



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✗
RQ	✗	↔	✗
RV	✗	↔	✗

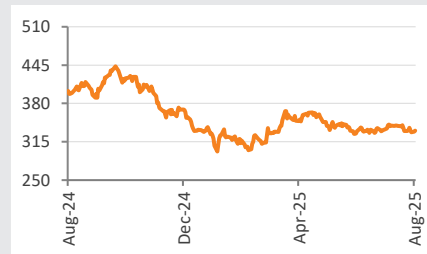
Company details

Market cap:	Rs. 3,23,481 cr
52-week high/low:	Rs. 448 / 293
NSE volume: (No of shares)	133.8 lakh
BSE code:	532555
NSE code:	NTPC
Free float: (No of shares)	474.2 cr

Shareholding (%)

Promoters	51.1
FII	16.1
DII	28.9
Others	3.9

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-0.6	-2.4	7.2	-20.5
Relative to Sensex	2.7	-2.5	2.6	-20.2

Source: Mirae Asset Sharekhan Research, Bloomberg

NTPC Ltd

Thermal and renewable capacity additions to drive growth

Power	Sharekhan code: NTPC		
Reco/View: Buy	↔	CMP: Rs. 334 (as on Aug 05, 2025)	Price Target: Rs. 398 ↓

Summary

- Q1FY26 adjusted standalone PAT of Rs. 4,414 crore was up 5% y-o-y with the regulated equity base growing 4% y-o-y to Rs. 92,344 crore. Consolidated PAT rose 11% y-o-y with good increase in profit of subsidiaries.
- NTPC has 30.9 GW of capacity under construction, comprising 15.6 GW of coal, 2 GW of hydropower and 13.3 GW of renewable energy projects.
- The company plans to add 11.8/ 9.9 GW of capacity in FY26/27 respectively.
- We maintain a Buy on NTPC with a revised PT of Rs. 398. Valuation of 1.7x/1.6x its FY26E/27 P/BV is reasonable given strong long-term growth prospects, and the stock offers a decent dividend yield as well.

Q1FY26 standalone adj. PAT of Rs. 4,414 crore rose 5% y-o-y inline with the 4% y-o-y increase in the regulated equity base. Standalone revenue of Rs. 42,573 crore was down 4.2% y-o-y because of the weak power demand. Gross generation of 91.3BU was down 6.6% y-o-y. Plant load factor (PLF) were as follows - Coal decreased to 75.2% (vs 80.4% last year), Gas decreased to 11.1% (vs 23.8% last year), Solar improved to 26.8% (vs 23.8% last year) while Hydro rose a little to 59.5% (vs 57.4% last year). The reported standalone PAT of Rs. 4,775 crore was up 6% y-o-y. At the end of the quarter, the standalone capacity stands at 60,978 MW (up 1810 MW y-o-y) and the consolidated capacity is 82,646 MW (6,598 MW added in the year). NTPC's capacity addition plan is as follows: FY26 - 11.8 GW (3.6 GW thermal, 1 GW hydro and 7.2 GW RE), FY27 - 9.9 GW (1.46 GW thermal, 0.44 GW Hydro and 8 GW RE). So, company plans to add ~22 GW total capacity in the next two years with thermal capacity of ~5 GW. NTPC is targeting RE capacity of 20 GW by FY27 and 60 GW by FY32.

Key positives

- Company is going to undertake strong capex for the next three years.

Key negatives

- Company's generation dropped 6.6% y-o-y due to low power demand.

Key highlights

- Company's capacity under construction is 30.9 GW - 15.6 GW coal, 2 GW Hydro and 13.3 GW of renewables.
- Commercial Operation Date (COD) for 2 PSP units of 250MW each have been declared in Tehri. We will see another 500 MW commissioned through Tehri PSP in the year. Another 3-5 GW of PSP expected to be commissioned by 2031-32. NTPC has completed Preliminary Feasibility Reports for 18 projects and Detailed project reports for 4 of them are in advanced stages.
- NTPC has set to develop 30GW of nuclear power by FY47. It has formed a JV with NPCIL named ASHVINI. The government has approved it to build, own and operate nuclear power plants. It is in the process of executing Mahi Banswara Rajasthan Atomic Power Project, comprising four 700 MW reactors.
- The company has also incorporated NTPC Parmanu Urja Nigam Limited in January 2025, a wholly owned subsidiary to explore advanced nuclear technologies, including Pressurised Water Reactors, Small Modular Reactors and Fast Breeder Reactors.

Our Call

Valuation - Maintain Buy on NTPC with a revised SoTP based PT of Rs. 398: NTPC's risk-averse regulated business model provides earnings growth visibility/RoE improvement with strong expansion in both thermal and renewable capacities. Valuations at 1.7x/1.6x its FY26E/FY27E P/BV seem reasonable given potential long-term growth prospects and the stock offers a decent dividend yield as well. Hence, we maintain a Buy on NTPC with a SoTP target price of Rs. 398.

Key Risks

- Lower-than-expected additions to commercial capacity.
- Any write-off related to dues from discoms could impact valuation.

Valuation (Consolidated)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,76,207	1,78,501	1,88,138	2,05,593	2,18,363
OPM (%)	27.1	28.6	28.8	30.9	31.4
Adjusted PAT	16,912	20,812	23,422	25,179	27,189
% YoY growth	1.4	23.1	12.5	7.5	8.0
Adjusted EPS (Rs.)	17.4	21.5	24.2	26.0	28.0
P/E (x)	19.1	15.6	13.8	12.9	11.9
P/B (x)	2.2	2.0	1.8	1.7	1.6
EV/EBITDA (x)	11.3	10.8	10.3	9.1	8.6
RoNW (%)	12.0	13.5	13.6	13.3	13.6
RoCE (%)	9.2	9.2	8.8	9.6	9.5

Source: Company; Mirae Asset Sharekhan estimates

Results (Standalone)

					Rs cr
Particulars	Q1FY26	Q1FY25	Y-o-Y (%)	Q4FY25	Q-o-Q (%)
Revenue	42,573	44,428	-4.2	43,904	-3.0
Total Expenditure	30,370	32,576	-6.8	30,585	-0.7
Adj. operating profit	12,202	11,852	3.0	13,319	-8.4
Other Income	760	626	21.5	1,909	-60.2
Interest	2,838	2,649	7.1	3,097	-8.4
Depreciation	3,869	3,654	5.9	4,032	-4.1
PBT	6,255	6,174	1.3	8,098	-22.8
Tax	1,481	1,663	-11.0	2,320	-36.2
PAT	4,775	4,511	5.8	5,778	-17.4
Adjusted PAT	4,414	4,195	5.2	5,001	-11.7
EPS	4.92	4.65	5.8	5.96	-17.4
Margins (%)			BPS		BPS
Adjusted OPM	28.7	26.7	199	30.3	-167
Effective tax rate	23.7	26.9	-327	28.7	-498

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector View – Regulated tariff model provides earnings visibility and directional shift towards renewable energy

India's power sector is regulated by the CERC with an availability-based earnings model (fixed RoE on power generation assets) and, thus, the regulated tariff model provides strong earnings visibility for power-generation companies. Additionally, with improved plant availability factor (PAF) at thermal power plants, we expect fixed cost under-recoveries to decline for power companies. The sector is experiencing a fundamental shift towards clean energy, driven by the national target of 500 GW renewable capacity by 2030.

■ Company Outlook – Strong commercialisation target to drive 7.7% CAGR in PAT over FY2025-FY2027E

NTPC aims to add ~10 GW of new commercial capacities annually in the next couple of years, which we believe would drive a decent 7.7% PAT CAGR over FY25-27E. The management has guided for robust growth in regulated equity, which makes us optimistic about NTPC's strong earnings growth potential over the next couple of years. Moreover, reduction in the overdue amount from discoms would strengthen NTPC's balance sheet.

■ Valuation – Maintain Buy on NTPC with a revised SoTP based PT of Rs. 398

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One-year forward P/BV (x) band



Source: Company; Mirae Asset Sharekhan Research

SoTP-based PT of Rs. 398

Particulars	Value (Rs/share)	Comments
Standalone regulated equity (Rs crore)	234	2.2x FY27E regulated equity
Regulated equity for JV/Subs	48	2x FY27E regulated equity
CWIP	30	
Cash	12	
NTPC Green	74	20% discount of NTPC's stake
Total	398	

Source: Company; Mirae Asset Sharekhan Research

About company

NTPC, established in 1975, is India's largest power generation company in India with an installed capacity of 82,646 MW as of June 30, 2025. The company plans to add ~22 GW of power capacity in the next two years. NTPC also provides consultancy services to entities in the power domain and is engaged in power trading through its subsidiary.

Investment theme

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Key Risks

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- ♦ Any write-off related to dues from discoms could impact valuation.

Additional Data

Key management personnel

Name	Designation
Gurdeep Singh	Chairman and Managing Director
Jaikumar Srinivasan	Director – Finance

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	ICICI Prudential Asset Management	5.16
2	Life Insurance Corp of India	4.34
3	Nippon Life India Asset Management	4.1
4	SBI Funds Management Ltd	2.22
5	Republic of Singapore	2.14
6	NPS Trust A/c Uti Retirement Solut	2.13
7	Vanguard Group Inc/The	2.09
8	HDFC Asset Management Co Ltd	1.76
9	Blackrock Inc	1.74
10	FMR LLC	1.26

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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