

CMP: ₹ 355

Target: ₹ 440 (24%)

Target Period: 12 month

February 1, 2026

BUY

Muted Q3FY26; Capacity addition on track...

About the stock: NTPC is India's largest power generation company with a total installed capacity of ~85637 MW at the group level as of Q3FY26

- NTPC has 17% of total installed capacity in India with ~24% generation share
- The company's vision is to become a 244 GW+ company by 2037 of which ~120 GW would be contributed by renewable energy.

Q3FY26 performance: NTPC reported muted earnings as lower demand and grid restrictions impacted coal PLF by 495 bps in Q3FY26 to come in at 71%. The company reported gross standalone generation of 87.3 billion units (BU) down 4.3% YoY while energy sold declined 4.8% YoY to 81 BUs. However, on account of higher YoY tariff the standalone revenue for the quarter stood at ₹40843.8 crore down 1.2% YoY. The PLF for Q3FY26 at 71% whereas the same for the gas-based stations PLF was at 4.5%. The company has added 6615MW on consolidated basis for 9MFY26. In Q3FY26, the company added 1744 MW of capacity. The adjusted PAT for Q2FY26 stood at ₹4635 crore, flat YoY. The regulated equity stood at ₹94415 crore and ₹118970 crore at standalone and consolidated level. The average realisation increased to ₹4.9 per unit in 9MFY26 vs ₹4.68 in (MFY25). NTPC announced 2nd interim dividend of ₹2.75 per share.

Investment Rationale

- **Grid restrictions hamper volume growth in Q3FY26:** The company reported gross standalone generation of 87.3 billion units (BU) down 4.3% YoY while energy sold declined 4.8% YoY to 81 BUs. For 9MFY26, gross generation and energy sold declined by 5.7% YoY and 6.2% YoY respectively. The PLF and PAF for the coal-based stations stood at 71% and 90.8% respectively for Q3FY26. From a capacity composition perspective, share of coal-based stations stood at 76% while that of renewables stood at 16% as of Q3FY26. Going ahead we expect revenues and PAT to exhibit a CAGR of 7.5% and 11.2% respectively over FY25-FY28E.
- **Led by renewables, FY27-28E expected to see strong addition:** The company as of 9MFY26, has added 6616 MW of capacity and will further add 2500-3000 MW in Q4FY26 on a consolidated basis. For FY27-28E, the company will add 8000 MW each on the renewable side whereas thermal will see cumulative addition of 3600 MW in the same period.

Rating and Target Price

- FY27-F28 will see strong capacity addition of 8 GW each in renewable side whereas thermal side will witness capacity addition of 1600 MW and 2000 MW respectively. This addition earnings by 11% CAGR over FY25-FY28E. We maintain our BUY rating on NTPC target pegged at ₹440 per share (based on SOTP Valuations).



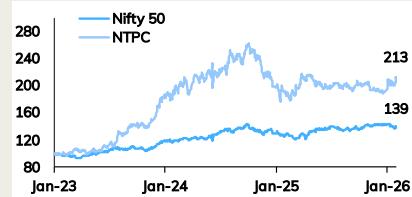
Market data

| Particular | Rs. (in crore) |
|-----------------------|----------------|
| Market Capitalisation | 343,310 |
| Total Debt (H1FY26) | 186,066 |
| Cash and Inv (H1FY26) | 4,150 |
| Enterprise Value | 525,226 |
| 52 week H/L (Rs.) | 371/293 |
| Equity capital | 9,696.7 |
| Face value (Rs.) | 10.0 |

Shareholding pattern

| % | Mar-25 | Jun-25 | Sep-25 | Dec-25 |
|----------|--------|--------|--------|--------|
| Promoter | 51.1 | 51.1 | 51.1 | 51.1 |
| FII | 17.8 | 16.1 | 16.4 | 16.2 |
| DII | 27.2 | 28.9 | 28.9 | 29.2 |
| Public | 3.9 | 3.9 | 3.6 | 3.5 |

Price Chart



Key risks

- (i) Slowdown in power demand
- (ii) Delay in execution of renewable capacity.

Research Analyst

Chirag J Shah
shah.chirag@icicisecurities.com

Dilip Pandey
dilip.pandey@icicisecurities.com

Gourav Aggarwal
gourav.aggarwal@icicisecurities.com

Key Financial Summary

| Key Financials | FY24 | FY25 | FY26E | 5 year CAGR (FY20-25E) | FY27E | FY28E | 3 year CAGR (FY25-28E) |
|--------------------|------------|------------|------------|------------------------|------------|------------|------------------------|
| Net Sales | 1,61,985.0 | 1,89,160.3 | 2,00,509.9 | 14.1% | 2,14,545.6 | 2,31,709.2 | 7.5% |
| EBITDA | 43,182.4 | 50,477.0 | 54,810.1 | 13.3% | 61,559.5 | 68,340.8 | 11.7% |
| EBITDA Margins (%) | 26.7 | 26.7 | 27.3 | | 28.7 | 29.5 | |
| Net Profit | 18,079.4 | 19,476.0 | 21,698.7 | 14.0% | 23,799.1 | 26,825.5 | 11.2% |
| EPS (₹) | 18.2 | 19.7 | 21.9 | | 24.0 | 27.1 | |
| P/E | 0.7 | 18.1 | 16.3 | | 14.8 | 13.1 | |
| RoNW (%) | 11.4 | 12.3 | 12.7 | | 12.8 | 13.2 | |
| RoCE (%) | 9.8 | 11.1 | 10.8 | | 11.1 | 11.0 | |

Key result and earnings call highlights

- The consolidated regulated equity as of 9MFY26 stands at ₹118970 crore vs ₹105854 crore in 9MFY25, whereas the standalone regulated equity stood at ₹94415 in 9MFY26,
- The company has added 6615 MW capacity consolidated basis in 9MFY26. Out of this, 11744 MW of capacity was added in Q3FY26. The consolidated capacity of the group and standalone entity stood at 85637 MW and 60976 MW respectively
- The company has incurred a consolidated capex of ₹33466 crore in 9MFY26 vs. ₹30779 crore in 9MFY25. On a longer-term basis, the company plans to incur a capex of ₹7 trillion by FY32 in order to achieve its stated capacity addition objectives.
- The company generated 87/262 billion units (Bu) in Q3FY26/9MFY26 on standalone basis down 4%/5.7% YoY.
- Receivable days improved to 26 days (from 31 days YoY and 28 QoQ), while average cost of borrowing declined to 6.05% (vs. 6.64% YoY and 6.11% QoQ) through refinancing.
- Fixed cost under recovery was reduced to ₹454 crore from ₹ 625 crore in H1FY26.
- The company has ~16.5 GW of thermal capacity under construction and further plans to award 4-5 GW of thermal capacity in FY27 and FY28 each. On capacity addition side, the company expects to add 1600 and 2100 MW in FY27E and FY28E, respectively.
- On the PSP side, the company had commissioned 750 MW (3x250 MW) in 9MFY26 and will add another 1 unit totalling to 250 MW in Q4FY26 taking the total capacity to 1000 MW by FY26 end.
- On the renewable side, NTPC expects to add 5 GW in FY26 (2500 MW to be added in Q4FY28), 8GW in FY27E and another 8 GW in FY28E with longer term target of total capacity of 60 GW by FY32E.
- On a blended basis, the company has tied up PPA for 74% of the renewable capacity that is going to come up over Q4FY26E-FY28E.
- The company has cumulatively spent ₹41300 crore of coal mining capex till 9MFY26.
- Capacity under construction stands at 33.5 GW which provides strong visibility over next 3-5 years.

Exhibit 1: SOTP Valuation

| Particulars | Basis | Value | Per share Value |
|---------------|-----------------------------|------------|-----------------|
| Base business | 12x FY28E EPS | 3,75,557.2 | 387.3 |
| NTPC Green | 20% Holdco Discount on McAP | 51,117.4 | 52.7 |
| Fair Value | SoTP | 4,26,674.7 | 440.0 |

Source: Company, ICICI Direct Research

Key Financials

| Exhibit 2: Profit and loss statement | | | | | ₹ crore |
|--------------------------------------|----------|----------|----------|----------|---------|
| (Year-end March) | FY25 | FY26E | FY27E | FY28E | |
| Total operating Income | 1,89,160 | 2,00,510 | 2,14,546 | 2,31,709 | |
| Growth (%) | 17 | 6 | 7 | 8 | |
| Raw Material Expenses | 1,15,598 | 1,20,306 | 1,24,913 | 1,32,332 | |
| Employee Expenses | 6,351 | 6,986 | 7,824 | 8,763 | |
| Other expenses | 16,735 | 18,408 | 20,249 | 22,274 | |
| Total Operating Expenditure | 1,38,683 | 1,45,700 | 1,52,986 | 1,63,368 | |
| EBITDA | 50,477 | 54,810 | 61,559 | 68,341 | |
| Growth (%) | 34 | 20 | 29 | 25 | |
| Depreciation | 16,268 | 17,043 | 19,309 | 20,854 | |
| Interest | 13,241 | 13,835 | 15,018 | 16,220 | |
| Other Income | 5,000 | 5,000 | 4,500 | 4,500 | |
| PBT | 25,968 | 28,932 | 31,732 | 35,767 | |
| Others | 0 | 0 | 0 | 0 | |
| Total Tax | 6,492 | 7,233 | 7,933 | 8,942 | |
| PAT | 19,476 | 21,699 | 23,799 | 26,826 | |
| Adjusted PAT | 19,476 | 21,699 | 23,799 | 26,826 | |
| Growth (%) | 8 | 11 | 10 | 13 | |
| EPS | 19.7 | 21.9 | 24.0 | 27.1 | |

Source: Company, ICICI Direct Research

| Exhibit 3: Cash flow statement | | | | | ₹ crore |
|--------------------------------|---------|---------|---------|---------|---------|
| (Year-end March) | FY25 | FY26E | FY27E | FY28E | |
| Profit Before Tax | 19,476 | 21,699 | 23,799 | 26,826 | |
| Add: Depreciation | 16,268 | 17,043 | 19,309 | 20,854 | |
| (Inc)/dec in Current Assets | -17,385 | -7,068 | -8,532 | -10,654 | |
| Inc/(dec) in CL and Provisions | 10,934 | 3,859 | 4,008 | 5,710 | |
| Others | 13,241 | 13,835 | 15,018 | 16,220 | |
| CF from operating activities | 55,436 | 55,786 | 62,651 | 68,843 | |
| (Inc)/dec in Investments | 0 | 0 | 0 | -5,000 | |
| (Inc)/dec in Fixed Assets | -20,000 | -30,000 | -25,000 | -30,000 | |
| Others | 0 | 0 | 0 | 0 | |
| CF from investing activities | -20,000 | -30,000 | -25,000 | -35,000 | |
| Issue/(Buy back) of Equity | 1 | 2 | 3 | 4 | |
| Inc/(dec) in loan funds | -1,592 | 23,424 | -17,926 | 21,617 | |
| Dividend paid & dividend tax | -7,925 | -8,916 | -8,916 | -8,916 | |
| Inc/(dec) in Sec. premium | 4 | 5 | 6 | 7 | |
| Others | -13,241 | -13,835 | -15,018 | -16,220 | |
| CF from financing activities | -22,753 | 680 | -41,851 | -3,507 | |
| Net Cash flow | 4,914 | 2,103 | -5,140 | 1,467 | |
| Opening Cash | 2,654 | 7,567 | 9,671 | 4,530 | |
| Closing Cash | 7,567 | 9,671 | 4,530 | 5,998 | |

Source: Company, ICICI Direct Research

| Exhibit 4: Balance Sheet | | | | | ₹ crore |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|---------|
| (Year-end March) | FY25 | FY26E | FY27E | FY28E | |
| Liabilities | | | | | |
| Equity Capital | 9,895 | 9,895 | 9,895 | 9,895 | |
| Reserve and Surplus | 1,48,505 | 1,61,288 | 1,76,171 | 1,94,081 | |
| Total Shareholders funds | 1,58,400 | 1,71,183 | 1,86,066 | 2,03,975 | |
| Total Debt | 1,93,789 | 2,23,556 | 2,35,154 | 2,67,915 | |
| AAD | 1,947 | 1,947 | 1,947 | 1,947 | |
| Minority Interest / Others | 1,152 | 1,152 | 1,152 | 1,152 | |
| Total Liabilities | 3,55,288 | 3,97,837 | 4,24,319 | 4,74,989 | |
| Assets | | | | | |
| Gross Block | 3,63,995 | 3,93,995 | 4,18,995 | 4,48,995 | |
| Less: Acc Depreciation | 96,959 | 97,566 | 98,118 | 98,645 | |
| Net Block | 2,67,036 | 2,96,429 | 3,20,877 | 3,50,350 | |
| Capital WIP | 1,03,067 | 1,33,067 | 1,63,067 | 2,08,067 | |
| Total Fixed Assets | 3,70,103 | 4,29,496 | 4,83,944 | 5,58,417 | |
| Investments | 32,239 | 32,239 | 32,239 | 32,239 | |
| Inventory | 20,802 | 21,855 | 22,948 | 24,505 | |
| Debtors | 18,916 | 20,051 | 21,455 | 23,171 | |
| Loans and Advances | 47,290 | 50,127 | 53,636 | 57,927 | |
| Other Current Assets | 34,049 | 36,092 | 38,618 | 41,708 | |
| Cash | 7,567 | 9,671 | 4,530 | 5,998 | |
| Total Current Assets | 1,28,625 | 1,37,796 | 1,41,187 | 1,53,309 | |
| Creditors | 22,883 | 24,040 | 25,243 | 26,956 | |
| Other Liabilities | 53,393 | 56,094 | 58,900 | 62,897 | |
| Provisions | 7,466 | 7,466 | 7,466 | 7,466 | |
| Total Current Liabilities | 83,742 | 87,601 | 91,609 | 97,319 | |
| Net Current Assets | 44,883 | 50,195 | 49,579 | 55,990 | |
| Others Assets | 1 | 2 | 3 | 4 | |
| Application of Funds | 3,55,288 | 3,97,837 | 4,24,319 | 4,74,989 | |

Source: Company, ICICI Direct Research

| Exhibit 5: Key ratios | | | | |
|------------------------------|-------|-------|-------|-------|
| (Year-end March) | FY25 | FY26E | FY27E | FY28E |
| Per share data (Rs) | | | | |
| EPS | 19.7 | 21.9 | 24.0 | 27.1 |
| Cash EPS | 36.1 | 39.2 | 43.6 | 48.2 |
| BV | 160.1 | 173.0 | 188.0 | 206.1 |
| DPS | 8.0 | 9.0 | 9.0 | 9.0 |
| Cash Per Share | 7.6 | 9.8 | 4.6 | 6.1 |
| Operating Ratios (%) | | | | |
| EBITDA Margin | 26.7 | 27.3 | 28.7 | 29.5 |
| PBT / Total Operating income | 13.7 | 14.4 | 14.8 | 15.4 |
| PAT Margin | 10.3 | 10.8 | 11.1 | 11.6 |
| Inventory days | 65.7 | 66.3 | 67.1 | 67.6 |
| Debtor days | 36.5 | 36.5 | 36.5 | 36.5 |
| Creditor days | 10.1 | 10.1 | 10.1 | 11.1 |
| Return Ratios (%) | | | | |
| RoE | 12.3 | 12.7 | 12.8 | 13.2 |
| RoCE | 11.1 | 10.8 | 11.1 | 11.0 |
| RoIC | 10.2 | 10.2 | 10.6 | 11.0 |
| Valuation Ratios (x) | | | | |
| P/E | 18.1 | 16.3 | 14.8 | 13.1 |
| EV / EBITDA | 3.9 | 4.1 | 4.0 | 4.0 |
| EV / Net Sales | 1.1 | 1.1 | 1.1 | 1.2 |
| Market Cap / Sales | 1.9 | 1.8 | 1.6 | 1.5 |
| Price to Book Value | 2.2 | 2.1 | 1.9 | 1.7 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 3.8 | 4.1 | 3.8 | 3.9 |
| Debt / Equity | 1.2 | 1.3 | 1.3 | 1.3 |
| Current Ratio | 1.7 | 1.7 | 1.7 | 1.7 |
| Quick Ratio | 0.1 | 0.1 | 0.1 | 0.1 |

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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