

Price: 359

Recommendation: Buy

Industry: Power Generation

Sector: Utilities

Report Date: 16-Apr-2025

NTPC is advancing its energy portfolio with strategic initiatives in renewable energy, targeting 60 GW by 2032. NTPC Green Energy Limited added 550 MW, totaling 3,475 MW. Joint ventures aim for 25 GW in Rajasthan and Uttar Pradesh. NTPC is also exploring green hydrogen and nuclear energy, enhancing coal mining, and reducing emissions. Financially robust, NTPC's focus on sustainability and innovation aligns with global energy trends.

Sales		Profit & Loss		Profitability Matrix	
Current Year	168631 Cr	Operating Profit(Year)	44455 Cr	Operating Profit Margin	26.4 %
Previous Year	163770 Cr	Operating Profit(Quarter)	11600 Cr	EBITDA Margin	29.43 %
Current Quarter	41352 Cr	PAT (Year)	18129 Cr	Net Profit Margin	11.2 %
Previous Quarter	40328 Cr	PAT (Quarter)	4711 Cr	EPS	20.0
Revenue (QYoY)	39455 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	18.5	Sales Growth	4.89 %	Sales Growth	2.54 %
PEG Ratio	2.76	PAT Growth	3.9 %	Sales Growth QYoY	4.81 %
EV/EBITDA	10.4	EPS Growth	7.53 %	PAT Growth	1.33 %
P/B	2.28	Dividend Yield	2.12	PAT Growth QYoY	3.04 %
Capital Allocation		Holdings		Leverage	
RoE	12.6 %	Promoter	51.1 %	Debt/Equity	1.18
RoA	4.66 %	FII	18.2 %	Debt	184350 Cr
RoCE	10.8 %	DII	26.8 %	Market Cap	348401 Cr
RoIC	10.6 %	Public	3.83 %	Enterprise value	528423 Cr
		No of Shares	970 Cr	Cash Equivalents	4328 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

In the recent conference call, NTPC outlined several strategic initiatives and business strategies aimed at enhancing its energy portfolio and driving growth. The company has made significant strides in renewable energy, with NTPC Green Energy Limited (NGEL) adding 550 MW of commercial renewable energy capacity during the first nine months of FY25, bringing its total to 3,475 MW. This expansion is part of NTPC's broader strategy to increase its renewable energy footprint, with a target of 60 GW by 2032. The company has also formed joint ventures to develop renewable energy parks and green hydrogen projects, such as NTPC Rajasthan Green Energy Limited and NTPC UP Green Energy Limited, which aim to develop up to 25 GW of capacity in Rajasthan and Uttar Pradesh, respectively.

NTPC's diversification efforts are evident in its ventures into green hydrogen and nuclear energy. The company has launched the Green Hydrogen Mobility Project in Leh and is developing India's first Green Hydrogen Hub in Andhra Pradesh. Additionally, NTPC has established NTPC PARMANU URJA NIGAM LIMITED to undertake nuclear energy projects, with plans to conduct site studies in multiple locations. These initiatives underscore NTPC's commitment to transitioning towards cleaner energy sources and reducing its carbon footprint. The company is also enhancing its coal mining capacity to ensure fuel security, with plans to increase production from 40 MMT in FY25 to 67 MMT by FY29.

Looking ahead, NTPC's growth and scaling perspectives are promising, with a planned capacity addition of 24,651 MW over the next three years, including 17,507 MW of renewable energy. The company is also focusing on reducing emissions through the installation of Flue Gas Desulfurization (FGD) systems across its operational capacity, aiming for a substantial reduction in SOx emissions. NTPC's financial performance remains robust, with a 6% increase in total income for Q3 FY25 and an 11% rise in profit after tax for the nine-month period. The company's strategic focus on renewable energy and diversification into new energy sectors positions it well for future growth.

While NTPC's initiatives are commendable, there are areas for improvement. The company could enhance its communication regarding project timelines and capacity additions to provide clearer guidance to stakeholders. Additionally, while NTPC's renewable energy targets are ambitious, achieving them will require significant investment and resource mobilization. The company should continue to focus on optimizing its project execution and addressing any potential bottlenecks in its supply chain to ensure timely delivery of its projects. Overall, NTPC's strategic initiatives and diversification efforts are well-aligned with global energy transition trends, and its focus on sustainability and innovation bodes well for its long-term success.

NTPC Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
NTPC Green	89108.41	258.55	6.20%	0.24%	13.21%	78.82%	17.98%
NTPC	348401.10	18.46	12.56%	2.54%	4.81%	1.35%	3.05%
Power Grid Corpn	284737.94	18.37	19.00%	-0.40%	-2.74%	1.81%	-4.14%
Adani Power	210357.51	16.37	57.06%	2.49%	5.23%	-10.84%	7.38%
Adani Green	149786.18	102.83	14.74%	-22.59%	2.34%	50.70%	51.53%

Aspect	Commentary
Revenue	The company shows a steady increase in revenue, with a year-over-year growth of 4.89% and a quarter-over-quarter growth of 2.54%. This indicates a consistent upward trend in sales, reflecting effective market strategies and possibly an expanding customer base, contributing positively to the company's financial health.
Profit & Loss	Operating profit margins are strong, with a yearly operating profit of 44,455 Cr and a quarterly profit of 11,600 Cr. The net profit margin stands at 11.2%, indicating efficient cost management and profitability. The PAT growth of 3.9% year-over-year suggests stable financial performance.
Profitability Matrix	The company maintains a healthy operating profit margin of 26.4% and an EBITDA margin of 29.43%, showcasing operational efficiency. The net profit margin of 11.2% and EPS of 20.0 reflect strong profitability, indicating effective cost control and revenue generation strategies.
Valuation Matrix	The valuation metrics show a trailing P/E of 18.5 and a PEG ratio of 2.76, suggesting the stock is reasonably priced relative to its growth prospects. An EV/EBITDA of 10.4 and P/B of 2.28 indicate a balanced valuation, aligning with industry standards and investor expectations.
Growth (YoY)	Year-over-year growth metrics reveal a sales growth of 4.89% and PAT growth of 3.9%, indicating steady expansion. EPS growth of 7.53% and a dividend yield of 2.12% reflect shareholder value enhancement, suggesting a positive outlook for long-term investors.
Growth (QoQ)	Quarter-over-quarter growth shows a sales increase of 2.54% and PAT growth of 1.33%, indicating consistent performance. The QYoY sales growth of 4.81% and PAT growth of 3.04% highlight the company's ability to sustain growth momentum across quarters.
Capital Allocation	The company demonstrates effective capital allocation with a RoE of 12.6%, RoA of 4.66%, and RoCE of 10.8%. These metrics indicate efficient use of equity and assets to generate returns, reflecting sound financial management and strategic investment decisions.
Holdings	The promoter holding is strong at 51.1%, with FII at 18.2% and DII at 26.8%, indicating confidence from institutional investors. Public holding is minimal at 3.83%, suggesting limited public float, which could impact liquidity but also indicates stability in ownership.
Leverage	The debt/equity ratio of 1.18 and total debt of 184,350 Cr suggest moderate leverage, indicating a balanced approach to financing. The market cap of 348,401 Cr and enterprise value of 528,423 Cr reflect the company's substantial market presence and financial robustness.

Analyst viewpoint: NTPC is poised for significant growth in the short to mid-term, driven by strategic initiatives and solid financial fundamentals. The company has reported a robust quarter-on-quarter sales growth of 2.54% and a strong PAT growth of 1.33%, reflecting its capability to maintain a consistent upward trajectory. NTPC's efforts towards renewable energy are noteworthy, with NTPC Green Energy Limited adding 550 MW, contributing to a total capacity of 3,475 MW. This is part of a larger vision to reach 60 GW of renewable energy by 2032, a target that's ambitious yet aligned with global trends. The company's holding structure, with a strong promoter holding of 51.1%, coupled with solid institutional investor confidence, reinforces its market stability. Additionally, NTPC's balanced valuation metrics, such as a trailing P/E of 18.5 and a PEG ratio of 2.76, reflect its attractiveness for growth-focused investors.

Moreover, NTPC is competitively positioned within its sector, demonstrating efficient capital allocation with a RoE of 12.6% and RoCE of 10.8%. The diversification into green hydrogen and nuclear energy underlines NTPC's commitment to innovation and sustainability. Despite its considerable progress, it is essential for NTPC to enhance transparency in its project timelines to better guide stakeholders. Achieving its ambitious renewable energy targets will require substantial investment and resource allocation. Overall, NTPC's strategic efforts and robust financial performance make it an attractive investment opportunity from a short to mid-term perspective, aligning well with the increased focus on sustainable and renewable energy solutions.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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