

19 August 2025

India | Equity Research | Company Update

NTPC

Utilities

Shifting the goalpost

We attended NTPC's analyst meet (on 18 Aug'25). In a bid to play a key role in India's energy transition, NTPC, a thermal power giant, is transforming itself into a diversified power genco. It has raised its capacity target to 149GW by FY32 (vs. 130GW earlier) with a massive capex outlay of INR 7trn. While the company is expanding its coal-based portfolio with 26-27GW new capacity, it is planning to go greener with 60GW RE capacity by FY32. The RE capacity addition will be led by its listed green subsidiary (NTPC Green Energy) which has contracted and awarded capacity of >23GW. It is also expanding its footprint into new avenues such as green hydrogen and its derivatives, energy storage and nuclear energy (targeting 30GW nuclear capacity by FY47). We believe the company is well positioned for a steep growth trajectory; however, on-ground execution (which has improved in FY26 - YTD) will be a key monitorable. We reiterate **BUY**.

The canvas is expanding

NTPC, which was earlier targeting 130GW capacity by FY32, has now shifted the goalpost. It has revised its capacity target to 149GW by FY32 (vs. capacity of ~83GW as of Jun'25). NTPC has a capex outlay of INR 7trn to achieve the target.

Building on the conventional base...

NTPC has under-construction capacity of ~31GW, of which ~16GW is coal-based capacity. Further, the company plans to award another 7.2GW coal-based capacity in FY26. The company plans to add ~26-27GW of coal-based capacity in the medium term through brownfield expansion.

...while adding shades of greens and blues

NTPC, a traditionally coal-based power behemoth, is aiming to lead India's energy transition to sustainable sources. It is targeting 60GW renewable capacity by FY32. It is also expanding into all things green, including green hydrogen and its derivatives (such as green ammonia), pumped hydro and battery storage. Further, it is planning to go big on nuclear energy with target of 30GW by FY47.

Strokes need to keep up with the growing canvas

While the company has ambitious capacity targets, capacity addition in FY25 fell short of expectations at ~4GW. Execution pace will remain a key monitorable for the company. It has commissioned ~3GW capacity in FY26 (YTD) and had earlier guided for 11.8GW capacity in FY26.

Reiterate BUY

We reiterate **BUY** on the stock with TP of INR 439.

Financial Summary

Y/E Mar'31 (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	17,78,910	19,01,159	20,16,060	21,77,165
EBITDA	5,04,830	5,61,054	6,46,823	7,09,234
EBITDA Margin (%)	28.4	29.5	32.1	32.6
Net Profit	2,13,072	2,34,288	2,12,792	2,34,843
EPS (INR)	22.0	24.2	21.9	24.2
EPS % Chg YoY	16.3	10.9	6.1	10.4
P/E (x)	18.0	16.3	15.3	13.9
EV/EBITDA (x)	10.7	9.7	8.8	8.3
RoCE (%)	7.0	7.1	7.6	7.6
RoE (%)	11.8	11.6	11.1	11.4

Mohit Kumar

kumar.mohit@icicisecurities.com
+91 22 6807 7419

Mahesh Patil

mahesh.patil@icicisecurities.com

Abhinav Nalawade

abhinav.nalawade@icicisecurities.com

Nidhi Shah

nidhi.shah@icicisecurities.com

Market Data

Market Cap (INR)	3,259bn
Market Cap (USD)	37,304mn
Bloomberg Code	NTPC IN
Reuters Code	NTPC.BO
52-week Range (INR)	448 /293
Free Float (%)	49.0
ADTV-3M (mn) (USD)	59.5

Price Performance (%)	3m	6m	12m
Absolute	(2.1)	8.0	(15.6)
Relative to Sensex	(0.8)	1.0	(16.6)

ESG Score	2023	2024	Change
ESG score	66.1	63.7	(2.4)
Environment	48.9	45.8	(3.1)
Social	72.2	69.4	(2.8)
Governance	73.0	76.2	3.2

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

30-07-2025: [Q1FY26 results review](#)

26-05-2025: [Q4FY25 results review](#)

Analyst meet highlights

Target for near- to medium-term capacity addition

- It plans to add 6GW RE capacity in FY26 (added 1.3GW till date), 8GW capacity each in FY27 and FY28.
- 2.8GW (4*700MW) nuclear capacity under JV (Mahi Banswara), for which foundation is expected to be laid in Sep'25.

Target for long term capacity addition

- The company has revised its target for FY32 to 149GW from 130GW earlier.
- NTPC has following targets on medium-long term basis:
 - Thermal capacity addition of 26-27GW
 - RE capacity target of 60GW by FY32
 - PSP capacity target of 3-5GW by FY32
 - Nuclear capacity of 30GW by FY47
- NTPC plans to add 21GW of PSP, out of which 11GW shall be under NTPC and 10GW shall be under THDC & NEEPCO.

Capex

- NTPC estimates capex of INR 7trn by 2032 and the said capex shall be incurred for thermal, renewables, nuclear, energy storage system (pumped storage and battery energy storage system), green energy and green chemicals.

Near term order pipeline

- NTPC plans awarding for 7.2GW of thermal capacity and 2.8GW of nuclear capacity in FY26.

Update on FGD technology

- NTPC has stopped the installation of additional FGD in its under construction thermal plants post the change in FGD mandate.
- CEA has formed a committee to decide the financial impact of the change in mandate.

Other highlights

- Beyond the 27GW coal-based capacity addition being targeted, NTPC highlighted that it can go for additional coal-based capacity (>10GW).
- NTPC is focusing on brownfield capacity expansion for now as it allows utilisation of land and other infrastructure at its existing plants.
- NTPC has added 3GW in FY26 till date against 4GW in the entire FY25.
- Further, within PSP space, NTPC has commissioned 500MW in FY26 so far and plans to commission additional 500MW in the remaining FY26.
- NTPC incurred capex of INR 113bn in Q1FY26 (vs. INR 70bn YoY).

Outlook and valuation

India is witnessing strong power demand growth in post-Covid-19 times and we expect the base and peak power demand to grow at 6% each over the next couple of years. Firm capacity addition has been low in the past five years; thus, to meet peak demand, India has to fall back on thermal capacity, and NTPC has the best-performing thermal capacity in India.

Thus, we believe, as power demand continues to grow at 6% per year, India may need to add more thermal capacity to meet the medium-term demand before storage solutions become economically viable. NTPC is likely to add to this thermal capacity.

NTPC group has also demonstrated its ability to execute RE capacities and has set a target of 60GW by FY32. NTPC Green Energy has an operational RE capacity of 6.8GW and another ~16GW RE capacity under-construction as of Jun'25; this could start contributing significantly to profitability in coming years. NTPC group is targeting to add >11GW capacity in FY26; it added ~2.9GW in Q1FY26.

We reiterate **BUY** on the stock with target price of **INR 439**, valuing the thermal business at 15x FY27E EPS and NGEL (RE portfolio) stake adjusted and discounted by 20%.

Key risks: 1) Delay in execution of thermal and RE projects; and 2) increase in cost of execution.

Exhibit 1: SoTP-based target price of INR 439/share

SoTP	Method	Value (INR mn)	Value per share
Standalone Business	15x FY27E PAT	36,53,499	377
NGEL (RE Portfolio)	M-Cap at 20% discount and 89% stake	6,06,899	63
Total		42,60,398	INR 439

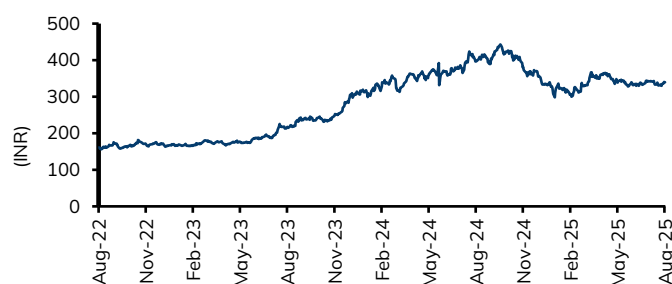
Source: I-Sec research

Exhibit 2: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	51.1	51.1	51.1
Institutional investors	45.0	45.0	45.0
MFs and others	17.6	17.5	19.1
FIs/Banks	1.7	2.0	2.2
Insurance	6.9	7.1	7.3
FIIIs	18.8	18.4	16.4
Others	3.9	3.9	3.9

Source: Bloomberg, I-Sec research

Exhibit 3: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 4: Profit & Loss

(INR mn, year ending Mar'31)

	FY24A	FY25A	FY26E	FY27E
Net Sales	17,78,910	19,01,159	20,16,060	21,77,165
Operating Expenses	65,920	67,961	74,688	82,156
EBITDA	5,04,830	5,61,054	6,46,823	7,09,234
EBITDA Margin (%)	28.4	29.5	32.1	32.6
Depreciation & Amortization	1,62,036	1,74,012	2,04,939	2,26,683
EBIT	3,42,794	3,87,042	4,41,883	4,82,551
Interest expenditure	1,20,482	1,31,681	1,75,012	1,85,473
Other Non-operating Income	26,650	27,591	24,624	24,624
Recurring PBT	2,48,961	2,82,952	2,91,495	3,21,703
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	68,092	82,452	78,704	86,860
PAT	1,80,869	2,00,501	2,12,792	2,34,843
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	16,101	16,894	-	-
Net Income (Reported)	1,96,971	2,17,394	2,12,792	2,34,843
Net Income (Adjusted)	2,13,072	2,34,288	2,12,792	2,34,843

Source Company data, I-Sec research

Exhibit 5: Balance sheet

(INR mn, year ending Mar'31)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	9,79,593	9,30,017	7,77,776	6,84,650
of which cash & cash eqv.	68,473	1,14,571	82,497	45,739
Total Current Liabilities & Provisions	5,72,770	5,76,420	6,19,495	6,65,366
Net Current Assets	4,06,823	3,53,597	1,58,281	19,284
Investments	1,58,346	1,96,536	1,96,536	1,96,536
Net Fixed Assets	25,84,239	27,09,358	37,28,677	41,69,053
ROU Assets	-	-	-	-
Capital Work-in-Progress	8,76,645	10,08,593	7,06,265	7,41,537
Total Intangible Assets	5,098	5,008	5,008	5,008
Other assets	1,97,546	3,91,635	2,04,327	2,04,327
Deferred Tax Assets	-	-	-	-
Total Assets	42,28,696	46,64,726	49,99,093	53,35,743
Liabilities				
Borrowings	23,71,310	25,00,962	26,97,680	28,80,458
Deferred Tax Liability	1,52,318	1,89,989	1,89,989	1,89,989
provisions	-	-	-	-
other Liabilities	97,975	1,33,064	1,33,064	1,33,064
Equity Share Capital	96,967	96,967	96,967	96,967
Reserves & Surplus	15,10,126	17,43,745	18,81,394	20,35,266
Total Net Worth	16,07,093	18,40,712	19,78,360	21,32,233
Minority Interest	-	-	-	-
Total Liabilities	42,28,696	46,64,726	49,99,093	53,35,743

Source Company data, I-Sec research

Exhibit 6: Cashflow statement

(INR mn, year ending Mar'31)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	3,97,989	5,04,360	9,43,293	7,49,238
Working Capital Changes	(97,062)	(20,216)	3,50,550	1,02,239
Capital Commitments	(3,29,200)	(4,10,050)	(9,21,931)	(7,02,330)
Free Cashflow	7,27,188	9,14,410	18,65,224	14,51,568
Other investing cashflow	10,278	(7,482)	15,292	16,547
Cashflow from Investing Activities	(3,18,922)	(4,17,532)	(9,06,639)	(6,85,783)
Issue of Share Capital	-	-	-	-
Interest Cost	(1,20,482)	(1,31,681)	(1,75,012)	(1,85,473)
Inc (Dec) in Borrowings	1,55,050	1,29,652	1,96,718	1,82,778
Dividend paid	(75,149)	(78,058)	(91,766)	(1,02,582)
Others	(19,498)	39,357	1,331	5,065
Cash flow from Financing Activities	(60,079)	(40,730)	(68,729)	(1,00,212)
Chg. in Cash & Bank balance	18,988	46,097	(32,074)	(36,758)
Closing cash & balance	68,473	1,14,571	82,497	45,739

Source Company data, I-Sec research

Exhibit 7: Key ratios

(Year ending Mar'31)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	18.7	20.7	21.9	24.2
Adjusted EPS (Diluted)	22.0	24.2	21.9	24.2
Cash EPS	38.7	42.1	43.1	47.6
Dividend per share (DPS)	7.8	8.1	9.5	10.6
Book Value per share (BV)	165.7	189.8	204.0	219.9
Dividend Payout (%)	41.5	38.9	43.1	43.7
Growth (%)				
Net Sales	1.7	6.9	6.0	8.0
EBITDA	7.5	11.1	15.3	9.6
EPS (INR)	16.3	10.9	6.1	10.4
Valuation Ratios (x)				
P/E	18.0	16.3	15.3	13.9
P/CEPS	8.7	8.0	7.8	7.1
P/BV	2.0	1.8	1.6	1.5
EV / EBITDA	10.7	9.7	8.8	8.3
P / Sales	1.8	1.7	1.6	1.5
Dividend Yield (%)	2.3	2.4	2.8	3.1
Operating Ratios				
Gross Profit Margins (%)	32.1	33.1	35.8	36.3
EBITDA Margins (%)	28.4	29.5	32.1	32.6
Effective Tax Rate (%)	27.4	29.1	27.0	27.0
Net Profit Margins (%)	10.2	10.5	10.6	10.8
NWC / Total Assets (%)	8.0	5.1	1.5	(0.5)
Net Debt / Equity (x)	1.3	1.2	1.2	1.2
Net Debt / EBITDA (x)	4.2	3.9	3.7	3.7
Profitability Ratios				
RoCE (%)	7.0	7.1	7.6	7.6
RoE (%)	11.8	11.6	11.1	11.4
RoIC (%)	7.0	7.1	7.6	7.6
Fixed Asset Turnover (x)	0.7	0.7	0.6	0.6
Inventory Turnover Days	37	37	26	21
Receivables Days	69	69	51	42
Payables Days	23	22	26	26

Source Company data, I-Sec research

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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. Bhavesh Soni](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
