

NTPC Limited

BUY

Sector: Power

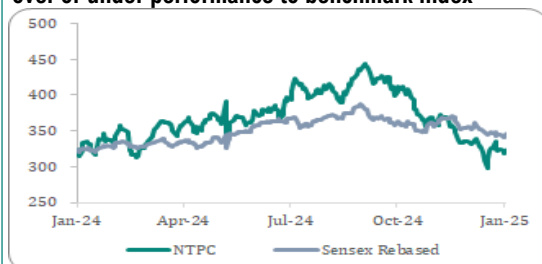
31st January, 2025

Key Changes	Target	▼	Rating	▲	Earnings	▼	Target	358
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame		CMP	323
Large Cap	NTPC:IN	76,760	NTPC	532555	12 Months		Return	+11%

Date as of: 30-01-2025

Company Data			
Market Cap (Rs. cr)	313,299		
52 Week High — Low (Rs.)	448– 297		
Enterprise Value (Rs. cr)	548,975		
Outstanding Shares (cr)	969.7		
Free Float (%)	49.0		
Dividend Yield (%)	2.4		
6m average volume (cr)	1.6		
Beta	1.1		
Face value (Rs.)	10.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	51.1	51.1	51.1
FII's	17.7	18.6	18.2
MFs/Institutions	27.5	26.5	26.8
Public	2.9	3.1	3.2
Others	0.7	0.7	0.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-20.9%	-20.6%	2.4%
Absolute Sensex	-4.0%	-5.8%	7.9%
Relative Return	-16.9%	-14.8%	-5.5%

*over or under performance to benchmark index



Y.E March (cr)	FY25E	FY26E	FY27E
Sales	183,017	192,962	202,606
Growth (%)	2.5	5.4	5.0
EBITDA	55,858	59,570	63,058
EBITDA Margin (%)	30.5	30.9	31.1
PAT Adjusted	21,005	22,582	24,308
Growth (%)	0.9	7.5	7.6
Adjusted EPS	21.7	23.3	25.1
Growth (%)	0.9	7.5	7.6
P/E	14.9	13.9	12.9
P/B	1.8	1.7	1.5
EV/EBITDA	9.8	9.2	8.7
ROE (%)	12.1	11.9	11.8
D/E	1.3	1.2	1.1

Capacity expansion to drive growth

NTPC Ltd owns and operates electricity generation plants that supply power to state electricity boards in India. The company generates power from coal, gas, liquid fuel, hydro, solar, nuclear, wind, and other renewable sources. NTPC has an installed capacity of ~76.5 gigawatt (GW).

- Consolidated revenue from operations grew 5.2% YoY to Rs. 45,053cr in Q3FY25, driven by the strong performance of the generation segment, which accounted for 96.7% of total revenue and registered a growth of 5.6% YoY.
- NTPC's gross power generation rose to 91.25 billion units (BU) in Q3FY25 from 89.46 BU in Q3FY24, reflecting a steady growth in electricity production.
- NTPC's coal production saw a significant rise of 35.7%, reaching 10.98 million metric tonnes (MMT), as against 8.09 MMT in the year-ago period.
- EBITDA surged 17.3% YoY to Rs. 14,212cr, driven by a significant 21.6% YoY reduction in other expenses.
- As a result, NTPC's EBITDA margin improved 320bps YoY to 31.5% in Q3FY25, indicating improved operational efficiency.
- Consolidated PAT declined a slight 0.8%, settling at Rs. 5,170cr, primarily impacted by elevated tax liabilities.

Outlook & Valuation

NTPC is well-positioned for sustained growth, driven by its strategic plans and investments. The company has set an ambitious target to reach 60 GW of renewable energy capacity by 2032 and entered several joint ventures contracts with the potential to develop sustainable new capacity, positioning itself for significant growth in the coming years. Besides, the listing of NTPC Green Energy Ltd also marks a milestone in the company's growth trajectory. With consistent growth and strategic focus on capacity expansion, NTPC is poised for long-term sustainable growth. Therefore, **we upgrade our rating on the stock to BUY based on 9.2x FY27E EV/EBITDA with a rolled forward target price of Rs. 358.**

Quarterly Financials Consol.

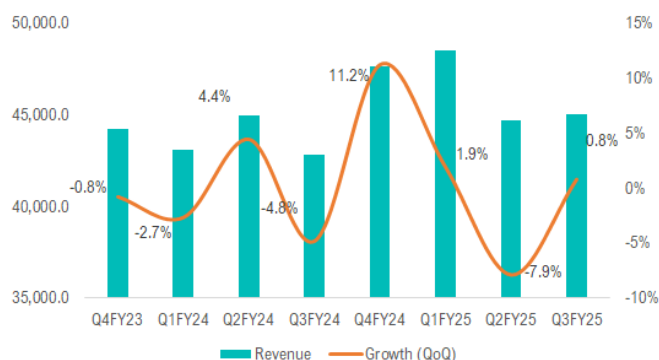
Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	45,053	42,820	5.2	44,696	0.8	138,270	130,879	5.6
EBITDA	14,212	12,116	17.3	12,157	16.9	40,847	38,368	6.5
Margin (%)	31.5	28.3	320bps	27.2	430bps	29.5	29.3	20bps
EBIT	9,894	8,043	23.0	7,941	24.6	28,108	26,435	6.3
PBT	7,588	5,134	47.8	4,710	61.1	20,170	18,766	7.5
Rep. PAT	5,170	5,209	-0.8	5,380	-3.9	16,056	14,842	8.2
Adj PAT	5,170	5,209	-0.8	5,275	-2.0	16,056	14,842	8.2
EPS (Rs)	5.2	5.3	-1.8	5.4	-4.0	16.3	15.1	8.0



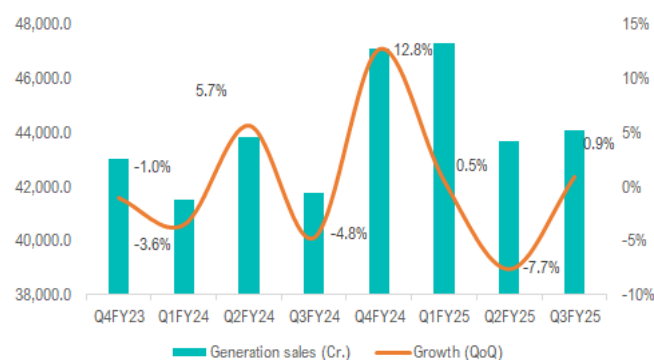
Key concall highlights

- The NTPC Group has expanded its footprint by adding 640 MW of commercial energy capacity. As on 31 December, 2024, NTPC's commercial capacity was 59,168 MW on a standalone basis, while the Group's total capacity was 76,598 MW.
- NTPC added 135 MW of RE capacity and an additional 660 MW coal-based capacity from its subsidiary, THDC India Ltd, which has started operating commercially.
- The NTPC Group generated 327 BUs of electricity during the 9M FY25, as against 315 BUs during the 9M FY24, marking a 3.8% growth in power generation.
- NTPC received a total of 185.15 MMT of coal during the first nine months of FY25, including 2.26 MMT of imported coal. The company achieved its highest-ever coal production of 30.88 MMT, representing a 22.9% increase, from 25.12 MMT in the same period of FY24.
- The company incurred a group CapEx of Rs. 31,133cr and a standalone CapEx of Rs. 16,305cr during the period. As part of its ongoing capacity expansion efforts, NTPC has approved investments for 8 GW of thermal capacity in the current financial year, with a projected aggregate cost of Rs. 100,000cr.

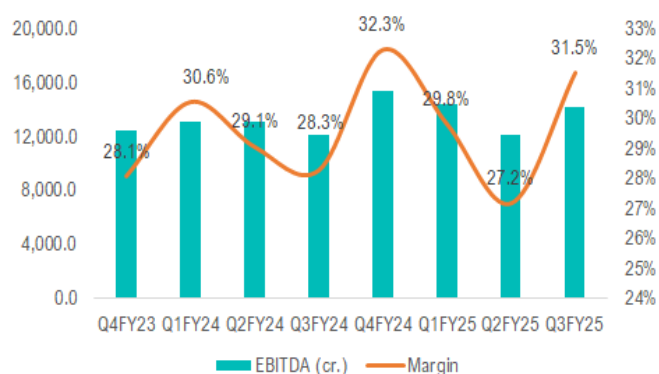
Revenue



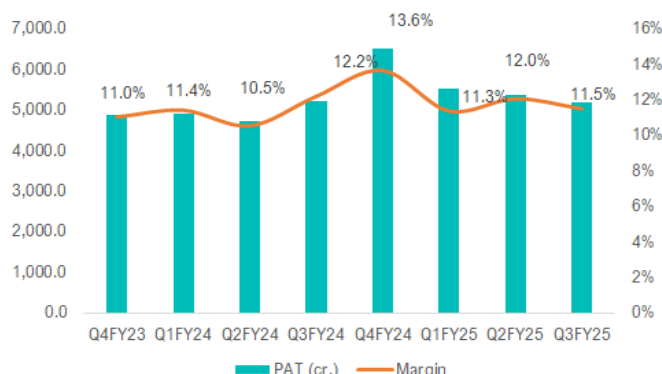
Generation Sales



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E
Revenue	188,169	200,734	183,017	192,962	202,606	-2.7	-3.9
EBITDA	57,187	61,475	55,858	59,570	63,058	-2.3	-3.1
Margins (%)	30.4	30.6	30.5	30.9	31.1	10bps	30bps
Adj. PAT	21,874	24,014	21,005	22,582	24,308	-4.0	-6.0
EPS	22.6	24.8	21.7	23.3	25.1	-4.0	-5.9



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	176,207	178,501	183,017	192,962	202,606
% change	32.8	1.3	2.5	5.4	5.0
EBITDA	49,499	53,758	55,858	59,570	63,058
% change	16.2	8.6	3.9	6.6	5.9
Depreciation	14,792	16,204	17,330	18,156	18,795
EBIT	34,707	37,554	38,528	41,414	44,263
Interest	11,156	12,048	12,105	12,701	13,207
Other Income	780	1,636	1,736	1,936	1,946
PBT	24,331	27,141	28,159	30,649	33,002
% change	18.6	11.6	3.7	8.8	7.7
Tax	6,796	6,809	7,113	7,742	8,336
Tax Rate (%)	27.9	25.1	25.3	25.3	25.3
Reported PAT	17,121	21,332	21,346	23,007	24,766
PAT att. to common shareholders	16,913	20,812	21,005	22,582	24,308
Adj.*	-	-	-	-	-
Adj. PAT	16,913	20,812	21,005	22,582	24,308
% change	1.4	23.1	0.9	7.5	7.6
No. of shares (cr)	969.7	969.8	969.7	969.7	969.7
Adj EPS (Rs.)	17.4	21.5	21.7	23.3	25.1
% change	1.4	23.0	0.9	7.5	7.6
DPS (Rs.)	7.3	7.8	7.9	8.0	8.1

Cashflow

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	31,705	37,016	38,334	40,738	43,103
Non-cash adj.	11,184	8,241	444	609	482
Other adjustments					
Changes in W.C	4,263	-4,472	1,636	-1,194	-1,903
C.F. Operation	47,152	40,785	40,414	40,153	41,682
Capital exp.	-24,720	-30,741	-33,858	-34,733	-36,469
Change in inv.	-920	-219	-132	-79	-47
Other invest.CF	-505	-1,181	-123	-129	-135
C.F - Investment	-26,145	-32,141	-34,112	-34,941	-36,652
Issue of equity	-	-	-	-	-
Issue/repay debt	853	15,006	1,500	1,500	1,500
Dividends paid	-7,248	-7,419	-7,612	-7,709	-7,806
Other finance.CF	-14,822	-15,832	960	1,716	1,669
C.F - Finance	-21,217	-8,246	-5,152	-4,493	-4,636
Chg. in cash	-210	398	1,150	720	394
Closing Cash	4,949	6,847	7,997	8,717	9,111

Balance Sheet

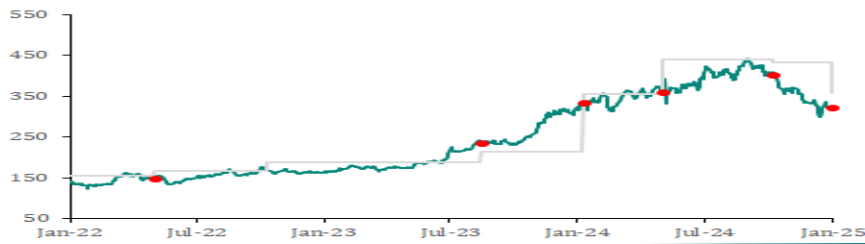
Y.E March (Rs. Cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	4,949	6,847	7,997	8,717	9,111
Accts. Receivable	30,112	33,350	32,943	33,961	35,760
Inventories	14,240	18,019	18,137	19,150	20,152
Other Cur. Assets	33,759	39,793	39,611	40,129	40,404
Investments	13,885	15,835	15,966	16,045	16,093
Gross Fixed Assets	269,166	298,418	332,276	367,009	403,478
Net Fixed Assets	239,883	258,424	274,076	289,768	306,549
CWIP	89,133	87,593	88,469	89,353	90,247
Intangible Assets	588	581	581	581	581
Def. Tax -Net	-	-	-	-	-
Other Assets	21,365	19,755	19,877	20,006	20,141
Total Assets	447,913	480,197	497,658	517,713	539,037
Current Liabilities	56,166	57,530	58,797	60,337	61,533
Provisions	1,920	2,084	2,084	2,084	2,084
Debt Funds	223,571	237,418	238,918	240,418	241,918
Other Liabilities	15,302	18,042	19,002	20,718	22,387
Equity Capital	9,697	9,697	9,697	9,697	9,697
Res. & Surplus	137,327	151,013	164,405	179,278	195,780
Shareholder Funds	147,023	160,709	174,102	188,975	205,476
Minority Interest	3,930	4,413	4,755	5,180	5,638
Total Liabilities	447,913	480,197	497,658	517,713	539,037
BVPS	152	166	180	195	212

Ratio

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	28.1	30.1	30.5	30.9	31.1
EBIT margin (%)	19.7	21.0	21.1	21.5	21.8
Net profit mgn.(%)	9.6	11.7	11.5	11.7	12.0
ROE (%)	11.5	13.0	12.1	11.9	11.8
ROCE (%)	9.3	9.3	9.2	9.5	9.8
W.C & Liquidity					
Receivables (days)	62.4	68.2	65.7	64.2	64.4
Inventory (days)	51.6	66.9	66.1	66.5	66.6
Payables (days)	41.2	42.1	46.2	46.9	47.7
Current ratio (x)	0.9	1.0	1.0	1.0	1.0
Quick ratio (x)	0.4	0.4	0.4	0.4	0.4
Turnover & Leverage					
Gross asset T.O (x)	0.6	0.6	0.6	0.6	0.5
Total asset T.O (x)	0.4	0.4	0.4	0.4	0.4
Int. covge. ratio (x)	3.1	3.1	3.2	3.3	3.4
Adj. debt/equity (x)	1.5	1.4	1.3	1.2	1.1
Valuation					
EV/Sales (x)	2.2	3.1	3.0	2.9	2.7
EV/EBITDA (x)	7.9	10.4	9.8	9.2	8.7
P/E (x)	10.0	15.7	14.9	13.9	12.9
P/BV (x)	1.2	2.0	1.8	1.7	1.5



(Recommendation Summary - last 3 years)



Dates	Rating	Target
03-Nov-21	BUY	156
30-May-22	HOLD	167
08-Nov-22	HOLD	187
12-Sep-23	REDUCE	215
06-Feb-24	HOLD	355
31-May-24	BUY	440
05-Nov-24	HOLD	434
31-Jan-25	BUY	358

Investment rating criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%


Not rated/Neutral


Definition:

Buy: Acquire at Current Market Price -CMP, with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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