

CMP: ₹ 355

Target: ₹ 440 (24%)

Target Period: 12 month

BUY

February 1, 2026

**Muted Q3FY26; Capacity additon 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**

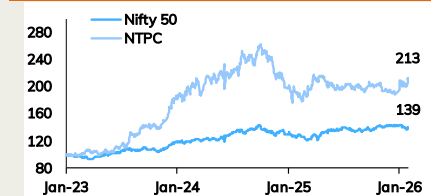
- FY27-F28 will see strong capacity addition of 8 GW each in renewable side whereas thermal side will witness capacity addition of 1600 MW and 2000 MW respectively. This addition earnings by 11% CAGR over FY25-FY28E. We maintain our BUY rating on NTPC target pegged at ₹440 per share (based on SOTP Valuations).

**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**

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

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**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
<b>Liabilities</b>				
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
<b>Assets</b>				
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
<b>Per share data (Rs)</b>				
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
<b>Operating Ratios (%)</b>				
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
<b>Return Ratios (%)</b>				
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
<b>Valuation Ratios (x)</b>				
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
<b>Solvency Ratios</b>				
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%



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