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Strong start to capacity addition in FY26E

About the stock: NTPC is India's largest power generation company with a total installed capacity of ~79930 MW at the group level as of FY25.

- NTPC has 17% of total installed capacity in India with 25% generation share
- The company's vision is to become a 149 GW+ company by 2032 of which 60 GW would be contributed by renewable energy.

Q1FY26 performance: NTPC reported mixed set of earnings as early monsoon onset impacted coal PLF by 523 bps in Q1FY26. The company reported gross generations of 91.3 billion units down 6.7% while energy sold declined by 7.4% YoY at 84.6 billion units. Hence the revenue for the quarter stood at Rs 42572 crore down 4.2% YoY. The PLF for Q1FY26 at 75% whereas the same for the gas-based stations PLF was at 11%. On the positive side, the company has added 1810 MW and 6598 MW of capacity on standalone and consolidated basis respectively. Out of this, 4618 MW of capacity was added on the renewable side whereas thermal segment saw an addition of 1980 MW which we believe is in line with company guidance. The adjusted PAT for Q1FY26 stood at Rs 4414 crore, up 5.2% YoY. The regulated equity stood at Rs 92344 crore and Rs 111393 crore at standalone and consolidated level.

Investment Rationale

- Upward revision to FY32E capacity addition target:** On an overall basis, NTPC was earlier targeting capacity of 130 GW by FY32E which has now been revised to 149 GW on the back of increasing scale up that will happen on the thermal side, pump hydro storage, BESS and nuclear energy. The core renewable target stands at 60+ GW by FY32E. The company. The company has aggressive capex plans of | 7 lakh crore by FY32E.
- FY26E expected to see strong addition and awards :** In Q1FY26, the company has added capacity to the tune of 6598 MW which lends solid credence to the fact that company is on track to achieve 6000 MW of solar capacity. As of Q1FY26, Solar and wind forms 8% and 1% of the 82646 MW under operation. The company plans to award 7.2GW of thermal capacity and 2.8GW of nuclear capacity in FY26. The company plans to reach 20 GW of renewable capacity by FY27E

Rating and Target Price

- We believe 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 ₹435 per share (based on SOTP Valuations).



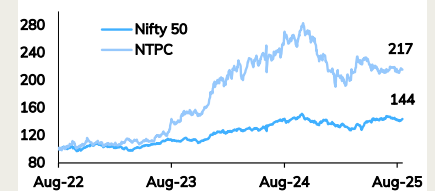
Particulars

Particulars	Rs. crore
Market Capitalisation	3,31,626
Debt (FY24)	2,35,040
Cash (FY24)	6,847
EV	5,59,819
52 week H/L (Rs.)	448/297
Equity capital	9,696.70
Face value (Rs.)	10

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	51.1	51.1	51.1	51.1
FII	18.6	18.2	17.8	16.1
DII	26.5	26.8	27.2	28.9
Others	3.8	3.9	3.9	3.9

Price Chart



Key risks

- Slowdown in power demand
- Delay in execution of renewable capacity.

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Key Financial Summary

Key Financials	FY23	FY24	FY25E	5 year CAGR (FY20-25E)	FY26E	FY27E	2 year CAGR (FY25E-27E)
Net Sales	1,63,769.8	1,61,985.0	1,89,160.3	14.1%	2,04,293.1	2,18,593.6	7.5%
EBITDA	43,228.4	43,182.4	50,477.0	13.3%	56,323.4	64,361.9	12.9%
EBITDA Margins (%)	26.4	26.7	26.7		27.6	29.4	
Net Profit	17,196.7	18,079.4	19,476.0	14.0%	22,396.7	24,970.4	13.2%
EPS (₹)	17.4	18.2	19.7		22.6	25.2	
P/E	18.4	18.7	17.4		15.1	13.6	
RoNW (%)	12.9	11.4	12.3		13.0	13.3	
RoCE (%)	10.7	9.8	11.1		11.4	11.4	

Source: Company, ICICI Direct Research

Key Result and Analyst meet highlights

- The consolidated regulated equity stands at ₹108,791 crore vs ₹104,331 crore in PY, growth of 4.3% YoY.
- The company has added 1810 MW and 6598 MW of capacity on standalone and consolidated basis respectively. Out of this, 4618 MW of capacity was added on the renewable side whereas thermal segment saw an addition of 1980 MW which we believe is in line with company guidance.
- The company has incurred a capex of Rs 11300 crore in Q1FY26 vs. Rs 7000 crore in Q1FY25. On a longer-term basis, the company plans to incur a capex of Rs 7 lakh crore by FY32 in order to achieve its stated capacity addition objectives.
- The company has revised its capacity addition target of 130 GW by FY32E to 149 GW by FY32E now. Some of the targets that company has set aside: a) 27 GW of capacity addition on thermal side in medium term, b) 60 GW renewable capacity by FY32, c) pump storage capacity of 3-5 GW by FY32 and d) 30 GW Nuclear by 2047.
- The company plans to award 7.2GW of thermal capacity and 2.8GW of nuclear capacity in FY26E.
- NTPC has stopped the installation of additional FGD in its under construction thermal plants post the change in FGD mandate. CEA has formed a committee to decide the financial impact of the change in mandate.
- On the PSP side, the company has commissioned 500 MW in Q1FY26 and will add another 500 MW in 9MFY26 taking the total capacity to 1000 MW by FY26 end.
- Capacity under construction stands at 31 GW which provides strong visibility over next 3-5 years.

Exhibit 1: SOTP Valuation

Particulars	Basis	Value (Rs. Crore)	Per share Value
Net Sales	15x FY27E EPS	3,64,334.0	375.7
NTPC Green	30% Holdco Discount on Mcap	57,939.0	59.8
Fair Value			435.5

Source: Company, ICICI Direct Research

Key Financials

Exhibit 2: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25E	FY26E	FY27E
Total operating Incc	1,61,985	1,89,160	2,04,293	2,18,594
Growth (%)	66	17	8	7
Raw Material Expei	97,919	1,15,598	1,22,576	1,26,299
Employee Expenses	5,670	6,351	6,986	7,684
Other expenses	15,213	16,735	18,408	20,249
Total Operating Exp	1,18,803	1,38,683	1,47,970	1,54,232
EBITDA	43,182	50,477	56,323	64,362
Growth (%)	92	34	27	35
Depreciation	13,943	16,268	17,365	19,673
Interest	10,251	13,241	14,096	16,395
Other Income	3,722	5,000	5,000	5,000
PBT	22,711	25,968	29,862	33,294
Others	1,969	0	0	0
Total Tax	6,600	6,492	7,466	8,323
PAT	18,079	19,476	22,397	24,970
Adjusted PAT	18,079	19,476	22,397	24,970
Growth (%)	79	8	15	11

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25E	FY26E	FY27E
Profit Before Tax	18,079	19,476	22,397	24,970
Add: Depreciation	13,943	16,268	17,365	19,673
(Inc)/dec in Current Assets	1,207	-17,385	-9,413	-8,519
Inc/(dec) in CL and Provisi	-956	10,934	5,108	3,444
Others	10,251	13,241	14,096	16,395
CF from operating activitie	42,023	55,436	58,164	66,113
(Inc)/dec in Investments	2,246	0	-10,000	-5,000
(Inc)/dec in Fixed Assets	-20,000	-20,000	-30,000	-35,000
Others	0	1	2	3
CF from investing activitie	-17,754	-19,999	-39,998	-39,997
Issue/(Buy back) of Equity	0	1	2	3
Inc/(dec) in loan funds	29,164	-1,592	13,735	12,596
Dividend paid & dividend	-7,678	-7,925	-8,916	-8,916
Inc/(dec) in Sec. premium	3	4	5	6
Others	-10,251	-13,241	-14,096	-16,395
CF from financing activitie	11,239	-22,753	-9,271	-12,705
Net Cash flow	-5,169	4,914	-5,470	7,778
Opening Cash	3,823	2,654	7,567	2,098
Closing Cash	2,654	7,567	2,098	9,876

Source: Company, ICICI Direct Research

Exhibit 4: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25E	FY26E	FY27E
Liabilities				
Equity Capital	9,895	9,895	9,895	9,895
Reserve and Surplu	1,36,954	1,48,505	1,61,986	1,78,041
Total Shareholders	1,46,849	1,58,400	1,71,881	1,87,935
Total Debt	1,88,145	1,93,789	2,13,168	2,45,143
AAD	1,947	1,947	1,947	1,947
Minority Interest / O	1,152	1,152	1,152	1,152
Total Liabilities	3,38,092	3,55,288	3,88,147	4,36,177
Assets				
Gross Block	3,43,995	3,63,995	3,93,995	4,28,995
Less: Acc Depreciat	96,432	96,959	97,566	98,118
Net Block	2,47,563	2,67,036	2,96,429	3,30,877
Capital WIP	88,067	1,03,067	1,33,067	1,63,067
Total Fixed Assets	3,35,629	3,70,103	4,29,496	4,93,944
Investments	32,239	32,239	32,239	32,239
Inventory	17,820	20,802	22,195	23,135
Debtors	16,199	18,916	20,429	21,859
Loans and Advance	40,496	47,290	51,073	54,648
Other Current Asset	29,157	34,049	36,773	39,347
Cash	2,654	7,567	2,098	9,876
Total Current Asset	1,06,326	1,28,625	1,32,569	1,48,865
Creditors	19,602	22,883	24,415	25,448
Other Liabilities	45,739	53,393	56,968	59,379
Provisions	7,466	7,466	7,466	7,466
Total Current Liabil	72,808	83,742	88,850	92,294
Net Current Assets	33,519	44,883	43,719	56,571
Others Assets	0	1	2	3
Application of Fund	3,38,092	3,55,288	3,88,147	4,36,177

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY24	FY25E	FY26E	FY27E
Per share data (Rs)				
EPS	18.2	19.7	22.6	25.2
Cash EPS	32.4	36.1	40.2	45.1
BV	148.4	160.1	173.7	189.9
DPS	7.8	8.0	9.0	9.0
Cash Per Share	2.7	7.6	2.1	10.0
Operating Ratios (%)				
EBITDA Margin	26.7	26.7	27.6	29.4
PBT / Total Operating incc	14.0	13.7	14.6	15.2
PAT Margin	11.2	10.3	11.0	11.4
Inventory days	66.4	65.7	66.1	66.9
Debtor days	36.5	36.5	36.5	36.5
Creditor days	10.1	10.1	10.1	10.1
Return Ratios (%)				
RoE	11.4	12.3	13.0	13.3
RoCE	9.8	11.1	11.4	11.4
RoIC	9.4	10.2	10.5	10.9
Valuation Ratios (x)				
P/E	18.7	17.4	15.1	13.6
EV / EBITDA	11.6	10.0	9.4	8.6
EV / Net Sales	3.1	2.7	2.6	2.5
Market Cap / Sales	2.1	1.8	1.7	1.5
Price to Book Value	2.3	2.1	2.0	1.8
Solvency Ratios				
Debt/EBITDA	4.4	3.8	3.8	3.8
Debt / Equity	1.3	1.2	1.2	1.3
Current Ratio	1.6	1.7	1.6	1.8
Quick Ratio	0.0	0.1	0.0	0.1

Source: Company, ICICI Direct Research

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Buy: >15%

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Reduce: -15% to -5%;

Sell: <-15%



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