AXIS SECURITIES

Result Update
30th July 2025

NTPC
Utilities

BUY
Target Price
400

Decent Q1, Capacity Additions in Focus

Consensus Vs. Actual for Q1FY26: Revenue - MISS; EBITDA - MISS; PAT - BEAT

Change in Estimates post Q1FY26

FY26E/FY27E: Revenue: 0%/0%, EBITDA: 0%/0%, PAT: 0/0%

Recommendation Rationale

- **Q1FY26 PAT ahead of estimates:** The Company's PAT stood at Rs 6,108 Cr, up 11% YoY but down 23% QoQ, beating our and consensus estimates by 13%. PAT adjusted for regulatory deferral movement stood at Rs 4,101 Cr. However, the consolidated revenue and EBITDA missed our and consensus estimates, led by lower power generation.
- **Power Generation:** During Q1FY26, the company's gross power generation stood at 91.3 BU, down 7%/4% YoY/QoQ. The Coal and Gas PLFs for Q1FY26 stood at 75.2% and 11.1% respectively (81.24% and 2.14% in Q4FY25). The lower coal PLF was due to grid restrictions. Solar PLF was at 26.81%, up from 24.54% in Q4FY25 and 23.80% in Q1FY25.
- **Total capacity addition:** NTPC group's installed capacity grew by 2,716 MW to 82,646 MW in Q1FY26, led by 1,320 MW of thermal capacity addition, 996 MW of solar capacity addition, 150 MW of wind capacity and 250 MW of Hydro PSP additions. The thermal capacity additions include 660 MW of the Northkaranpura project and 660 Barh – 1 project. For FY26, the company targets 3.6 GW of thermal capacity addition and 6.5 GW of RE capacity addition.
- **Underconstruction and Pipeline Capacity:** As at 30th Jun'25, the company's under construction capacity stood at 30,853 MW vs 33,750 MW in Q4FY25. The under-construction portfolio includes 15,580 MW of thermal capacity, 13,268 MW of RE capacity, and 2,005 MW of Hydro capacity.

Sector Outlook: Positive

Company Outlook & Guidance: The company has a capex plan of ~2.65 Lc Cr at the group level over FY26-28 (Rs 87,661 Cr at the standalone level). This will drive the growth in the regulated equity. Due to its strong vendor network and management, it expects lower execution risk in setting up thermal projects. The captive coal production target for FY26 is 45 MT, and it aims to produce 56 MT in FY27 and 60 MT by FY28.

Current Valuation: We value NTPC using SoTP with the thermal business at 2.1x P/BV on FY27 consolidated regulated equity, RE business at CMP (NGEL) after accounting for the 90% stake and considering a 25% Holdco discount, PSP optionality at Rs 23/share, CWIP and cash at 1x P/BV of FY25.

Current TP: **Rs 400/share** (Unchanged)

Recommendation: We maintain our **BUY** rating on the stock.

Financial Performance: Net sales stood at Rs 47,065 Cr, down 3%/6% YoY/QoQ, missing our and consensus estimates by 6% and 4% respectively. EBITDA stood at Rs 12,580 Cr, down 10%/15% YoY/QoQ, missing our and consensus estimates by 15% and 12% respectively. EBITDA margin was 26.7%, down 216bps/288bps YoY/QoQ.PAT stood at Rs 6,108 Cr, up 11% YoY but down 23% QoQ, beating our and consensus estimates by 13%. PAT adjusted for regulatory deferral movement stood at Rs 4,101 Cr.

Key Financials (Consolidated)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Sec Est	Var (%)
Net Sales	47,065	-6%	-3%	50,049	-6%
EBITDA	12,580	-15%	-10%	14,765	-15%
EBITDA Margin (%)	27	-288bps	-216bps	30	-277bps
Reported PAT	6,108	-23%	11%	5,408	13%
Reported EPS (Rs/sh)	6.2	-21%	10%	5.6	11%

Source: Axis Securities

(CMP as of 29th July 2025)

CMP (Rs)	334
Upside /Downside (%)	20%
High/Low (Rs)	448/293
Market cap (Cr)	3,24,304
Avg. daily vol. (6m) Shrs.	149,22,037
No. of shares (Cr)	969.7

Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	51.10	51.10	51.10
FII	18.20	17.79	16.09
Mutual Funds / UTI	17.62	17.54	19.12
Financial Institutions	0.08	0.08	0.05
Others	13.00	13.49	13.64

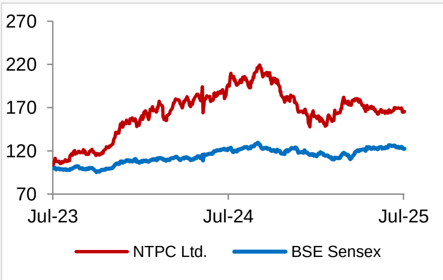
Financial & Valuations

(Rs Cr)	FY26E	FY27E	FY28E
Net Sales	1,96,303	2,12,099	2,31,297
EBITDA	57,821	67,376	76,265
Attrib Net Profit	24,219	27,770	30,006
Adj EPS (Rs)	24.98	28.64	30.94
PER (x)	13.29	11.59	10.73
P/BV (x)	1.61	1.48	1.37
EV/EBITDA (x)	9.53	8.87	8.43
ROE (%)	12.1%	12.8%	12.7%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Net Sales	0%	0%
EBITDA	0%	0%
Attrb PAT	0%	0%

Relative Performance



Source: ACE Equity, Axis Securities

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Outlook

NTPC's robust thermal assets provide cash flow visibility. NGEL will unlock the RE business value with its aggressive RE capacity addition targets. We believe NTPC is a good portfolio bet given its stable dividend yield, and a further rerating potential cannot be ruled out if the peak deficits increase in future. The company's FY26/27 target thermal capacity addition at the group level is 3.58/1.46 GW. It will award 4/4.8/1.6 GW of thermal capacity in FY26/27/28 respectively. It also has a target to add ~6.5 GW of RE capacity in FY26 along with its subsidiaries. FY27 and onwards, it will target 8 GW RE addition per annum. (As per the Q4FY25 Concall)

Valuation & Recommendation

We **maintain our BUY rating on NTPC.** We value NTPC using SoTP with the thermal business at 2.1x P/BV on FY27 consolidated regulated equity, RE business at CMP (NGEL) after accounting for the 90% stake and considering a 25% Holdco discount, PSP optionality at Rs 23/share, CWIP and cash at 1x P/BV of FY25. Our Mar'26 TP of Rs 400/share indicates a potential upside of 20% from the CMP.

Key Highlights

- **Regulated equity:** Standalone regulated equity for the power and mining business as of Q1FY26 stands at Rs 92,344 Cr, up 4% YoY and the consolidated regulated equity is at Rs 1,11,393 Cr, up 7% YoY.
- **Coal Supply:** During Q1FY26, the company's coal supply stood at 61.75 MMT, down 2.8% YoY and 9.3% QoQ.
- **Focus on Nuclear Energy:** In line with the national target of 100 GW of nuclear capacity by 2047, NTPC has an ambitious target to develop 30 GW of nuclear projects. The government has approved ASHVINI, a JV to build, own and operate nuclear power plants. Further, the company is also in the process of executing Mahi Banswara Rajasthan Atomic Power Projects comprising 4x700 MW reactors for which Siting and EC were obtained in May'25. The company incorporated NTPC Pramanu Urja Nigam Limited as a wholly owned subsidiary to explore advanced nuclear technologies, including pressurised water reactors, small modular reactors and fast breeding reactors. The company has identified potential sites across states like UP, MP, Chhattisgarh, Gujarat, and others, with MOUs already signed with the Madhya Pradesh and Chhattisgarh governments.
- **Energy Storage:** The company, along with its subsidiaries, has ~21.24 GW of pumped storage projects (PSP) portfolio, and the first 500 MW (at Tehri PSP) has achieved COD in Jul'25 and another 500 MW is expected to be commissioned in FY26, and it will add 3 to 5 GW more by FY32. The company has already completed preliminary feasibility reports for 18 projects, and detailed project reports for 4 projects are in an advanced stage.

Key Risks to Our Estimates and TP

- Delays in commissioning of the Thermal and RE capacity.
- Financial position of Discom. NTPC's trade receivables are dependent on the timely payment from state Discoms
- Lower Thermal Power Plant PLF and PAF.

Results Review Q1FY26

Y/E March (Rs Cr)	Q1FY25	Q4FY25	Q1FY26	%YoY	%QoQ	Consensus	% Var	Axis Sec Est	% Var
Gross Generation (BUs)	**97.9**	**95.2**	**91.3**	**-7%**	**-4%**				
Net Sales	48,521	49,834	47,065	-3%	-6%	48,932	-4%	50,049	-6%
Expenditure	34,504	35,080	34,485	0%	-2%		NA	35,285	-2%
EBITDA	**14,017**	**14,754**	**12,580**	**-10%**	**-15%**	**14,224**	**-12%**	**14,765**	**-15%**
EBITDA (%)	28.9	29.6	26.7	-216bps	-288bps	29.1	**-234bps**	29.5	**-277bps**
Depreciation	4,204	4,663	4,587	9%	-2%		NA	4,683	-2%
EBIT	**9,812**	**10,091**	**7,993**	**-19%**	**-21%**		**NA**	**10,081**	**-21%**
Other income	461	1,251	756	64%	-40%		NA	500	51%
Interest	3,136	3,648	3,468	11%	-5%		NA	4,004	-13%
Share of income in Asso.	734	633	477	-35%	-25%		NA	633	-25%
PBT	**7,871**	**8,327**	**5,758**	**-27%**	**-31%**		**NA**	**7,210**	**-20%**
Tax	1,778	2,726	1,657	-7%	-39%		NA	1,803	-8%
Tax rate (%)	23	33	29	618bps	-396bps		NA	25	15%
Reg def Acc (net of tax)	-587	2,296	2,007	NA	-13%		NA	0	#DIV/0!
Exceptional items	-	-	-	NA			NA	-	#DIV/0!
Reported PAT	**5,506**	**7,897**	**6,108**	**11%**	**-23%**	**5,396**	**13%**	**5,408**	**13%**
PAT (adjusted for reg def acc)	**6,093**	**5,601**	**4,101**	**-33%**	**-27%**	**5,396**	**-24%**	**5,408**	**-24%**
EPS (Rs)	5.6	7.8	6.2	10%	-21%	5.8	6%	5.6	11%
EPS (Rs) (adjusted for reg def acc)	6.3	5.5	4.1	-34%	-25%	5.8	-29%	5.6	-26%

Cost-break up	Q1FY25	Q4FY25	Q1FY26	%YoY	%QoQ
Raw Material Costs	29,286	26,485	26,346	-10%	-1%
% of sales	60%	53%	56%	-438bps	283bps
RM/MU	3.0	2.8	2.9	-4%	4%
Staff Costs	1,630	2,005	1,584	-3%	-21%
% of sales	3%	4%	3%	1bps	-66bps
Other Expenses	3,589	6,590	6,555	83%	-1%
% of sales	7%	13%	14%	653bps	70bps

	Q1FY25	Q4FY25	Q1FY26	%YoY	%QoQ
NTPC Gr Installed MW	76,048	79,930	82,080	8%	3%
Coal Plant PLF %	80.4	81.2	75.16	-523bps	-608bps
Coal Plant PAF %	92.9	92.5	93.48	63bps	96bps

Source: Company, Bloomberg Consensus

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25A	FY26E	FY27E	FY28E
Revenue from Operations	**1,88,138**	**1,96,303**	**2,12,099**	**2,31,297**
Operating expenses	1,07,032	1,12,297	1,16,725	1,24,681
Employee benefits expense	6,796	7,061	7,337	7,623
Other Expense	20,182	19,123	20,662	22,728
Total Expenditure	1,34,010	1,38,482	1,44,723	1,55,032
EBITDA	**54,128**	**57,821**	**67,376**	**76,265**
EBITDA Margin %	**29%**	**29%**	**32%**	**33%**
Depreciation	17,401	18,139	20,207	23,663
Other Income	2,724	2,945	3,181	3,469
Interest	13,168	15,216	17,765	20,228
Exceptional Items	-	-	-	-
Profit Before Tax	**26,283**	**27,411**	**32,586**	**35,844**
Tax	8,245	8,599	10,222	11,245
Net Profit	**18,038**	**18,812**	**22,363**	**24,599**
Share of profits of JVs	2,214	2,236	2,236	2,236
Movement in a regulatory deferral account	3,702	3,702	3,702	3,702
Reported Net Profit	**23,953**	**24,750**	**28,301**	**30,537**
Minority interest	531	531	531	531
Attributable Net Profit	**23,422**	**24,219**	**27,770**	**30,006**
Wt Avg No of shares (Basic and Diluted) (Cr)	970	970	970	970
EPS (Rs/sh)	24.70	25.52	29.19	31.49
Adj EPS (Rs/sh)	**24.16**	**24.98**	**28.64**	**30.94**
DPS (Rs/sh)	**8.35**	**10.46**	**11.97**	**12.91**

Source: Company, Axis Securities

AXIS SECURITIES

Balance Sheet (Rs Cr)

Y/E March	FY25A	FY26E	FY27E	FY28E
Capital Employed				
Share Capital	9,697	9,697	9,697	9,697
Reserves Total	1,74,374	1,89,736	2,07,192	2,25,968
Total Shareholders' Funds	**1,84,071**	**1,99,432**	**2,16,889**	**2,35,664**
Minority Interest	7,052	7,052	7,052	7,052
Secured Loans	2,01,054	2,38,995	2,79,467	3,18,563
Unsecured Loans	2,521	2,521	2,521	2,521
Total Debt	**2,03,575**	**2,41,516**	**2,81,988**	**3,21,084**
Other Liabilities	6,305	6,305	6,305	6,305
Deferred Tax Liability	18,999	18,999	18,999	18,999
Total Liabilities + Equity	**4,20,001**	**4,73,304**	**5,31,232**	**5,89,104**
Capital Applied				
Non-Current Assets				
Net PPE	2,71,597	2,99,407	3,55,999	3,87,042
CWIP	1,00,859	1,20,681	1,24,920	1,54,024
Regulatory Deferral Account balance	18,731	18,731	18,731	18,731
Non-Current Investments	19,654	19,654	19,654	19,654
Other Non-Current Assets	20,433	20,433	20,433	20,433
Total Non-Current Assets	**4,31,273**	**4,78,906**	**5,39,736**	**5,99,884**
Net Current Assets				
Inventories	18,722	17,210	18,595	20,278
Sundry Debtors	34,720	34,958	37,771	41,190
Cash and Bank	11,457	19,611	13,506	7,338
Other Current Assets	27,992	27,992	27,992	27,992
Total Current Assets	**92,892**	**99,771**	**97,864**	**96,798**
Less: Current Liabilities and Prov				
Current Liabilities				
Creditors	11,160	12,370	13,365	14,575
Other Current Liabilities	85,287	85,287	85,287	85,287
Provisions	7,717	7,717	7,717	7,717
Total Current Liabilities	**1,04,163**	**1,05,373**	**1,06,368**	**1,07,578**
Net Current Assets	**-11,272**	**-5,602**	**-8,504**	**-10,780**
Total Assets	**4,20,001**	**4,73,304**	**5,31,232**	**5,89,104**

Source: Company, Axis Securities

Cash Flow (Rs Cr)

Y/E March	FY25A	FY26E	FY27E	FY28E
Profit before tax	**32,991**	**34,108**	**39,282**	**42,540**
Depreciation	17,401	18,139	20,207	23,663
Interest Expenses	13,048	15,216	17,765	20,228
Non-operating / EO item	-6,668	-2,945	-3,181	-3,469
Change in W/C	-2,022	2,484	-3,203	-3,892
Income Tax (Paid)/Refund	-4,314	-8,599	-10,222	-11,245
Operating Cash Flow	**50,436**	**58,403**	**60,648**	**67,825**
Capital Expenditure	-41,283	-65,772	-81,037	-83,810
Free Cash Flow	**9,153**	**-7,369**	**-20,389**	**-15,985**
Other Investments	-4,516	2,945	3,181	3,469
Investing Cash Flow	**-45,800**	**-62,827**	**-77,856**	**-80,341**
Proceeds / (Repayment) of Borrowings	13,118	37,941	40,472	39,096
Finance cost paid	-8,207	-15,216	-17,765	-20,228
Dividend paid	-17,874	-10,147	-11,603	-12,520
Other Financing activities	9,027	-	-	-
Financing Cash Flow	**-4,073**	**12,579**	**11,103**	**6,348**
Change in Cash	563	8,154	-6,105	-6,168
Opening Cash	10,894	11,457	19,611	13,506
Closing Cash	**11,457**	**19,611**	**13,506**	**7,338**

Source: Company, Axis Securities

Ratio Analysis (%)

Y/E March	FY25A	FY26E	FY27E	FY28E
Operational Ratios				
Revenue growth (% YoY)	5%	4%	8%	9%
EBITDA growth (% YoY)	6%	7%	17%	13%
Attrib Net Profit growth (% YoY)	13%	3%	15%	8%
EBITDA Margin %	29%	29%	32%	33%
Attrib Net profit Margin %	12%	12%	13%	13%
Tax Rate %	31%	31%	31%	31%
Efficiency Ratios				
Total Asset Turnover (x)	0.36	0.34	0.33	0.33
Sales/Gross block (x)	0.47	0.44	0.40	0.40
Sales/Net block(x)	0.69	0.66	0.60	0.60
Valuation Ratios				
PER (x)	15.24	13.29	11.59	10.73
P/BV (x)	1.94	1.61	1.48	1.37
EV/Ebitda (x)	10.27	9.53	8.87	8.43
EV/Sales (x)	2.96	2.81	2.82	2.78
Dividend Yield (%)	0.02	0.03	0.04	0.04
Return Ratios				
ROE	12.7%	12.1%	12.8%	12.7%
ROCE	9.2%	8.9%	9.4%	9.4%
ROIC	7.2%	7.1%	7.3%	7.2%
Leverage Ratios				
Debt/equity (x)	1.07	1.17	1.26	1.32
Net debt/ Equity (x)	1.01	1.07	1.20	1.29
Net debt/Ebitda (x)	3.55	3.84	3.98	4.11

Source: Company, Axis Securities

NTPC Price Chart and Recommendation History

Date	Reco	TP	Research
04-Jan-24	BUY	345	Initiating Coverage
31-Jan-24	BUY	350	Result Update
27-May-24	BUY	420	Result Update
30-Jul-24	BUY	450	Result Update
26-Oct-24	BUY	450	Result Update
27-Jan-25	BUY	390	Result Update
26-May-25	BUY	400	Result Update
30-Jul-25	BUY	400	Result Update

Source: Axis Securities

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HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
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NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

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