



Duration: 6-9 Months

CMP (Rs)	Target (Rs)	Potential Upside (%)
326	360	10%

MARKET DATA

No. of Shares	970 Cr
Market Cap	3,15,287
52-week High / Low	448/292
BSE Code	532555
NSE Code	NTPC

Why NTPC

- ✓ **Pick-up in Power Demand**
- ✓ **Expansion in both Thermal and RE Capacity**
- ✓ **Focus on Nuclear Energy**

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About the Company

NTPC Ltd (NTPC) is the largest power producer in the country. It was conferred a Maharatna status in 2010, which provides it with more operational and financial flexibility. NTPC group is the leader in power production in India, with an installed capacity of 76.6 GW. It has total under-construction projects of over 30 GW and approvals for 8 GW of thermal projects.

Investment Rationale

- Pickup in power demand:** Over FY13-F23, the power demand in India grew at a CAGR of ~4.3% and the peak demand by 4.7%. Feb'25 saw a pick-up in the power demand. For 1st-18th Feb 2025, India's electricity consumption was 89BU, up 6.9% YoY. Peak demand in Feb'25 so far reached 238 GW (up 6.9% YoY). The Feb-25 pick-up is the best since the monthly power demand slowdown started in Jul'24. The demand is expected to improve further in the upcoming summer.
- Therma Expansion:** The government plans to add 80 GW of thermal capacity by 2032 to meet the growing power demand. Out of the 80 GW, NTPC will invest in 25 GW. Out of the 25 GW, 17.6 GW is currently under construction and approval for 8 GW is in place. The company is targeting to award 7.2 GW of thermal capacity by FY27. Of the 7.2 GW, NIT has been issued for 2.4 GW and is expected to conclude by the end of FY25. The balance of 4.8 GW will be awarded over the next two fiscal years. The company plans to commission 2.8/1.46/1.46 GW of thermal projects over FY25/26/27.
- RE expansion through NGEL:** NTPC has an ambitious target of 60 GW of renewable capacity (RE) by 2032. The majority of which will be done through NGEL. The installed RE capacity as of 31st Dec'24 stands at 3,475 MW, with 550 MW of capacity added during 9 months ended Dec'24 and 135 MW added during Q4FY25 till date. NGEL plans to add a further 3,088 MW in Q4FY25 along with its JVs/subsidiaries. It will add 3/5/8 GW of RE capacity over FY25/26/27. The company has complete visibility for the targeted capacity additions with 13.9 GW contracted and awarded capacity supported by firm PPAs. The company has resources in place, and transmission is tied up for targeted additions up to FY25.
- Focus on Nuclear Power:** In the recent Union Budget, the government announced a target to develop at least 100 GW of nuclear energy by 2047 under the Nuclear Energy Mission. NTPC plans to build 30 GW of nuclear capacity over the next 2 decades against an earlier estimate of 10 GW. The estimated capex for this would be \$ 62 Bn. The Government of India has recently approved the transfer of the Mahi Banswara 4x700 MW Nuclear Power Project to ASHVINI. Mahi Banswara's all four units will be commissioned by FY32.
- Recommendation:** We believe that with the recent price corrections, and expected pick up in demand in summer, the current CMP provides a good entry point. **We recommend a BUY rating on the stock with a target price of Rs 360/share, implying an upside of 10% from the CMP**

Financial Summary (Consolidated)

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBIDTA (x)	P/BV (x)	RoE (%)
FY24	1,78,501	51,093	20,812	21.46	15.19	9.9	1.97	13.00%
FY25E	1,90,022	56,725	23,621	24.36	13.38	9.27	1.8	13.50%
FY26E	2,01,769	62,141	25,169	25.96	12.56	8.78	1.66	13.20%

Source: Axis Securities Research. CMP as on 21st February 2025

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