

3QFY25: Impacted by softness in demand and muted execution

NTPC reported just 2% growth in generation as was expected due to moderate energy/ peak power demand during 3QFY25. The thermal PLF remained flat at 75.98% vs. 75.95% in 3QFY24. Hence overall performance during 3QFY25 is soft with revenue of INR 450bn, 5%/ 0%/ -3% YoY/ JMFe/ Cons. The EBITDA came in at INR 137bn, 20%/ 14%/ 25% YoY/ JMFe/ Cons driven by lower other expenses (-21% YoY). Adj. PAT for the quarter was INR 52bn, -1%/ +4%/ +1% YoY/ JMFe/ Cons. RE capacity addition too remained below expectations (640 MW during 9MFY25); however management continues to maintain its guidance of 3/5/8 GW RE addition for FY25 / FY26 / FY27. The ordering for thermal projects is progressing; however with bunching of projects we remain cautious on capacity addition in FY25 and FY26. We maintain our BUY rating on the stock with a revised TP of INR 359 (earlier TP of 471) valuing at 2.3x Dec'26 Regulated Equity of thermal business and 14x Dec'26 EBITDA of RE business.

- Renewable energy:** NTPC Green Energy (NGEL) added a 155 MW of renewable capacity during 3QFY25 (installed 324 MW in FY24). With this, installed and under construction RE capacity stands at 4.2 GW and 10.3GW. The management during conference call maintained guidance of adding 3GW/ 5GW/ 8GW during FY25/ FY26/ FY27, including inorganic opportunities (NTPC in JV with ONGC is likely to acquire Ayana Renewable with 1290 MW operational solar capacity as per media reports). Company has land and transmission connectivity for RE capacity to be commissioned till FY26.
- Thermal capacity addition and ordering:** NTPC has guided for thermal capacity addition of 2.8GW/ 1.5GW/ 1.5GW in FY25/ FY26/ FY27. Additionally, it has taken investment approval for addition of 8GW thermal capacity with an investment of INR 1000bn. Company will award 2.4 GW in 4QFY25 and 7.2GW in FY26. Company has signed 50-50 JV agreement with RRVUNL (Rajasthan Genco) to jointly own and operate the 2320 MW Chhabra thermal power plant and also explore opportunities for its expansion.
- Installed Capacity:** NTPC's group installed capacity as of 31Dec'24 stands at 76,598MW (59,168 MW standalone, 17,430MW JVs & subs) which includes 62,194 MW/ 6,511 MW/ 3,725 MW/ 4,168MW of Coal/ Gas/ Hydro/ RE. Unit-1 of Khurja STPP (660 MW) is declared commissioned (COD) from 26 Jan'25. Additionally, 135 MW of renewable capacity has been added in Jan'25, taking NTPC's total installed capacity to 77,393 MW.
- Nuclear power:** The JV of NTPC and NPCIL Anushakti Vidhyut Nigam Ltd. has been constituted to develop Pressurized Heavy-Water Reactor (PHWR). In order to manage and focus on nuclear energy business a subsidiary NTPC Parmanu Urja Nigam Ltd has been incorporated in Jan'25. For its nuclear projects company is planning to conduct site studies at many locations and has also received permission for higher studies in four sites in Madhya Pradesh.

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	359
Upside/(Downside)	10.9%
Previous Price Target	471
Change	-23.8%

Key Data – NTPC IN

Current Market Price	INR324
Market cap (bn)	INR3,138.3/US\$36.4
Free Float	43%
Shares in issue (mn)	9,696.7
Diluted share (mn)	9,696.7
3-mon avg daily val (mn)	INR5,100.9/US\$59.2
52-week range	448/297
Sensex/Nifty	76,190/23,092
INR/US\$	86.2

Price Performance

%	1M	6M	12M
Absolute	-3.3	-18.3	2.8
Relative*	-0.1	-12.8	-4.6

* To the BSE Sensex

Financial Summary

	(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	17,62,072	17,85,009	18,77,147	20,66,601	22,21,326
Sales Growth (%)	32.8	1.3	5.2	10.1	7.5
EBITDA	4,77,299	5,10,927	5,59,316	6,13,002	6,68,321
EBITDA Margin (%)	27.1	28.6	29.8	29.7	30.1
Adjusted Net Profit	1,71,214	2,13,325	2,25,412	2,49,382	2,63,557
Diluted EPS (INR)	17.7	22.0	23.2	25.7	27.2
Diluted EPS Growth (%)	0.9	24.6	5.7	10.6	5.7
ROIC (%)	7.1	7.1	7.7	8.1	8.2
ROE (%)	12.1	13.9	13.5	13.7	13.3
P/E (x)	18.3	14.7	13.9	12.6	11.9
P/B (x)	2.1	2.0	1.8	1.7	1.5
EV/EBITDA (x)	11.2	10.7	9.7	9.0	8.5
Dividend Yield (%)	2.3	2.9	3.0	3.3	3.5

Source: Company data, JM Financial. Note: Valuations as of 24/Jan/2025

JM Financial Research is also available on:
 Bloomberg - JMFR <GO>,
 Thomson Publisher & Reuters,
 S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Coal production:** NTPC recorded 10.98MT of coal production during 3QFY25 (+36% YoY) from five captive mines i.e. Pakri-Barwadih, Dulanga, Talaipalli, Chatti-Bariatu and Kerandari. Earlier, it did an annual production of 34 MT in FY24, +48% YoY. As per the management guidance coal production capacity is expected to increase from 40MT in FY25 to 67MT in FY29. ([Once there was a king; Downgrade to HOLD](#))
- **Non-Coal PLF:** The PLF of gas-fired plants is dropped to 3.42% in 3QFY25 (7.72% in 3QFY24) due subdued demand.
- **Other highlights from Conference Call**
 - In 9MFY25, company incurred a group capex of INR 310 bn vs. INR216 bn in 9MFY24. While on a standalone basis capex stood at INR 163 bn vs. INR 120 bn.
 - Company is planning to commission FGD system for its entire capacity in next three years. Company has commissioned FGD for 16.5 GW capacity and FGD installation for 52GW capacity in under progress.
 - Average cost of borrowing was 6.64% vs. 6.66% in 9MFY24
 - The standalone regulated equity stood at INR 902.89 bn in 3QFY25 vs. INR 844.98 bn in 3QFY24. Whereas, consolidated regulated equity stood at INR 1,059bn in 3QFY25 vs. 1,011bn in 3QFY24.
 - Board has declared second interim dividend of INR 2.5 per share taking total interim to INR 5.0 per share.
 - Maitree STPP, Bangladesh plant is currently under shutdown due to non-availability of coal.

Exhibit 1. 3QFY25 Results summary

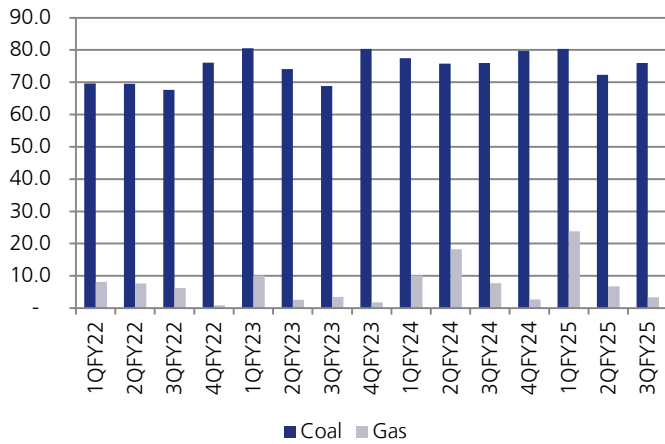
Y/E March (INR mn)	3QFY25	3QFY24	%YoY	2QFY25	%QoQ	JMFe	% Var
Generation (BUs)	91.3	89.5	2%	88.5	3%	91.26	
Net Sales	450,528	428,204	5%	446,963	1%	451,719	0%
Expenditure	313,857	314,582		330,411		331,922	
EBITDA	136,671	113,622	20%	116,552	17%	119,797	14%
EBITDA (%)	30.3	26.5	380bps	26.1	426bps	26.5	382bps
Depreciation	43,183	40,739		42,156		42,099	
EBIT	93,488	72,882	28%	74,396	26%	77,698	20%
Other income	5,451	7,543		5,015		7,957	
Interest	27,635	32,501		36,206		36,492	
Share of income in Asso.	4,575	3,420		3,898		4,089	
PBT	75,879	51,344	48%	47,103	61%	53,252	42%
Tax	20,751	13,618		16,662		13,313	
Tax rate (%)	27	27	83bps	35	-803bps	25	
Reg def (net of tax)	-3,431	14,362		23,362		10,000	
Reported PAT	51,697	52,089		53,803		49,939	
PAT (adjusted)	51,697	52,089	-1%	53,803	-4%	49,939	4%
EPS (Rs)	5.3	5.4	-1%	5.5	-4%	5.2	4%

Cost-break up	3QFY25	3QFY24	%YoY	2QFY25	%QoQ	JMFe	
Raw material Costs	258,235	248,127	4%	254,383	2%	262,900	-2%
% of sales	57%	58%	-63bps	57%	40bps	58%	-88bps
RM/MU	2.8	2.8	2%	2.9	-2%	2.9	
Staff Costs	16,231	16,185	0%	15,383	6%	17,074	
% of sales	4%	4%	-18bps	3%	16bps	4%	-18bps
Other Expenses	39,391	50,270	-22%	60,645	-35%	51,948	
% of sales	9%	12%	-300bps	14%	-482bps	12%	-276bps

Source: Company, JM Financial

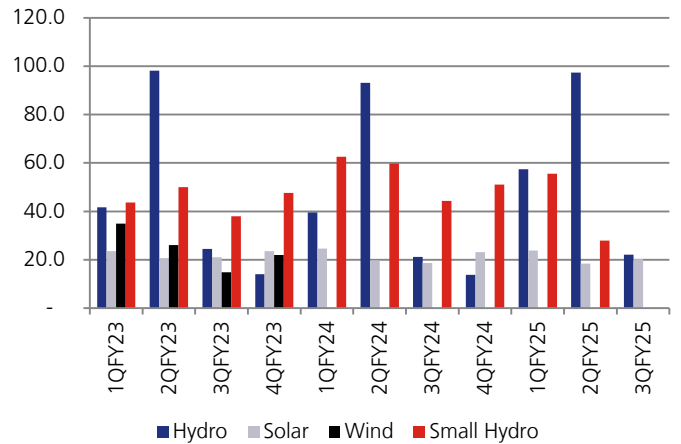
Key Charts

Exhibit 2. PLF (%) – fossil fuel-based generation



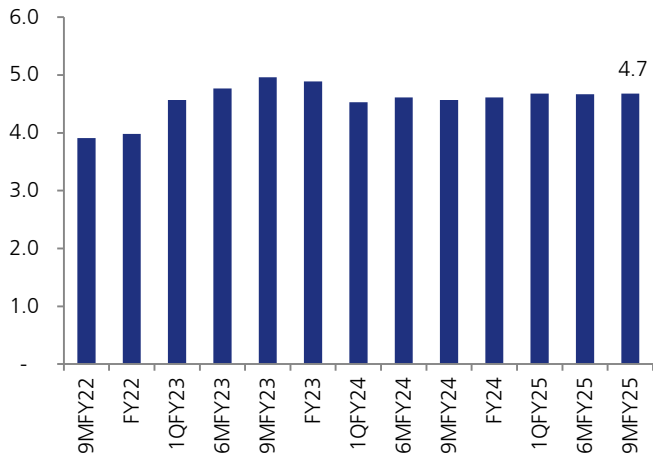
Source: Company, JM Financial

Exhibit 3. PLF (%) – non-fossil fuel-based generation



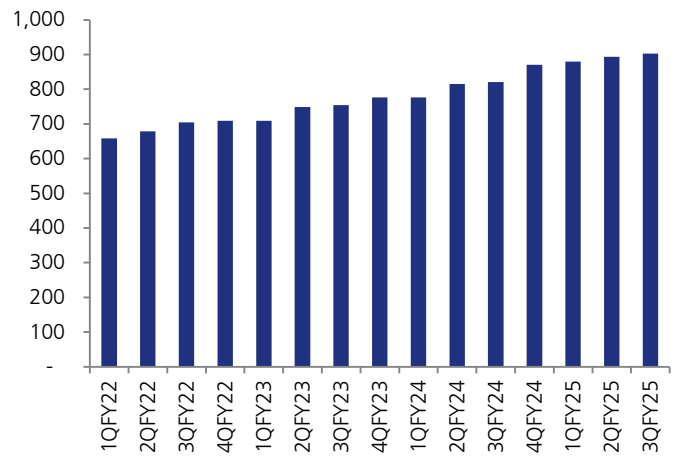
Source: Company, JM Financial

Exhibit 4. Average tariff (INR)



Source: Company, JM Financial

Exhibit 5. Standalone regulated equity (INR bn)



Source: Company, JM Financial

Exhibit 6. SOTP Valuation

Particulars	Basis	Multiple (x)	Equity Value (INR mn)	Value per Share
Thermal	Dec 26E Consolidated Regulated Equity	2.3	2,800,137	289
Renewable	Dec 26E EV/EBITDA	14	405,789	42
CWIP	FY24 BV	1	262,993	21
Cash & Cash Equivalent	FY24 BV	1	68,473	7
Total			3,537,392	359
CMP				324

Source: Company, JM Financial

Exhibit 7. Operational performance, quarterly

Particulars	3QFY25	QFY24	YoY%
Coal PLF (%)	76.0	76.0	0%
Coal PAF (%)	89.6	86.2	4%
Generation (BU)			
Gross Generation (BU)	91.3	89.5	2%
Commercial Generation (BU)	91.3	89.5	2%
Energy Sent out (BU)	85.1	83.9	1%
Coal availability (MMT)			
Domestic Coal	65.5	60.2	9%
Imported Coal	0.2	2.2	-89%
Captive mines - commercial coal production	11.0	8.1	36%

Source: Company, JM Financial

EPS revision table

Exhibit 8. Coal India- EPS revision table

Year end Mar31 (INR mn)	FY25E	FY26E	FY27E
Revenues			
Old	1,888,405	2,112,393	2,288,199
New	1,877,147	2,066,601	2,221,326
Chg	-0.60%	-2.17%	-2.92%
EBITDA			
Old	564,774	635,962	706,018
New	559,316	613,002	668,321
Chg	-0.97%	-3.61%	-5.34%
EBITDA Margins			
Old	29.91%	30.11%	30.85%
New	29.80%	29.66%	30.09%
bps	-11bps	-44bps	-77bps
PAT			
Old	228,950	264,741	286,089
New	225,412	249,382	263,557
Chg	-1.55%	-5.80%	-7.88%
FD EPS			
Old	23.6	27.3	29.5
New	23.2	25.7	27.2
Chg	-1.55%	-5.80%	-7.88%

Source: JM Financial

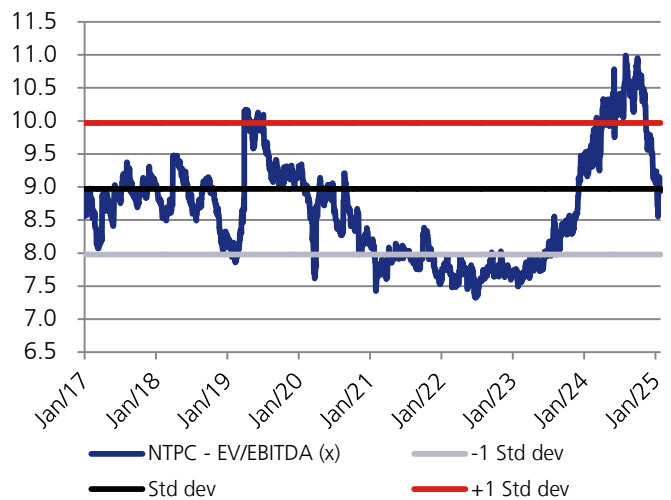
Valuation Bands

Exhibit 9. P/B



Source: Bloomberg, JM Financial

Exhibit 10. EV/EBITDA



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	17,62,072	17,85,009	18,77,147	20,66,601	22,21,326	
Sales Growth	32.8%	1.3%	5.2%	10.1%	7.5%	
Other Operating Income	0	0	0	0	0	
Total Revenue	17,62,072	17,85,009	18,77,147	20,66,601	22,21,326	
Cost of Goods Sold/Op. Exp	10,59,807	10,39,948	10,92,425	12,06,534	12,84,211	
Personnel Cost	65,283	65,920	69,868	73,012	76,297	
Other Expenses	1,59,682	1,68,214	1,55,539	1,74,053	1,92,498	
EBITDA	4,77,299	5,10,927	5,59,316	6,13,002	6,68,321	
EBITDA Margin	27.1%	28.6%	29.8%	29.7%	30.1%	
EBITDA Growth	18.5%	7.0%	9.5%	9.6%	9.0%	
Deprn. & Amort.	1,47,923	1,62,036	1,64,433	1,80,380	1,96,792	
EBIT	3,29,377	3,48,891	3,94,883	4,32,621	4,71,528	
Other Income	17,692	26,650	22,000	22,000	22,000	
Finance Cost	1,11,561	1,20,482	1,45,335	1,50,374	1,69,943	
PBT before Excep. & Forex	2,35,508	2,55,059	2,71,548	3,04,247	3,23,585	
Excep. & Forex Inc./Loss(-)	-4,131	10,002	10,002	10,002	10,002	
PBT	2,31,377	2,65,061	2,81,550	3,14,249	3,33,587	
Taxes	67,961	68,092	72,494	81,224	86,386	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	9,886	21,562	21,562	21,562	21,562	
Reported Net Profit	1,69,126	2,08,119	2,20,206	2,44,176	2,58,351	
Adjusted Net Profit	1,71,214	2,13,325	2,25,412	2,49,382	2,63,557	
Net Margin	9.7%	12.0%	12.0%	12.1%	11.9%	
Diluted Share Cap. (mn)	9,696.7	9,696.7	9,696.7	9,696.7	9,696.7	
Diluted EPS (INR)	17.7	22.0	23.2	25.7	27.2	
Diluted EPS Growth	0.9%	24.6%	5.7%	10.6%	5.7%	
Total Dividend + Tax	71,910	89,596	94,673	1,04,740	1,10,694	
Dividend Per Share (INR)	7.4	9.2	9.8	10.8	11.4	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	14,70,232	16,07,093	17,42,908	18,97,617	20,56,434	
Share Capital	96,967	96,967	96,967	96,967	96,967	
Reserves & Surplus	13,73,265	15,10,126	16,45,941	18,00,650	19,59,467	
Preference Share Capital	0	0	0	0	0	
Minority Interest	39,305	44,130	44,130	44,130	44,130	
Total Loans	22,10,924	23,50,403	24,22,255	25,92,659	29,30,047	
Def. Tax Liab. / Assets (-)	1,26,900	1,52,318	1,52,318	1,52,318	1,52,318	
Total - Equity & Liab.	38,47,360	41,53,944	43,61,611	46,86,724	51,82,929	
Net Fixed Assets	32,96,034	34,65,981	36,06,822	38,10,582	41,46,366	
Gross Fixed Assets	33,89,981	37,37,110	40,99,554	44,72,556	49,61,133	
Intangible Assets	0	0	0	0	0	
Less: Deprn. & Amort.	9,85,737	11,47,773	13,12,206	14,92,587	16,89,379	
Capital WIP	8,91,790	8,76,645	8,19,474	8,30,613	8,74,612	
Investments	1,38,848	1,58,346	1,58,346	1,58,346	1,58,346	
Current Assets	10,44,250	11,77,639	12,71,243	14,06,610	15,78,477	
Inventories	1,42,404	1,80,191	1,49,143	1,64,196	1,76,489	
Sundry Debtors	3,01,124	3,33,497	3,34,286	3,68,025	3,95,579	
Cash & Bank Balances	49,485	68,473	1,92,336	2,78,912	4,10,931	
Loans & Advances	0	0	0	0	0	
Other Current Assets	5,51,237	5,95,478	5,95,478	5,95,478	5,95,478	
Current Liab. & Prov.	6,31,773	6,48,022	6,74,800	6,88,814	7,00,260	
Current Liabilities	1,64,471	1,65,262	1,92,040	2,06,055	2,17,500	
Provisions & Others	4,67,302	4,82,759	4,82,759	4,82,759	4,82,759	
Net Current Assets	4,12,478	5,29,618	5,96,444	7,17,796	8,78,217	
Total - Assets	38,47,360	41,53,944	43,61,611	46,86,724	51,82,929	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	2,38,248	2,83,558	2,97,906	3,30,605	3,49,943	
Deprn. & Amort.	1,47,923	1,62,036	1,64,433	1,80,380	1,96,792	
Net Interest Exp. / Inc. (-)	1,10,921	1,19,548	1,45,335	1,50,374	1,69,943	
Inc (-) / Dec in WCap.	4,553	-93,368	55,736	-34,776	-28,402	
Others	10,630	-27,500	-22,000	-22,000	-22,000	
Taxes Paid	-40,757	-36,429	-72,494	-81,224	-86,386	
Operating Cash Flow	4,71,518	4,07,846	5,68,916	5,23,360	5,79,891	
Capex	-2,47,202	-3,07,413	-3,05,274	-3,84,141	-5,32,576	
Free Cash Flow	2,24,316	1,00,433	2,63,642	1,39,219	47,315	
Inc (-) / Dec in Investments	-8,952	-1,694	0	0	0	
Others	-5,297	-12,307	22,000	22,000	22,000	
Investing Cash Flow	-2,61,451	-3,21,414	-2,83,274	-3,62,141	-5,10,576	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-72,479	-74,194	-89,596	-94,673	-1,04,740	
Inc / Dec (-) in Loans	10,835	1,51,366	71,852	1,70,404	3,37,388	
Others	-1,50,524	-1,59,627	-1,44,035	-1,50,374	-1,69,943	
Financing Cash Flow	-2,12,168	-82,455	-1,61,780	-74,643	62,705	
Inc / Dec (-) in Cash	-2,101	3,977	1,23,862	86,576	1,32,020	
Opening Cash Balance	51,587	64,496	68,473	1,92,336	2,78,912	
Closing Cash Balance	49,485	68,473	1,92,336	2,78,912	4,10,931	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	9.7%	12.0%	12.0%	12.1%	11.9%	
Asset Turnover (x)	0.4	0.4	0.4	0.4	0.4	
Leverage Factor (x)	3.1	3.0	2.9	2.9	2.8	
RoE	12.1%	13.9%	13.5%	13.7%	13.3%	

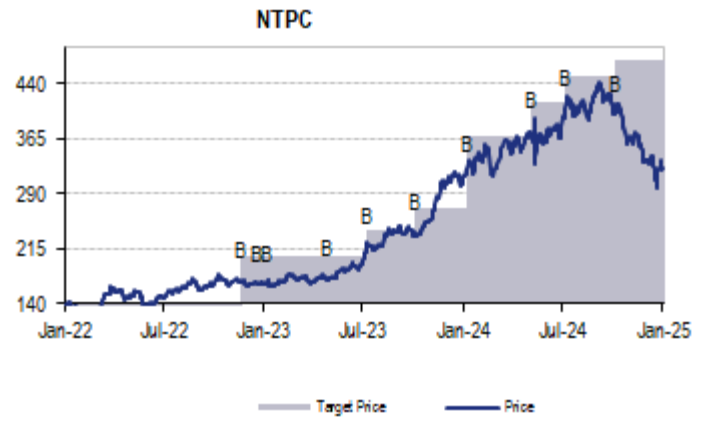
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	151.6	165.7	179.7	195.7	212.1	
ROIC	7.1%	7.1%	7.7%	8.1%	8.2%	
ROE	12.1%	13.9%	13.5%	13.7%	13.3%	
Net Debt/Equity (x)	1.5	1.4	1.3	1.2	1.2	
P/E (x)	18.3	14.7	13.9	12.6	11.9	
P/B (x)	2.1	2.0	1.8	1.7	1.5	
EV/EBITDA (x)	11.2	10.7	9.7	9.0	8.5	
EV/Sales (x)	3.0	3.1	2.9	2.7	2.6	
Debtor days	62	68	65	65	65	
Inventory days	29	37	29	29	29	
Creditor days	32	32	38	38	39	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Dec-22	Buy	205	
11-Jan-23	Buy	205	-0.2
29-Jan-23	Buy	205	0.2
20-May-23	Buy	205	-0.1
31-Jul-23	Buy	240	17.4
29-Oct-23	Buy	270	12.2
30-Jan-24	Buy	368	36.5
26-May-24	Buy	414	12.4
30-Jul-24	Buy	451	8.9
27-Oct-24	Buy	471	4.4

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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