India Equity Research | Power | October 30, 2025

NTPC

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	345
12 month price target (INR)	413
52 Week High/Low	417/293
Market cap (INR bn/USD bn)	3,348/37.7
Free float (%)	48.9
Avg. daily value traded (INR mn)	3,210.3

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	51.1%	51.1%	51.1%
FII	16.4%	16.1%	17.8%
DII	28.9%	28.9%	27.2%
Pledge	0%	0%	0%

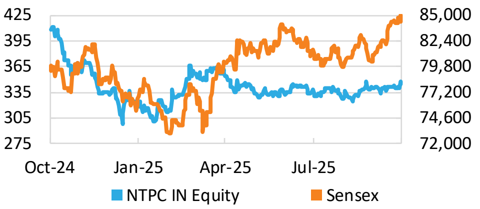
FINANCIALS (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	1,785	1,881	1,958	2,065
EBITDA	511	541	619	665
Adjusted profit	208	234	246	264
Diluted EPS (INR)	21.5	24.2	25.3	27.2
EPS growth (%)	23.1	12.5	4.9	7.4
RoAE (%)	13.5	13.4	12.6	12.4
P/E (x)	16.1	14.3	13.6	12.7
EV/EBITDA (x)	10.7	10.2	8.9	8.4
Dividend yield (%)	2.2	2.4	2.5	2.7

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	1,958	2,065	-1%	0%
EBITDA	619	665	-5%	-5%
Adjusted profit	246	264	-2%	-2%
Diluted EPS (INR)	25.3	27.2	-2%	-2%

PRICE PERFORMANCE



Weak demand-led muted growth

NTPC's Q2FY26 standalone (SA) adjusted PAT expanded 7.5% YoY to ~INR45bn, largely led by other income (+66% YoY). Weak demand resulted in low PLFs (exhibit 2), compressing core RoE to 14.4% from 15.8% YoY despite a 6% YoY increase in regulated equity. Management expects fixed cost under-recovery (INR6.25bn in H1FY26) to shrink to INR2.5bn by Q4Y26.

NTPC remains our top pick in Power Utilities given a likely 6% EPS CAGR over FY25–27E coupled with 17% core RoE (~22GW capex—50:50 thermal/hydro cum RE) while still trading at an inexpensive 1.5x FY27E P/BV. Retain 'BUY' with an SotP-based TP of INR413 (earlier INR401), at 2.5x FY27E SA book + NTPC Green at a 30% discount to CMP (INR105).

SA operationally in-line; consolidated profit remains flat YoY

Standalone (SA) adjusted PAT rose 7.5% YoY largely *led by higher other income (+66% YoY)* and lower interest cost YoY (which is a pass through in tariffs). Consolidated profit was flat YoY at INR52.3bn even as there was a *significant improvement in profit from subsidiaries at INR11.5bn* (versus INR8.4bn last year) while lower dividend from subsidiaries/JVs hurt overall PAT. NTPC's group generation dipped ~6% YoY in Q2FY26 on a weak demand-led dip in PLF to 66% (versus 72.3% in Q2FY25). NTPC Group has under-construction capacity of ~33GW (thermal 17.3GW, hydro 2.2GW, balance RE), implying 10–12GW addition annually over FY26–27E. Management has lowered guidance for FY26E: i) 9.2GW (2.8/1/5.4GW of thermal/hydro/RE); from (3.6/1/7.2GW of Thermal/hydro/RE guided earlier); and ii) ~10.5GW to be done in FY27E (2.1/0.4/8GW of thermal/hydro/RE. Most capacities are coming up under its subsidiaries/JVs; consolidated financials shall reflect most of the future growth. NTPC is targeting operational RE of 60GW-plus by FY32E (~7.4GW at end-Q2FY26). It declared its first interim dividend of INR2.75/share in Q2FY26.

Nuclear and PSP updates

The company is executing 4×700MW Mahi Banswara Atomic Nuclear project via Ashvini JV with NPCIL– foundation stone laid on September 25, 2025; MoUs signed with states and sites identified. Pumped storage portfolio at 21.2GW: 11GW under NTPC, 10.4GW via THDC/NEEPCO, with 500MW commissioned at Tehri (THDC) and another 500MW of commissioning likely by end-FY26E.

New frontiers – BESS at thermal power stations

A 5000MWh BESS has been allocated to NTPC under the VGF scheme to optimise utilisation of existing thermal infrastructure and supply during non-solar hours. The capacity is planned across 14 stations and will improve efficiency and lower costs.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	3,91,666	4,03,276	(2.9)	4,25,726	(8.0)
EBITDA	1,00,195	96,763	3.5	1,02,838	(2.6)
Adjusted Profit	45,180	42,020	7.5	44,140	2.4
Diluted EPS (INR)	4.7	4.3	7.7	4.6	2.4

Subhadip Mitra
Subhadip.Mitra@nuvama.com

Vikram Datwani, CFA
Vikram.Datwani@nuvama.com

Mahir Moondra
mahir.moondra@nuvama.com

Divyam Sureka
divyam.sureka@nuvama.com

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	17,85,248	18,81,381	19,57,920	20,64,561
Energy Cost	10,39,948	10,70,324	10,64,325	11,06,118
Employee costs	65,920	67,961	71,337	73,477
Other expenses	1,68,214	2,01,819	2,03,531	2,20,118
EBITDA	5,11,166	5,41,276	6,18,728	6,64,847
Depreciation	1,62,036	1,74,012	1,92,322	1,98,822
Less: Interest expense	1,20,482	1,31,681	1,46,903	1,61,938
Add: Other income	26,411	27,244	27,500	30,000
Profit before tax	2,81,417	3,21,983	3,66,159	3,93,243
Prov for tax	68,092	82,452	1,14,868	1,23,365
Less: Other adj	0	0	0	0
Reported profit	2,08,119	2,34,225	2,45,724	2,63,899
Less: Excp.item (net)	0	0	0	0
Adjusted profit	2,08,119	2,34,225	2,45,724	2,63,899
Diluted shares o/s	9,697	9,697	9,697	9,697
Adjusted diluted EPS	21.5	24.2	25.3	27.2
DPS (INR)	7.8	8.4	8.8	9.2
Tax rate (%)	24.2	25.6	31.4	31.4

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	96,967	96,967	96,967	96,967
Reserves	15,10,126	17,43,745	19,10,190	20,90,859
Shareholders funds	16,07,093	18,40,712	20,07,157	21,87,826
Minority interest	44,130	70,515	70,515	70,515
Borrowings	23,50,403	24,75,751	29,40,722	28,92,495
Trade payables	1,13,380	1,11,600	1,10,974	1,15,332
Other liabs & prov	2,43,762	2,88,543	2,88,543	2,88,543
Total liabilities	48,01,966	52,41,646	58,72,436	60,09,236
Net block	25,84,239	27,09,358	29,41,723	28,93,675
Intangible assets	0	0	0	0
Capital WIP	8,75,928	10,07,759	8,96,776	11,68,617
Total fixed assets	34,60,167	37,17,117	38,38,498	40,62,292
Non current inv	1,58,846	1,97,036	1,97,036	1,97,036
Cash/cash equivalent	68,473	1,14,571	6,02,226	4,84,922
Sundry debtors	3,46,372	3,47,507	3,61,644	3,81,341
Loans & advances	8,413	11,209	11,209	11,209
Other assets	6,11,135	6,66,898	6,74,514	6,85,127
Total assets	48,01,966	52,41,646	58,72,436	60,09,236

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Operation cost (% of rev)	71.4	71.2	68.4	67.8
Employee cost (% of rev)	3.7	3.6	3.6	3.6
Other exp (% of rev)	9.4	10.7	10.4	10.7
EBITDA margin (%)	28.6	28.8	31.6	32.2
Net profit margin (%)	11.7	12.4	12.6	12.8
Revenue growth (% YoY)	1.3	5.4	4.1	5.4
EBITDA growth (% YoY)	7.1	5.9	14.3	7.5
Adj. profit growth (%)	23.1	12.5	4.9	7.4

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	2,83,558	3,29,910	3,07,003	3,34,087
Add: Depreciation	1,62,036	1,74,012	1,92,322	1,98,822
Interest (net of tax)	1,19,548	1,30,477	1,46,903	1,61,938
Others	(27,500)	(86,375)	59,156	59,156
Less: Changes in WC	(93,368)	(523)	(22,380)	(25,952)
Operating cash flow	4,07,846	5,04,359	5,68,136	6,04,686
Less: Capex	(2,77,118)	(2,78,430)	(3,13,703)	(4,22,616)
Free cash flow	1,30,728	2,25,929	2,54,433	1,82,070

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	9.2	6.5	6.6	7.0
Repo rate (%)	6.5	6.3	5.0	4.5
USD/INR (average)	82.8	84.6	87.5	87.0
Commercial cap Cl (MW)	71,802.0	74,577.0	78,305.9	82,221.1
Reg Eq Closing (INR bn)	800.0	861.0	861.0	861.0
Implied Reg RoE (%)	25.1	24.5	24.5	24.5
Avg coal plant PLF (%)	68.0	68.0	68.0	68.0
Units produced (BUs)	304.5	320.2	320.2	320.2
Capex (INR bn)	277.1	278.4	313.7	422.6

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	13.5	13.4	12.6	12.4
RoCE (%)	9.0	8.7	9.0	9.1
Inventory days	39	38	38	38
Receivable days	64	62	62	62
Payable days	37	36	36	36
Working cap (% sales)	46.5	49.4	73.6	65.3
Gross debt/equity (x)	1.5	1.3	1.5	1.3
Net debt/equity (x)	1.4	1.2	1.1	1.1
Interest coverage (x)	4.0	3.7	3.8	3.7

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	16.1	14.3	13.6	12.7
Price/BV (x)	2.1	1.8	1.7	1.5
EV/EBITDA (x)	10.7	10.2	8.9	8.4
Dividend yield (%)	2.2	2.4	2.5	2.7

Source: Company and Nuvama estimates

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	23.1	12.5	4.9	7.4
RoE (%)	13.5	13.4	12.6	12.4
EBITDA growth (%)	7.1	5.9	14.3	7.5
Payout ratio (%)	45.8	44.9	43.6	43.7

Q2FY26 conference call: Key highlights

Opening remarks

- Power demand continues to be supported by Make in India', urbanisation, and new-age segments such as data centres and AI. The evolving geopolitical environment provides India a unique opportunity to become a hub for hyperscaler capacity.
- The government's renewable energy (RE) push remains strong.
- Power demand growth moderated during Q2FY26 due to a mild summer and extended monsoon, though C&I demand is expected to pick up going forward.
- Group installed capacity stood at 83,893MW (up 10% YoY from 76,443MW).
  - 4,403MW added in H1FY26 — the highest ever half-year addition.
    - 1,732MW from standalone NTPC
    - 1,506MW from NGEL and JVs
    - 1,165MW from other JVs/subsidiaries
  - 956MW added in October, taking YTDFY26 additions to 5,359MW.
  - FY19–20 saw the previous high of 6,984MW; management expects FY26 to surpass that.
- Group plant availability remained above 90%.
- Generation for H1FY26 was 214BU, lower YoY due to coal-based curtailments.
- Coal consumption: 129mn MT (of which 16.7% from captive mines).
  - Coal inventory: 13.4mn MT (15 days at 85% PLF).
  - INR133bn total capex in coal mining.
- **Regulated equity:**
  - Standalone – INR944bn (up 6% YoY from INR894bn).
  - Consolidated – INR1160bn (up 10% YoY from INR1050bn).
- Cost of borrowing: 6.11% (benefiting from refinancing and restructuring).
- **Capex:**
  - Group – INR231bn vs INR175bn last year.
  - 14% increase in gross block.
- Declared first interim dividend of INR2.75 per share for 1HFY26.
- Fixed cost under-recovery of INR6.25bn expected to fall to INR2.5bn by year-end.
- Receivable days improved to 28 days from 33 days.
- Bangladesh JV plant operating at 90% availability and 85% PLF; payments expected in 2–3 months.
- Sri Lanka and Mauritius project discussions underway (floating solar and BESS).
- Two NEEPCO hydro projects (Arunachal Pradesh) foundation laid – total capex INR73bn+.
- Under-construction portfolio:
  - 17.3GW thermal, 2.2GW hydro, 13.9GW RE (total ~33 GW).
- Group Capex Outlook: ~INR7tn by 2032 to reach 149 GW capacity.
- PSP & Battery Storage:
  - 12,600MW PSP under development.
  - 1,990MWh through TBCB, 1,520MWh collocated, and >5,000 MWh with solar integration (including 5,000MWh at thermal sites).
  - Battery cost ~INR1.8mn per MWh.
- Carbon capture facility at Korba is progressing well
- Nuclear: exploring JVs with foreign players; Mahi Banswara (4x700 MW) excavation work to begin soon (total capex ~INR500bn; cost ~INR200mn/MW)

NGEL (NTPC Green Energy Limited)

- Added 900MW in Q1FY26 and 600MW in Q2FY26 (target was 850MW and 1GW, respectively).
  - Slippage in Q2 due to extended monsoon; execution to accelerate in H2.
- Planned additions:
  - Q3 – ~2GW, Q4 – ~1.7GW (mainly Bhuj and Khavda).
- FY26/27/28 capacity targets: ~5.3GW/8GW/8GW (of which ~1.5GW in FY26 via JVs).
- Capex: INR300bn in FY26, INR450bn in FY27.
- NGEL also won a green ammonia project under the National Green Hydrogen Mission.

Q&A highlights

Thermal additions

- FY26–28 pipeline: 2,780MW / 1,600MW / 2,120MW respectively.
- Meja Phase II – All clearances in place, awaiting UP Govt approval (expected within 2 months); work to start Jan 1.
  - EPC to BHEL; no packaging.
- Lara Stage III (1.3GW) to be awarded soon.

Hydro additions

- FY26: 1GW; FY27: 0.4GW; FY28: 44MW.

EESL losses

- Losses to continue through FY26. Company exploring options including receivable recovery and stake sale.

BESS plans

- 5,000MWh capacity under development; initially merchant-based (except collocated ones, which are regulated).
- Execution timeline: within three years from award.
- Location choices to optimise variable cost; projects to receive VGF support.

Unsigned PPAs/C&I sales

- About 9GW of RE capacity without PPAs; the company engaging with C&I customers and participating selectively in TBCB projects.
- Ayana-Hindalco RTC progressing; commissioning by end-FY26 targeted.

CERC order impact

- Earlier, plants had to be ready to supply without assured technical minimum.
- New directive ensures feasible scheduling and technical minimum assurance, improving plant stability and efficiency.

Curtailment and execution issues

- RE curtailments seen in Rajasthan due to evacuation constraints.
- H1FY26 execution muted due to monsoon and RoW challenges; higher commissioning expected from Bhuj–Khavda–Rajasthan cluster in H2.

Exhibit 1: Standalone reported PAT (INR mn) along with key components

Particulars (INR mn)	Q2FY26	Q2FY25	YoY %	Q1FY26	QoQ %	H1FY26	H1FY25	YoY %
Profit for the period	**46,530**	**46,490**	**0.1%**	**47,750**	**-2.6%**	**94,280**	**91,600**	**2.9%**
Key Components	Q2FY26	Q2FY25	Change	Q2FY26	Change	H1FY26	H1FY25	Change
Disincentive	-4880	-4950	70	-1370	(3,510)	-6250	-7060	810
Incentive	910	1,310	(400)	2,550	(1,640)	3,460	5,070	(1,610)
Dividend Income	11,670	5,150	6,520	1,180	10,490	12,850	7,720	5,130
Surcharge Income	580	860	(280)	540	40	1120	1,770	(650)
Rebate	-2,350	-1,580	(770)	-2,550	200	-4,900	-3,230	(1,670)
Adjusted Profit	**45,180**	**42,020**	**3,160**	**44,140**	**1,040**	**89,320**	**83,970**	**5,350**

Source: Company

Exhibit 2: PLF scenario during Q2FY26 – Coal PLFs remain weak

Description	Q2 FY26	Q2 FY25	Change (Q2-o-Q2)	Q1 FY26	Change (Q2-o-Q1)	H1FY26	H1FY25	Change (Y-o-Y)
PLF Coal (All India)#	-	-	-	69.61	-	66.04	70.63	(4.59)
PLF (NTPC) – COAL	66.01	72.28	(6.27)[A]	75.16	(9.15)[A]	70.52	76.31	(5.79)[A]
PLF (NTPC) - GAS	6.81	6.77	0.04	11.08	(4.27)[B]	8.93	15.23	(6.30)[B]
PLF (NTPC) - SOLAR	22.84	18.38	4.46	26.81	(3.97)[C]	24.59	20.97	3.62
PLF (NTPC) - HYDRO	104.60	97.37	7.23	59.50	45.10	82.17	77.47	4.70
PLF (NTPC) - SMALL HYDRO	13.79	27.85	(14.06)[D]	61.81	(48.02)[D]	37.67	41.61	(3.94)[D]

Source: Company Q2FY26 PPT

Exhibit 3: Quarterly financial snapshot (INR mn) - Standalone

Y/E March	Q2FY26	Q2FY25	%YoY	Q1FY26	%QoQ
Generation (MUs)	83,161	88,463	-6.0	91,327	-8.9
Net Sales	**3,91,666**	**4,03,276**	**-3%**	**4,25,726**	**-8%**
Expenditure	2,91,471	3,06,512	-5%	3,22,888	-10%
EBITDA	**1,00,195**	**96,763**	**4%**	**1,02,838**	**-3%**
EBITDA (%)	25.6	24.0	7%	24.2	6%
Other income	15,228	9,173	66%	7,602	100%
Depreciation	39,934	36,470	10%	38,691	3%
EBIT	75,488	69,466	9%	71,750	5%
Interest	26,618	31,079	-14%	28,382	-6%
PBT	48,871	38,388	27%	43,367	13%
Prior Period Items					
Tax	16,437	14,017	17%	14,806	11%
Tax rate (%)	33.6	36.5	-8%	34.1	-1%
Movement in Regulatory deferral accounts (net of tax)	14,100	22,118	36%	19,185.0	-27%
Exceptional items	-	0	0%	-	0%
Reported PAT	46,533	46,489	0%	47,747	-3%
PAT (adjusted)	**45,180**	**42,020**	**8%**	**44,140**	**2%**
EPS (Rs)	4.7	4.3	8%	4.6	2%
Core RoE	14.4%	15.8%	-9%	16.7%	-14%
Cost-break up					
	Q2FY26	**Q2FY25**	**%YoY**	**Q1FY26**	**%QoQ**
Raw material Costs	2,28,819	2,38,096	-4%	2,49,021	-8%
% of sales	58	59		58	
Staff Costs	13,086	12,906	1%	13,500	-3%
% of sales	3.3	3.2		3.2	
Other Expenses	49,566	55,511	-11%	60,368	-18%
% of sales	12.7	13.8		14.2	

Source: Company

Exhibit 4: Adjusted PAT (INR mn) bridge between standalone and consolidated

Particulars (INR mn)	Q2FY26	Q2FY25	Change	Q2FY26	Change	H1FY26	H1FY25	Change
Standalone adjusted profit	**45,180**	**42,020**	**3,160**	**44,140**	**1,040**	**89,320**	**83,970**	**5,350**
Profit from subsidiaries	11,490	8,430	3,060	6,550	4,940	18,050	13,620	4,430
Share of profit from JV's	5,820	3,900	1,920	4,760	1,060	10,590	11,240	(650)
Provision/ Reversal of impairment	-	-	-	3,140	(3,140)	3,140	-	3,140
Dividend from Subsidiaries	(4,330)	(2,960)	(1,370)	(370)	(3,960)	(4,700)	(3,520)	(1,180)
Dividend from JV's	(7,260)	(2,090)	(5,170)	(750)	(6,510)	(8,020)	(4,100)	(3,920)
Other adjustments	-	30	(30)	-	-	-	20	(20)
Total adjustments	5,720	7,310	(1,590)	13,330	(7,610)	19,060	17,260	1,800
Consolidated adjusted profit	**50,900**	**49,330**	**1,570**	**57,470**	**(6,570)**	**1,08,380**	**1,01,230**	**7,150**

Source: Company

Exhibit 5: THDC and NTPC Green contribute substantially to NTPC's consolidated PAT (INR mn)

Sr no		H1FY26	H1FY25	Variation	Remarks
1	THDC India Ltd.	5,980	2,290	3,690	COD of Khurja and Tehri PSP
2	NTPC Green Energy Ltd.	2,730	1,690	1,040	Capacity addition and Other income
3	Bhartiya Rail Bijlee Company Ltd.	2,120	1.660	460	Decrease in Finance Cost
4	NTPC Vidyut Vyapar Nigam Ltd.	1,160	1,240	-80	Decrease in Surcharge Income
5	North Eastern Electric Power Corporation Ltd	4,850	3,700	1,150	Increase due to higher generation
6	Ratnagiri Gas & Power Private Ltd.	1,200	3,040	-1,840	Decrease due to lower generation
7	Others	10	0	10	
	Total	**18,050**	**13,620**	**4,430**	

Source: Company, Nuvama Research

Exhibit 6: JV share of profit variation (INR mn)

Sr no		H1FY26	H1FY25	Variation	Remarks
1	Hindustan Urvarak and Rasayan Ltd	3,310	1,970	1,340	Due to Volume Growth and Gas Efficiency
2	NTPC Tamil Nadu Energy Company Ltd.	850	950	(100)	Decrease in Other Income
3	Bangladesh-India Friendship Power Company Private Ltd	2,440	2,230	210	Reduction in Finance Cost
4	NTPC-SAIL Power Company Ltd.	1,090	940	150	Increase in operational gains
5	Aravali Power Company Private Ltd.	1,740	1,840	(100)	Decrease in Surcharge Income
6	Jhabua Power Ltd.	710	570	140	Capital overhauling in previous year
7	Energy Efficiency Services Ltd.	(1,430)	(1,530)	100	
8	Meja Urja Nigam Private Ltd.	1,480	4,210	(2,730)	CERC Tariff order accounted for during H1FY25
9	ONGC NTPC Green Pvt Ltd	350	-	350	Ayana Acquisition
10	Others	5	6	(1)	
	Total	10,590	11,240	(650)	

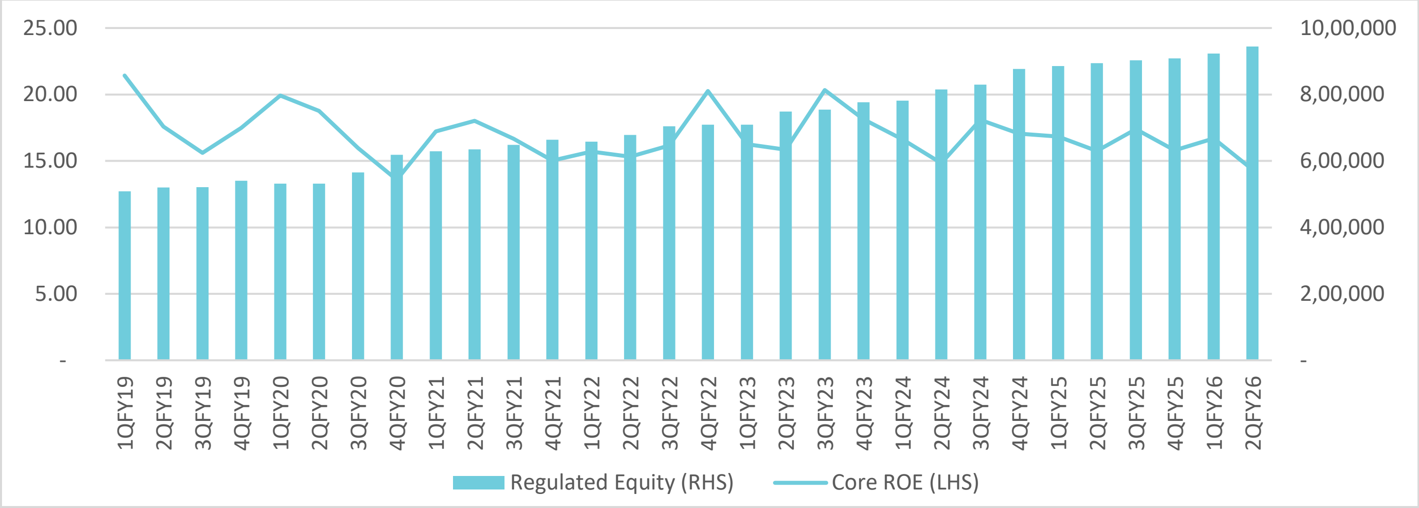
Source: Company

Exhibit 7: Calculation of adjusted profit from tax angle (INR mn)

Particulars	H1FY26	H1FY25	% Change	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Reported Profit	94,280.0	91,600.0	2.9%	46,530	46,490	0.1%	47,750	-2.6%
Previous year Sales/Fuel	-9,810	-8,950		-1,630	-5,420		-8,180	
Previous year tax impact on Sales		1,400		-	-		-	
Tax impact on above adjustments	1,710	1,320		280	950		1,430	
Provisions	3,140			-	-		3,140	
Previous year tax impact		-1,400		-	-		-	
Adjusted Profit	**89,320**	**83,970**	**6.0%**	**45,180**	**42,020**	**8.0%**	**44,140**	**2.0%**

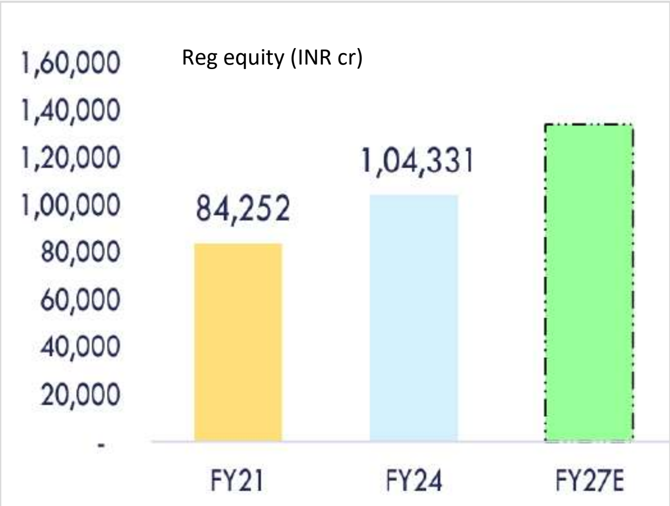
Source: Company

Exhibit 8: Core RoE at a low 14.4% as power demand remained weak in Q2FY26



Source: Company, Nuvama Research

Exhibit 9: Consolidated regulated equity to grow to >INR1.2tn



Source: NTPC July'24 ppt

Exhibit 10: SotP valuation

NTPC SotP (INR)	Comments	Multiple (x)	SotP (RE – 30% Hold co Discount taken)
FY27 Regulated equity	P/BV	2.5	301
FY27 CWIP (Equity component)	P/BV	1.0	36
FY25 Investments & Cash	FY25	1.0	12
Subsidiaries	P/BV ; DCF		64
Target Price			**413**

Source: Company, Nuvama Research

Company Description

NTPC, a Maharatna company set up in 1975, is India's largest power generation company, with ~84GW-installed capacity. It was founded by GoI, which now holds ~51% stake in the company. With a plethora of under construction projects, NTPC is looking to commercialise 10-12GW of capacity each year for the next two-three years. The company has forayed into coal mining operations with multiple mines in various phases of development. It has also forayed into renewable generation as it plans to set up 60GW RE capacity by 2032 and expand its overall generation portfolio to 130GW by 2032 with 30% of the basket from non-fossil fuel based capacity.

Investment Theme

NTPC is a distinctive play on thermal demand and transitioning towards RE, aided by its size and profitability. Thermal is still the mainstay but all future capacity addition is based on renewables energy with a target of 60GW capacity by 2032. NTPC currently has most of its operational capacity (standalone) under the regulated model. This enables it to pass on increase in costs, limiting the impact on profitability. NTPC's thermal profitability shall likely improve, given: i) no significant fuel based under-recoveries; ii) improving PLFs; iii) accelerated commissioning; and iv) higher incentives.

NTPC's RE focus is the mainstay given its: i) unique advantage to leverage its thermal plants to blend-in RE; ii) ready access to human and financial capital; and iii) risk framework, which protects against downside. Further, the thermal giant's transition towards new energy encompasses decarbonisation of industrials and mobility, not just RE.

While the existing business earns regulated RoEs of 17-18% on invested equity (including incentives), the RE capex is on a competitive bidding basis, wherein NTPC enjoys a 1–1.5% lower cost of debt (versus private sector peers) given its balance-sheet size and near-sovereign status being a Maharatna company. This enables higher IRRs despite competitive tariffs. NTPC aims to grow its RE portfolio to 60GW by FY32 from the current ~7.5GW (8x growth in 7 years). Given NTPC's 25% share in India's power generation and the country's plan to add 30–40GW of RE a year on a conservative basis, we argue NTPC is poised to maintain its market share.

Key Risks

Delay in project execution: Any delay in execution of pipeline projects could result in downside from the estimated earnings/valuations.

SEB delays: NTPC earns surcharge on the overdue from the SEBs. However, given the SEB's critical financial health, there could be some risk of waiver in future. We see low probability of this being crystallised though.

Fuel supplies: Fuel non-availability could affect PAFs leading to higher-than-estimated fixed cost under-recoveries impacting RoEs. This could lower regulated returns of 15.5% in 2025-29

Additional Data

Management

CMD	Shri Gurdeep Singh
Dir (Finance)	Shri Jaikumar Srinivasan
Dir (Operation)	Shri Ravindra Kumar
Dir (Projects)	Shri K. Shanmugha Sunadaram

Holdings – Top 10*

	% Holding		% Holding
ICICI Prudentia	5.11	Republic of Sin	2.04
Life Insurance	5.00	HDFC Asset Mana	1.61
Nippon Life Ind	3.91	BlackRock Inc	1.57
SBI Funds Manag	2.23	Kotak Mahindra	1.05
Vanguard Group	2.12	UTI Asset Manag	0.86

**Latest public data*

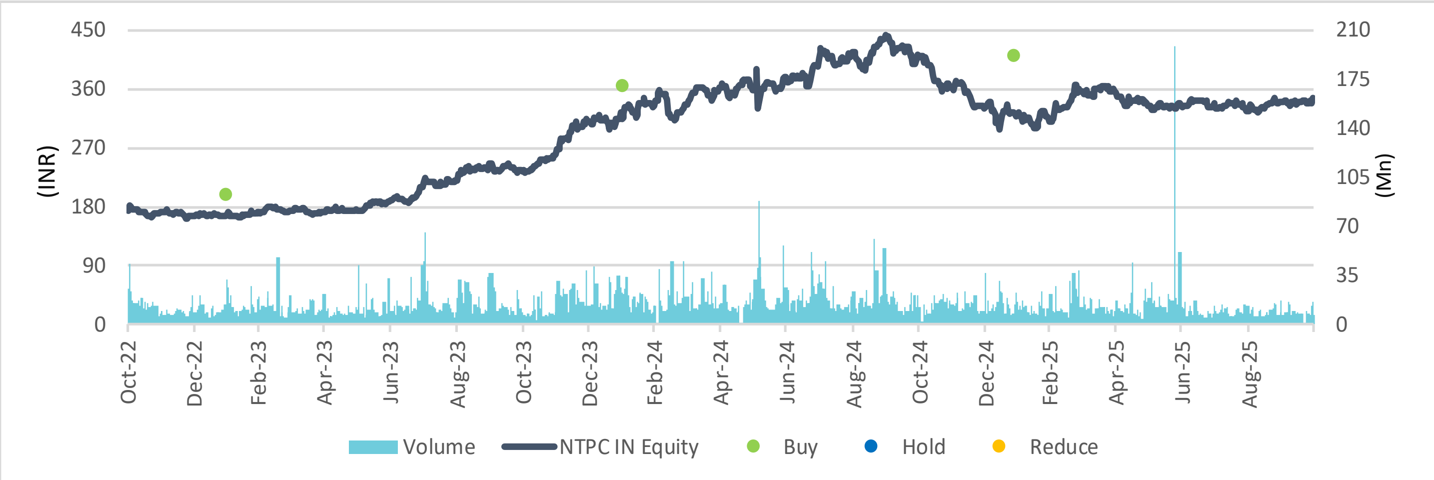
Recent Company Research

Date	Title	Price	Reco
29-Jul-25	Robust core RoE despite weak PLF; *Result Update*	335	Buy
25-May-25	Strong consolidation growth; RE-adds key; *Result Update*	345	Buy
25-Jan-25	Muted numbers; RE growth key focus; *Result Update*	321	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
18-Oct-25	CESC	Standalone shines; focus on RE growth; *Result Update*
10-Oct-25	Power	Extended monsoon dampens Q2 PLFs; *Sector Update*
26-Sep-25	ACME Solar Holdings	Deciphering the fine print; *Company Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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Abneesh Roy
Head of Research Committee
Abneesh.Roy@nuvama.com

ABNEESH
KUMAR
ROY

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