

# Shubh Nivesh



## Best play in the utility space...

**About the stock** NTPC is India's largest power generation company with a total installed capacity of ~76000 MW at the group level as of Q1FY25.

- NTPC has 17% of total installed capacity in India with 24% generation share.
- The company's vision is to become a 130 GW+ company by 2032 of which 60 GW would be contributed by renewable energy.

### Investment Rationale:

- Adding thermal and scaling renewable; best combo:** NTPC has been the only company which has added coal-based capacities and reached an installed base of 76000 MW. Going ahead, NTPC is having ~21000 MW of capacities under construction out of which coal/Hydro and renewables stands at 9560/2255/9214 MW respectively. This we believe will lead to 11% generation growth supported by strong PLF's (averaging above national level PLF's) on thermal business and will help regulated equity growth at a CAGR of 9% from ₹ 87713 crore in FY24 to over ₹100000 crore by FY26E.
- Strong visibility on renewables, eyeing scale in the nuclear segment:** The company plans to reach 16000 MW of renewable capacity by FY27E. Currently, the company has 3500 MW of installed renewable capacity. It has also signed a supplementary JV agreement with NPCIL for development of nuclear power projects. Its also planning project of 2.8 GW capacity (Approximate Cost - 2017 level: ₹42,000 crore) and exploring SMR technology in collaboration with BARC.

### Rating and Target Price

Strong presence in the thermal power capacity and strong scale up in the renewable space makes NTPC as our top pick in the utility space. Aggressive foray into the renewable space and other green energy avenues will keep NTPC in a sweet spot. Going ahead we believe monetisation of the green renewable subsidiary and strong capacity addition trajectory will drive good financial performance for the company in the medium to long run. We maintain our BUY rating on NTPC target pegged at ₹ 500 per share (based on 2.7x FY26E Book Value).



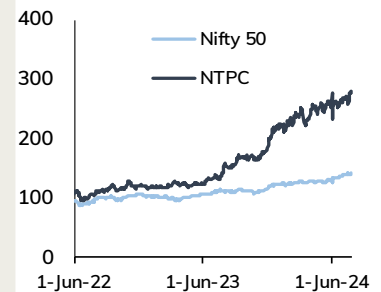
### Particulars

Particulars	₹ crore
Market Capitalisation	404,000
Debt (FY23)	222,252
Cash (FY23)	2,438
EV	615,814
52 week H/L (₹)	425/212
Equity capital	9,696.70
Face value (₹)	10

### Shareholding pattern

	Sep-23	Dec-23	Mar-24	Jun-24
Promoter:	51.1%	51.1%	51.1%	51.1%
FII	15.8%	16.7%	17.1%	17.9%
DII	30.2%	29.0%	28.7%	27.6%
Others	2.9%	3.2%	3.1%	3.4%

### Price Chart



### Recent event & key risks

- Slowdown in power demand
- Delay in execution of renewable capacity or monetisation of the renewable subsidiary.

### Research Analyst

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### Key Financial Summary

	FY22	FY23	FY24	5 year CAGR(FY18-FY24)	FY25E	FY26E	2 year CAGR(FY24-FY26E)
Net Sales	121174.6	163769.8	161985.0	8.9%	199363.4	221293.4	16.9%
EBITDA	36016.0	43228.4	43182.4	11.8%	59629.3	67831.9	25.3%
EBITDA Margins (%)	29.7	26.4	26.7		29.9	30.7	
Net Profit	16273.0	17196.7	18079.4	8.3%	25146.5	29064.6	26.8%
EPS (Rs)	16.4	17.4	18.2		25.4	29.3	
P/E	25.0	23.6	22.5		16.2	14.0	
RONW (%)	11.5	12.9	11.5		15.6	16.1	
ROCE (%)	9.1	10.7	9.8		13.3	13.8	

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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