

Strong Q4; Capacity Additions to Pick Up in FY26

Consensus Vs. Actual for Q4FY25: Revenue - **BEAT**; EBITDA - **BEAT**; PAT - **BEAT**

Change in Estimates post Q4FY25: FY26E/FY27E: Revenue: -3%/1%, EBITDA: -7%/0%, PAT: -4/7%

Recommendation Rationale

- **Total capacity addition:** NTPC group's installed capacity grew by 3,972 MW to 79,930 MW in FY25, mainly led by 3,312 MW of RE capacity (includes inorganic Anaya acquisition), while thermal capacity increased by only 660 MW. The total under-construction capacity stands at over 33,750 MW, with Thermal under construction at 16,900 MW, Solar at 9,629 MW, Wind at 4,966 MW and Hydro at 2,255 MW. Target CoD is 21 GW over FY26-27 (11.8/9.9 GW in FY26/27).
- **Thermal CoD to bunch up in FY26:** NTPC has a target of ~25 GW of Thermal capacity additions, out of which 16.9 GW is currently under construction. The company had a target of 2.8 GW commissioning in FY25, of which only 660 MW could be commissioned; the balance 2.1 GW is expected to now be commissioned in FY26. The FY26/27 commissioning target at the group level is now revised to 3.58/1.46 GW from the earlier target of 1.46 GW each in FY26/27. It will award 4/4.8/1.6 GW of thermal capacity in FY26/27/28, respectively.
- **RE targets:** NTPC has an ambitious target of 60 GW of RE capacity by 2032. Currently, it has 6.8 GW of installed RE capacity, 18 GW of contracted and awarded out of which 14.6 GW is under construction and 9 GW of pipeline capacity, the majority of which is through NGEL (listed on 27th Nov'24). In FY25, NGEL's capacity stood at 5.9 GW, and it added only 854 MW of RE capacity, excluding the inorganic acquisition of Ayana Renewable Power Pvt Ltd (company's 50:50 JV with ONGPL), which added an operational RE portfolio of 2,123 MW. Due to the slip-up in organic capacity addition, NGEL now plans to add ~6.5 GW of RE capacity in FY26 (from the earlier target of 5 GW). FY27 and onwards, it will target an 8 GW addition per annum (unchanged from earlier guidance). It has tied up 6 GW of land bank with 8 GW in pipeline, and connectivity is in place for the entire tied-up capacity.

Sector Outlook: Positive

Company Outlook & Guidance: The company has a capex plan of ~2.65 Lc Cr at the group level over FY26-28 (Rs 87,661 Cr at the standalone level). This will drive the growth in the regulated equity. Due to its strong vendor network and management, it expects lower execution risk in setting up thermal projects. The captive coal production target for FY26 is 45 MT, and it aims to produce 56 MT in FY27 and 60 MT by FY28.

Current Valuation: We value NTPC using SoTP with the thermal business at 2.1x (from 2.0x) P/BV on FY27 consolidated regulated equity, RE business at CMP (NGEL) after accounting for the 90% stake and considering a 25% Holdco discount, PSP optionality at Rs 23/share, CWIP and cash at 1x P/BV of FY25.

Current TP: Rs 400/share (Earlier TP: Rs 390/Share)

Recommendation: We maintain our **BUY** rating on the stock.

Financial Performance: NTPC reported a strong set of numbers. The consolidated Net sales were up 5%/11% YoY/QoQ to Rs 49,834 Cr, beating our and consensus estimates by 5% and 1% respectively. Gross generation grew 2%/4% YoY/QoQ to 95.2 BUs. EBITDA stood at Rs 14,754 Cr, up 4%/8% YoY/QoQ, beating our and consensus estimates by 5% and 3% respectively. EBITDA margin was 29.6%, down 20bps/73bps YoY/QoQ. PAT stood at Rs 7,897 Cr, up 22%/53% YoY/QoQ, beating our and consensus estimates by 42% and 31% respectively. PAT adjusted for regulatory deferral movement stood at Rs. 5,601 Cr.

Outlook: NTPC's robust thermal assets provide cash flow visibility. NGEL will unlock the RE business value with its aggressive RE capacity addition targets. We believe NTPC is a good portfolio bet given its stable dividend yield, and a further rerating potential cannot be ruled out if the peak deficits increase in future. We revise our FY26 EBITDA estimate downward by 7% post the results. Our FY27 EBITDA estimates are largely unchanged. Pick-up in RE installation pace and thermal CoD progress in FY26 will be a key monitorable.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Axis Sec Est	Var (%)
Net Sales	49,834	11%	5%	47,607	5%
EBITDA	14,754	8%	4%	14,044	5%
EBITDA Margin (%)	30	-73bps	-20bps	30	11bps
Reported PAT	7,897	53%	22%	5,548	42%
Reported EPS (Rs/sh)	7.9	50%	23%	5.7	37%

Source: Axis Securities

(CMP as of 23rd May, 2025)

CMP (Rs)	345
Upside /Downside (%)	16%
High/Low (Rs)	448/293
Market cap (Cr)	3,34,050
Avg. daily vol. (6m) Shrs.	139,46,350
No. of shares (Cr)	969.7

Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	51.10	51.10	51.10
FII	18.60	18.20	17.79
Mutual Funds / UTI	17.46	17.62	17.54
Financial Institutions	0.06	0.08	0.08
Others	12.78	13.00	13.49

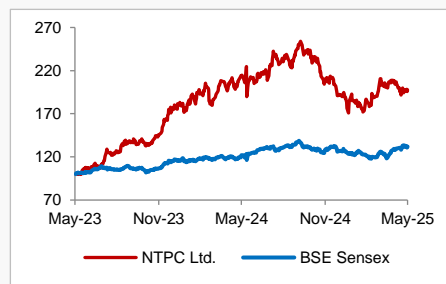
Financial & Valuations

(Rs Cr)	FY25A	FY26E	FY27E
Net Sales	1,88,138	1,96,303	2,12,099
EBITDA	54,128	57,821	67,376
Attrib. Net Profit	23,422	24,219	27,770
Adj EPS (Rs.)	24.16	24.98	28.64
PER (x)	15.24	13.80	12.03
P/BV (x)	1.94	1.68	1.54
EV/EBITDA (x)	10.27	9.74	9.05
ROE (%)	12.7%	12.1%	12.8%

Change in Estimates (%)

Y/E Mar	FY25A	FY26E	FY27E
Net Sales		-3%	1%
EBITDA		-7%	0%
Attrib PAT		-4%	7%

Relative Performance



Source: ACE Equity, Axis Securities

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Valuation & Recommendation

We maintain our **BUY** rating on **NTPC**. We value NTPC using SoTP with the thermal business at 2.1x (from 2.0x) P/BV on FY27 consolidated regulated equity, RE business at CMP (NGEL) after accounting for the 90% stake and considering a 25% Holdco discount, PSP optionality at Rs 23/share, CWIP and cash at 1x P/BV of FY25. Our Mar'26 TP of Rs 400/share indicates a potential upside of 16% from the CMP.

Key Concall Highlights

- **Regulated equity:** Standalone regulated equity for the power and mining business as of Q4FY25 stands at Rs 90,902 Cr, up 4% YoY and the consolidated regulated equity is at Rs 1,08,791 Cr, also up 4% YoY.
- **Captive Coal Production:** During FY25, the company's captive coal production stood at 45.82 MTPA, up 29% YoY. The coal production target for FY26 is 45 MTPA, and it aims to produce 60 MTPA by FY28. Captive coal ensures LT fuel security for operations, and it grew 4x in the last 5 years.
- **Energy Storage:** The company, along with its subsidiaries, has ~21.2 GW of pumped storage projects (PSP) portfolio, and the first 1,000 MW (at Tehri PSP) is expected to be commissioned in FY26, and it will add 3 to 5 GW more by FY32. The company has already completed preliminary feasibility reports for 18 projects, and detailed project reports for 4 projects are in the advanced stage.
- **Focus on Nuclear Energy:** In line with the national target of 100 GW of nuclear capacity by 2047, NTPC has an ambitious target to develop 30 GW of nuclear projects. The government has approved ASHVINI, a JV to build, own and operate nuclear power plants. Further, the company is also in the process of executing the Mahi Banswara Rajasthan Atomic Power Projects, comprising 4x700 MW reactors. In Jan'25, the company incorporated NTPC Pramanu Urja Nigam Limited as a wholly owned subsidiary to explore advanced nuclear technologies, including pressurised water reactors, small modular reactors, and fast-breeding reactors.
- **Mahi Banswara Rajasthan Atomic Power Project,** comprising 4x 700 MW reactors, has received site clearances from AERB and Environment clearances. It is currently awaiting excavation clearances, post which commissioning is expected by FY32. Total estimated capex will be at Rs 18 Cr/MW, totalling to Rs 50,400 Cr, and the execution time will be ~6 years with an expected tariff in the range of Rs 7.5-8.5 per kWh. The PPAs for the project are now signed so far, however, there are consenting states which has given in-principle consent, with Rajasthan at 1400 MW, Gujarat at 510 MW, Andhra Pradesh at 560 MW and Chhattisgarh at 300 MW.
- **Flue-gas desulfurisation (FGD):** Total FGD planned is at 69.9 GW. In FY25, the company has commissioned 19,730 MW of FGD capacity, and an additional 48,710 MW is under construction. 1,454 MW of FGD capacity is currently under award.
- **NGEL - Tariff-Based Competitive Bidding:** During FY25, NGEL has secured 2,570 MW of TBCB projects, which include 1,000 MW of a solar power project with UPPCL at a tariff of Rs 2.56 per kWh in the solar power auction. It has also secured 500 MW and 670 MW of solar capacities from SECI and NHPC with tariffs of Rs 3.52 per kWh and Rs 3.09 per kWh, respectively; both featuring integrated RE energy solutions.
- **NGEL's Strategic partnerships with various state governments to facilitate land acquisition:** NGEL has entered into various strategic partnerships to accelerate its renewable growth trajectory. These include 1) A 74:26 JV with RUVNL to develop RE and hydrogen parks up to 25 GW. 2) A 50:50 JV with New & Renewable Energy Development Corporation of Andhra Pradesh Limited (NREDCAP) to develop RE Projects up to 25 GW capacity, PSP up to 10 GW capacity and Green Hydrogen Projects. 3) A 51:49 JV with UPRVUNL, to establish RE Parks & Projects in UP up to ~2 GW. 4) A 50:50 JV with MAHAGENCO to focus on RE Parks in Maharashtra up to 2.5 GW. 5) A 74:26 JV of NGEL and Mahatma Phule Renewable Energy and Infrastructure Technology Limited (MAHAPREIT), which will be engaged in the business of developing, operating and maintaining RE Parks. 6) A 74:26 JV with Chhattisgarh State Power Generation Company Limited (CSPGCL) for the development of RE Projects up to 2 GW capacities and an MoU with Madhya Pradesh Power Generating Company Limited (MPPGCL) for the setting up of Projects comprising Solar/Wind/Hybrid with or without storage up to 20 GW.
- **Ayana Renewable:** The company's JV ONGPL recently acquired Ayana Renewable Power Pvt Ltd, which has an operational RE portfolio of 2,123 MW and a contracted/awarded RE portfolio of 1,989 MW. The enterprise value of this transaction was Rs. 19,251 Cr with expected attributable capex of 3,934 Cr from NTPC – leading to attributable EV of Rs Rs 23,185 Cr for NTPC. With an

expected steady state EBITDA of Rs 2,762 Cr, the transaction implies an EV/EBITDA multiple of 8.4x for the acquisition.

- **The thermal project at Obra and Anpara (units of MUNPL JV)** is delayed due to coal requirement issues with the UP government. The UP government is looking to source coal for the project from Northern Coalfields Ltd. (NCL), whereas coal production from NCL has some restrictions; hence, the awarding of this project is suspended now.
- **Under recovery:** For FY25, the company's under-recovery stood at Rs 464 Cr with a positive recovery of 4 Cr in Q4FY25.
- **Finance cost:** The borrowing cost for FY25 was 6.61% as against 6.67% in FY24.
- **International presence:** The company is expanding its international presence with a 50 MW solar project in Sri Lanka and it has a consultancy agreement as project management consultant for 6,620 MW of solar projects under the International Solar Alliance.

Key Risks to Our Estimates and TP

- Delays in the commissioning of the Thermal and RE capacity.
- Financial position of the Discom. NTPC's trade receivables are dependent on the timely payment from state Discoms
- Lower Thermal Power Plant PLF and PAF.

Change in Estimates

	Revised			Old			% Change		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25	FY26E	FY27E
Net Sales	1,88,138	1,96,303	2,12,099	1,90,022	2,01,769	2,10,928	-1%	-3%	1%
EBITDA	54,128	57,821	67,376	56,725	62,141	67,535	-5%	-7%	0%
Attr. Net Profit	23,422	24,219	27,770	23,621	25,169	26,055	-1%	-4%	7%

Source: Axis Securities

Results Review Q4FY25

Y/E March (Rs Cr)	Q4FY24	Q3FY25	Q4FY25	%YoY	%QoQ	Consensus	% Var	Axis Sec Est	% Var
Gross Generation (BUs)	93.4	91.3	95.2	2%	4%			95.2	
Net Sales	47,622	45,053	49,834	5%	11%	49,581	1%	47,607	5%
Expenditure	33,427	31,386	35,080	5%	12%		NA	33,563	5%
EBITDA	14,195	13,667	14,754	4%	8%	14,378	3%	14,044	5%
<i>EBITDA (%)</i>	29.8	30.3	29.6	-20bps	-73bps	29.0	61bps	29.5	11bps
Depreciation	4,271	4,318	4,663	9%	8%		NA	4,761	-2%
EBIT	9,924	9,349	10,091	2%	8%		NA	9,283	9%
Other income	1,194	545	1,251	5%	130%		NA	576	117%
Interest	2,955	2,764	3,648	23%	32%		NA	2,920	25%
Share of income in Asso.	211	457	633	199%	38%		NA	457	38%
PBT	8,375	7,588	8,327	-1%	10%		NA	7,397	13%
Tax	1,674	2,075	2,726	63%	31%		NA	1,849	47%
<i>Tax rate (%)</i>	20	27	33	1,275bps	539bps		NA	25	31%
Reg def Acc (net of tax)	-211	-343	2,296	NA	NA		NA	0	
<i>Exceptional items</i>	-	-		NA			NA	-	NA
Reported PAT	6,490	5,170	7,897	22%	53%	6,017	31%	5,548	42%
PAT (adjusted for reg def acc)	6,701	5,513	5,601	-16%	2%	6,017	-7%	5,548	1%
EPS (Rs)	6.4	5.2	7.9	23%	50%	6.2	27%	5.7	37%
EPS (Rs) (adjusted for reg def acc)	6.6	5.6	5.5	-17%	-2%	6.2	-12%	5.7	-4%
Cost-break up	Q4FY24	Q3FY25	Q4FY25	% YoY	% QoQ				
Raw Material Costs	26,519	25,823	26,485	0%	3%				
<i>% of sales</i>	56%	57%	53%	-254bps	-417bps				
<i>RM/MU</i>	2.8	2.8	2.8	-2%	-2%				
Staff Costs	1,857	1,623	2,005	8%	24%				
<i>% of sales</i>	4%	4%	4%	12bps	42bps				
Other Expenses	5,051	3,939	6,590	30%	67%				
<i>% of sales</i>	11%	9%	13%	262bps	448bps				
	Q4FY24	Q3FY25	Q4FY25	%YoY	%QoQ				
NTPC Gr Installed MW	75,958	76,598	79,930	5%	4%				
Coal Plant PLF %	79.8	76.0	81.24	147bps	526bps				
Coal Plant PAF %	89.4	89.6	92.52	310bps	294bps				

Source: Company, Bloomberg Consensus

Financials (Consolidated)
Profit & Loss

(Rs Cr)

Y/E March	FY24A	FY25A	FY26E	FY27E
Revenue from Operations	1,78,501	1,88,138	1,96,303	2,12,099
Operating expenses	1,03,995	1,07,032	1,12,297	1,16,725
Employee benefits expense	6,592	6,796	7,061	7,337
Other Expense	16,821	20,182	19,123	20,662
Total Expenditure	1,27,408	1,34,010	1,38,482	1,44,723
EBITDA	51,093	54,128	57,821	67,376
EBITDA Margin %	29%	29%	29%	32%
Depreciation	16,204	17,401	18,139	20,207
Other Income	2,665	2,724	2,945	3,181
Interest	12,048	13,168	15,216	17,765
Exceptional Items	-	-	-	-
Profit Before Tax	25,506	26,283	27,411	32,586
Tax	6,809	8,245	8,599	10,222
Net Profit	18,697	18,038	18,812	22,363
Share of profits of JVs	1,636	2,214	2,236	2,236
Movement in a regulatory deferral account	1,000	3,702	3,702	3,702
Reported Net Profit	21,332	23,953	24,750	28,301
Minority interest	521	531	531	531
Attributable Net Profit	20,812	23,422	24,219	27,770
Wt Avg No of shares (Basic and Diluted) (Cr)	970	970	970	970
EPS (Rs/sh)	22.00	24.70	25.52	29.19
Adj EPS (Rs/sh)	21.46	24.16	24.98	28.64
DPS (Rs/sh)	7.75	8.35	10.46	11.97

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY24A	FY25A	FY26E	FY27E
Capital Employed				
Share Capital	9,697	9,697	9,697	9,697
Reserves Total	1,51,013	1,74,374	1,89,736	2,07,192
Total Shareholders' Funds	1,60,709	1,84,071	1,99,432	2,16,889
Minority Interest	4,413	7,052	7,052	7,052
Secured Loans	1,90,215	2,01,054	2,38,995	2,79,467
Unsecured Loans	2,091	2,521	2,521	2,521
Total Debt	1,92,306	2,03,575	2,41,516	2,81,988
Other Liabilities	5,434	6,305	6,305	6,305
Deferred Tax Liability	15,232	18,999	18,999	18,999
Total Liabilities + Equity	3,78,094	4,20,001	4,73,304	5,31,232
Capital Applied				
Non-Current Assets				
Net PPE	2,59,051	2,71,597	2,99,407	3,55,999
CWIP	87,664	1,00,859	1,20,681	1,24,920
Regulatory Deferral Account balance	14,856	18,731	18,731	18,731
Non-Current Investments	15,835	19,654	19,654	19,654
Other Non-Current Assets	19,755	20,433	20,433	20,433
Total Non-Current Assets	3,97,161	4,31,273	4,78,906	5,39,736
Net Current Assets				
Inventories	18,019	18,722	17,210	18,595
Sundry Debtors	33,350	34,720	34,958	37,771
Cash and Bank	6,847	11,457	19,611	13,506
Other Current Assets	24,819	27,992	27,992	27,992
Total Current Assets	83,036	92,892	99,771	97,864
Less: Current Liabilities and Prov				
Current Liabilities				
Creditors	11,338	11,160	12,370	13,365
Other Current Liabilities	83,704	85,287	85,287	85,287
Provisions	7,060	7,717	7,717	7,717
Total Current Liabilities	1,02,102	1,04,163	1,05,373	1,06,368
Net Current Assets	-19,067	-11,272	-5,602	-8,504
Total Assets	3,78,094	4,20,001	4,73,304	5,31,232

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E March	FY24A	FY25A	FY26E	FY27E
Profit before tax	28,356	32,991	34,108	39,282
Depreciation	16,204	17,401	18,139	20,207
Interest Expenses	11,955	13,048	15,216	17,765
Non-operating / EO item	-2,750	-6,668	-2,945	-3,181
Change in W/C	-9,337	-2,022	2,484	-3,203
Income Tax (Paid)/Refund	-3,643	-4,314	-8,599	-10,222
Operating Cash Flow	40,785	50,436	58,403	60,648
Capital Expenditure	-30,816	-41,283	-65,772	-81,037
Free Cash Flow	9,969	9,153	-7,369	-20,389
Other Investments	-1,325	-4,516	2,945	3,181
Investing Cash Flow	-32,141	-45,800	-62,827	-77,856
Proceeds / (Repayment) of Borrowings	15,137	13,118	37,941	40,472
Finance cost paid	-15,832	-8,207	-15,216	-17,765
Dividend paid	-7,419	-17,874	-10,147	-11,603
Other Financing Activities	-	9,027	-	-
Financing Cash Flow	-8,246	-4,073	12,579	11,103
Change in Cash	398	563	8,154	-6,105
Opening Cash	6,450	10,894	11,457	19,611
Closing Cash	6,847	11,457	19,611	13,506

Source: Company, Axis Securities

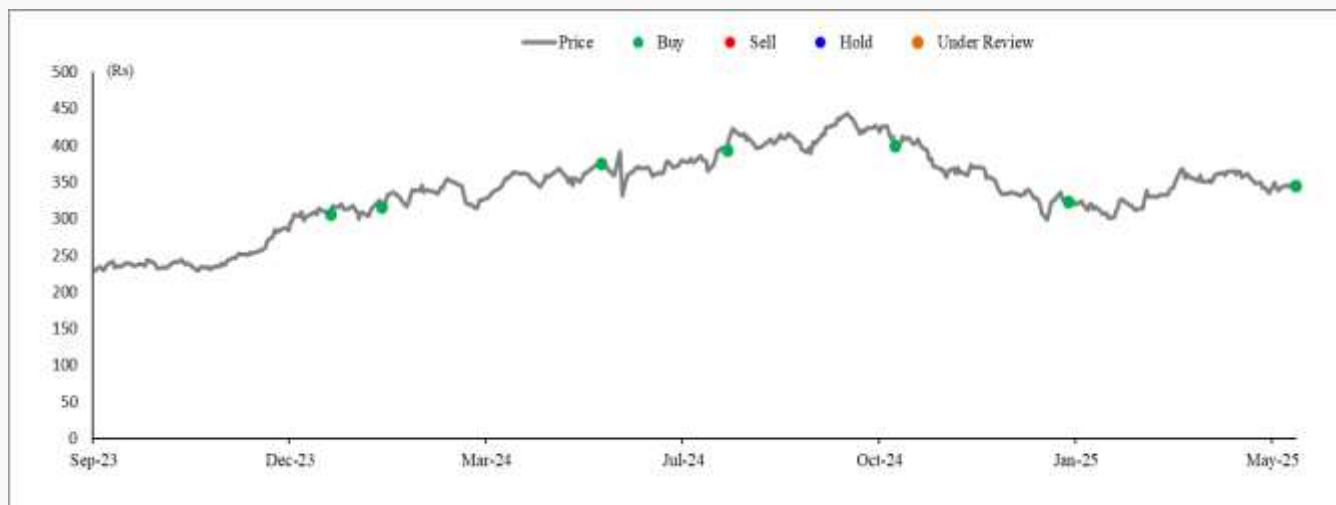
Ratio Analysis

(%)

Y/E March	FY24A	FY25A	FY26E	FY27E
Operational Ratios				
Revenue growth (% YoY)	1%	5%	4%	8%
EBITDA growth (% YoY)	7%	6%	7%	17%
Attrib Net Profit growth (% YoY)	23%	13%	3%	15%
EBITDA Margin %	29%	29%	29%	32%
Attrib Net profit Margin %	12%	12%	12%	13%
Tax Rate %	27%	31%	31%	31%
Efficiency Ratios				
Total Asset Turnover (x)	0.37	0.36	0.34	0.33
Sales/Gross block (x)	0.48	0.47	0.44	0.40
Sales/Net block(x)	0.69	0.69	0.66	0.60
Valuation Ratios				
PER (x)	16.06	15.24	13.80	12.03
P/BV (x)	2.08	1.94	1.68	1.54
EV/Ebitda (x)	10.26	10.27	9.74	9.05
EV/Sales (x)	2.94	2.96	2.87	2.87
Dividend Yield (%)	0.02	0.02	0.03	0.03
Return Ratios				
ROE	13.0%	12.7%	12.1%	12.8%
ROCE	9.5%	9.2%	8.9%	9.4%
ROIC	7.8%	7.2%	7.1%	7.3%
Leverage Ratios				
Debt/equity (x)	1.16	1.07	1.17	1.26
Net debt/ Equity (x)	1.12	1.01	1.07	1.20
Net debt/Ebitda (x)	3.63	3.55	3.84	3.98

Source: Company, Axis Securities

NTPC Price Chart and Recommendation History



Date	Reco	TP	Research
04-Jan-24	BUY	345	Initiating Coverage
31-Jan-24	BUY	350	Result Update
27-May-24	BUY	420	Result Update
30-Jul-24	BUY	450	Result Update
26-Oct-24	BUY	450	Result Update
27-Jan-25	BUY	390	Result Update
26-May-25	BUY	400	Result Update

Source: Axis Securities Research

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