Cash (FY25)	4,778
EV	5,14,516
52 week H/L (Rs.)	448/293
Equity capital	9,696.70
Face value (Rs.)	10

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoters	51.1	51.1	51.1	51.1
FII	17.7	18.6	18.2	17.8
DII	27.6	26.5	26.8	27.2
Others	3.7	3.8	3.9	3.9

Price Chart



Key risks

- (i) Slowdown in power demand
- (ii) Delay in execution of renewable capacity.

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Key Financial Summary

Key Financials	FY23	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	2 year CAGR (FY25E-27E)
Net Sales	1,63,769.8	1,61,985.0	1,70,037.4	11.7%	2,04,293.1	2,18,593.6	13.4%
EBITDA	43,228.4	43,182.4	45,373.2	10.9%	55,497.3	63,453.2	18.3%
EBITDA Margins (%)	26.4	26.7	26.7		27.2	29.0	
Net Profit	17,196.7	18,079.4	19,649.4	14.2%	21,777.1	24,288.9	11.2%
EPS (₹)	17.7	18.6	20.3		22.5	25.0	
P/E	18.0	18.3	16.8		15.2	13.6	
RoNW (%)	12.9	11.3	10.9		12.7	13.1	
RoCE (%)	10.7	9.8	9.8		11.1	11.1	

Key Result highlights

- The standalone regulated equity stands at ₹90,902 crore vs ₹87,713 crore in March 2024 registering a growth of 3.6% YoY and consolidated regulated equity stands at ₹108,791 crore vs ₹104,331 crore in PY, growth of 4.3% YoY.
- The company has 33.75 GW consol 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 79,930 MW at group level and 59,413 MW on standalone basis in FY25. The company expects to commission 11806 MW capacity in FY26E and 9904 MW capacity addition in FY27E respectively on a consol basis. Thermal/Hydro/Renewables in FY26E and FY27E will be 3518/1000/7226 MW and 1460/444/8000 MW respectively.
- The company added 3312 MW commercial Renewable (RE) capacity and 660 MW Non-renewable capacity in FY25 taking the installed capacity to 79,930 MW in FY25.
- NTPC's gross generation and energy sold grew by 3.17% YoY in FY25 to 347.29 BU from 336.62 BU. The PLF at coal powered plants expanded 19 bps to 77.44% in FY25 vs 77.25% in FY24. In contrast the PLF for all India coal powered plants stood at 69.95%. Average tariff realized in FY25 came in at ₹4.70 vs ₹4.61 per unit up 1.95% YoY.
- Standalone total capex was ₹22,965 crore up 18% from ₹19,444 crore in FY24. Group capex was at ₹44,636 crore in FY25 vs ₹35385 crore in FY24, up 26% YoY. 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 45 million metric tonnes in FY25 for ensuring fuel security.
- Nuclear:
 - First, through ASHVINI, NTPC's joint venture with NPCIL. NTPC is in the process of executing Mahi Banswara Rajasthan Atomic Power Project, comprising 4x700 MW reactors at an estimated capex of ₹18 crore per GW totalling to ₹50,400 crore. The same is expected to commission in 6 years.
 - Secondly, it has incorporated NTPC Parmanu Urja Nigam Limited in January 2025 as a wholly owned subsidiary to explore advanced nuclear technologies, including Pressurised Water Reactors, Small Modular Reactors and Fast Breeder Reactors. NTPC has identified 28 potential sites across states like UP, MP, Chhattisgarh, Gujarat, and others, with MOUs already signed with the Madhya Pradesh and Chhattisgarh governments
- Hydro:
 - NTPC Group is strategically positioned with an impressive 21,240 MW pumped storage portfolio - 10,200 MW under NTPC and 11,040 MW via THDC and NEEPCO. NTPC's first 1,000 MW Hydro will be commissioned through Tehri PSP shortly. NTPC has completed preliminary feasibility reports for 18 projects and detailed project reports for 4 projects are in an advanced stage.
- The company has commissioned FGD in 19.7 GW capacity and at 48.7GW 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 6.61% in FY25 vs. 6.67% in FY24.

Exhibit 1: SOTP Valuation

Particulars	Basis	Value (Rs. Crore)	Per share Value
Net Sales	15x FY27E EPS	3,64,334.0	375.7
NTPC Green	30% Holdco Discount on Mcap	57,939.0	59.8
Fair Value			435.5

Source: Company, ICICI Direct Research

Key Financials

Exhibit 2: Profit and loss statement				₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E
Total operating Income	1,61,985	1,70,037	2,04,293	2,18,594
Growth (%)	66	5	20	7
Raw Material Expenses	97,919	1,00,828	1,22,576	1,26,299
Employee Expenses	5,670	5,725	6,297	6,927
Other expenses	15,213	18,112	19,923	21,915
Total Operating Expend	1,18,803	1,24,664	1,48,796	1,55,140
EBITDA	43,182	45,373	55,497	63,453
Growth (%)	92	10	47	35
Depreciation	13,943	15,056	17,365	19,673
Interest	10,251	11,057	14,096	16,395
Other Income	3,722	4,376	5,000	5,000
PBT	22,711	23,636	29,036	32,385
Others	1,969	3,313	0	0
Total Tax	6,600	7,300	7,259	8,096
PAT	18,079	19,649	21,777	24,289
Adjusted PAT	18,079	19,649	21,777	24,289
Growth (%)	79	9	11	12
EPS	18.6	20.3	22.5	25.0

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement				₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E
Profit Before Tax	18,079	19,649	21,777	24,289
Add: Depreciation	13,943	15,056	17,365	19,673
(Inc)/dec in Current Assets	1,207	-5,147	-21,775	-8,531
Inc/(dec) in CL and Provisio	-956	3,224	13,272	3,490
Others	10,251	11,057	14,096	16,395
CF from operating activiti	42,023	47,685	61,741	65,398
(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 activiti	-17,754	-19,999	-39,998	-39,997
Issue/(Buy back) of Equity	0	1	2	3
Inc/(dec) in loan funds	29,164	-1,592	17,610	13,643
Dividend paid & dividend	-7,515	-8,097	-9,115	-10,181
Inc/(dec) in Sec. premium	3	4	5	6
Others	-10,251	-11,057	-14,096	-16,395
CF from financing activiti	11,402	-20,741	-5,594	-12,924
Net Cash flow	-5,006	-824	1,785	10,720
Opening Cash	4,134	3,128	2,304	4,089
Closing Cash	3,128	2,304	4,089	14,808

Source: Company, ICICI Direct Research

Exhibit 4: Balance Sheet				₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E
Liabilities				
Equity Capital	9,697	9,697	9,697	9,697
Reserve and Surplus	1,37,626	1,49,179	1,61,841	1,75,949
Total Shareholders fund	1,47,323	1,58,875	1,71,538	1,85,645
Total Debt	1,88,145	1,93,789	2,17,044	2,53,941
AAD	1,947	1,947	1,947	1,947
Minority Interest / Other:	1,152	1,152	1,152	1,152
Total Liabilities	3,38,566	3,55,763	3,91,680	4,42,685
Assets				
Gross Block	3,43,995	3,63,995	3,93,995	4,28,995
Less: Acc Depreciation	96,432	96,959	97,566	98,118
Net Block	2,47,563	2,67,036	2,96,429	3,30,877
Capital WIP	88,067	1,03,067	1,33,067	1,63,067
Total Fixed Assets	3,35,629	3,70,103	4,29,496	4,93,944
Investments	32,239	32,239	32,239	32,239
Inventory	17,820	18,700	22,319	23,271
Debtors	16,199	17,004	20,429	21,859
Loans and Advances	40,496	42,509	51,073	54,648
Other Current Assets	29,157	30,607	36,773	39,347
Cash	3,128	2,304	4,089	14,808
Total Current Assets	1,06,800	1,11,123	1,34,683	1,53,934
Creditors	19,602	20,570	24,551	25,598
Other Liabilities	45,739	47,996	57,286	59,729
Provisions	7,466	7,466	7,466	7,466
Total Current Liabilities	72,808	76,032	89,304	92,793
Net Current Assets	33,992	35,092	45,379	61,141
Others Assets	0	1	2	3
Application of Funds	3,38,566	3,55,763	3,91,680	4,42,685

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios				
(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (Rs)				
EPS	18.6	20.3	22.5	25.0
Cash EPS	33.0	35.8	40.4	45.3
BV	151.9	163.8	176.9	191.5
DPS	7.8	8.4	9.4	10.5
Cash Per Share	3.2	2.4	4.2	15.3
Operating Ratios (%)				
EBITDA Margin	26.7	26.7	27.2	29.0
PBT / Total Operating incc	14.0	13.9	14.2	14.8
PAT Margin	11.2	11.6	10.7	11.1
Inventory days	66.4	67.7	66.5	67.3
Debtor days	36.5	36.5	36.5	36.5
Creditor days	10.1	10.1	10.1	10.1
Return Ratios (%)				
RoE	11.3	10.9	12.7	13.1
RoCE	9.8	9.8	11.1	11.1
RoIC	9.4	9.1	10.3	10.7
Valuation Ratios (x)				
P/E	18.3	16.8	15.2	13.6
EV / EBITDA	11.9	11.5	9.8	9.0
EV / Net Sales	3.2	3.1	2.7	2.6
Market Cap / Sales	2.0	1.9	1.6	1.5
Price to Book Value	2.2	2.1	1.9	1.8
Solvency Ratios				
Debt/EBITDA	4.4	4.3	3.9	4.0
Debt / Equity	1.3	1.2	1.3	1.4
Current Ratio	1.6	1.6	1.6	1.8
Quick Ratio	0.0	0.0	0.0	0.2

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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