NTPC (10th September 2026)

Company Overview

- NTPC Ltd, incorporated in 1975 and 51.1% owned by the Government of India, is India's largest power producer. Group installed capacity is 89,108 MW across 53 stations, roughly 17% of national capacity, spanning 27 coal, 7 gas, hydro, wind and 17 solar plants.
- Earnings are largely regulated: thermal and hydro assets earn a CERC-determined return on equity on approved capital cost, so profit tracks regulated equity rather than merchant tariffs or fuel prices. Adjacent businesses span coal mining, energy trading, consultancy and listed renewables arm NTPC Green Energy.

Sector Outlook

- Peak demand keeps setting records and the base-load deficit is structural. The National Electricity Plan envisages close to 90 GW of new coal by 2032 alongside 500 GW of non-fossil capacity, and NTPC is the anchor developer on both sides of that build-out.
- Rising renewable penetration raises the value of firm, dispatchable capacity and storage, while thermal fixed-cost recovery stays protected by regulation even when plants are backed down. The transition is therefore additive to NTPC rather than a threat to its base.

Company Outlook

- FY26 was a record year: group PAT rose 15% to Rs 27,546 crore on flat revenue of about Rs 1.91 lakh crore, with EBITDA of Rs 60,564 crore and the highest-ever group capex. Book value improved to Rs 210 per share and debt-to-equity eased to 1.32x.
- Q1 FY27 carried the momentum, with revenue up 7.8% YoY to Rs 50,741 crore and PAT up 12.9% to Rs 6,896 crore on an EBITDA margin near 32%.
- Capacity under construction is 33.5 GW, with about 9.6 GW of additions guided for FY27 and 10 GW for FY28, over 8 GW a year from renewables. FY26 dividend totalled Rs 9.0 per share.

NTPC

23% Target Return	₹405 **Target Price**
12 months Duration	₹330 **Current price**

BUY

Financial Summary (Rs crore)

Y/E March	FY26	FY27E	FY28E
Revenue	1,91,059	2,06,300	2,22,100
EBITDA	60,564	66,000	72,500
EBITDA (%)	31.7	32.0	32.6
PAT	27,546	30,300	33,600
EPS (Rs)	28.4	31.2	34.6
P/E (x)	11.6	10.6	9.5
RoE (%)	13.6	13.8	14.0

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- The investment case rests on regulated growth, not on tariffs. The bulk of NTPC's earnings come from assets that earn a CERC-fixed return on equity, so profit compounds with regulated equity, and regulated equity compounds with commissioned capex. With 33.5 GW under construction and close to 20 GW of additions planned over FY27-FY28E, the earnings base is contracted rather than cyclical.
- Renewables are the incremental engine. NTPC Green Energy grew revenue 29% in FY26 on an EBITDA margin near 87%, with capex of Rs 35,800 crore planned for FY27 and Rs 46,000 crore for FY28. Firm PPAs already cover 72-79% of FY27-FY28 commissioning, which limits off-take risk on the build-out.
- We model revenue of Rs 2.06 lakh crore in FY27E and Rs 2.22 lakh crore in FY28E, an 7.8% CAGR, with EBITDA margin moving from 31.7% in FY26 to 32.6% in FY28E as hydro and renewable capacity mixes up. PAT rises from Rs 27,546 crore to Rs 30,300 crore and Rs 33,600 crore, giving EPS of Rs 31.2 and Rs 34.6, an 11% CAGR.
- The balance sheet supports the programme. Debt-to-equity is 1.32x, book value is Rs 210 per share and the FY26 dividend of Rs 9.0 per share yields 2.7%. At Rs 330 the stock trades at about 11.6x FY26 earnings and 1.6x book against a 13-14% RoE.

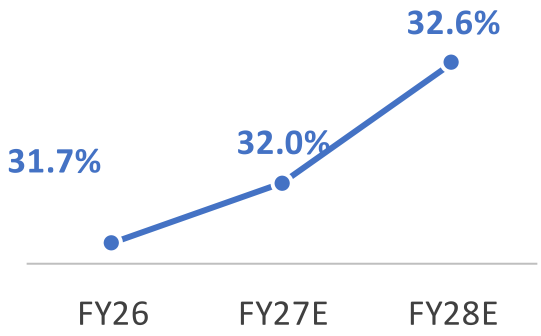
Rating

- We rate NTPC a BUY with a 12-month target price of Rs 405 on a sum-of-the-parts basis: 1qx FY28E EPS for the regulated base business plus the NTPC Green Energy stake at a 20% holding-company discount. That implies 23% upside from Rs 330, or roughly 32% including the dividend.

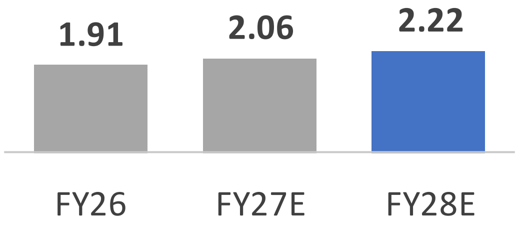
Key Risks

- Discom receivables and payment delays, land, PPA or execution slippage in the renewable pipeline, and adverse outcomes in the next CERC tariff control period. Returns on renewable and merchant capacity are lower than on the regulated thermal fleet, and government ownership means capital allocation can follow policy objectives.

EBITDA margin (%)



Revenue (Rs lakh crore)



Source: Company filings, Angel One Research

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