AXIS DIRECT

Axis PUNCH

04th September, 2026

NTPC Ltd

Power & Utilities

BUY Target Price **363**

About the Company

NTPC Ltd is India's largest power generation company, with group installed capacity of 90,904 MW as of 30th June, 2026, spread across thermal, hydro/PSP and renewables (via NGEL). The group carries a ~35.7 GW under-construction pipeline and has laid out a 10-year roadmap to scale capacity to 150 GW by FY32 and 250 GW by FY37, while holding its 24-25% share of India's generation market.

Investment Rationale

- **Rs 16.9 Lc Cr Capex Roadmap Provides Rare Multi-Year Visibility:** NTPC has committed to a 10-year group capex plan through FY37, Rs 1.1 Lac Cr in FY25-27, Rs 6 Lac Cr in FY27-32 and Rs 9.8 Lac Cr in FY33-37, heavily skewed toward Renewable Energy (43.0%) and Nuclear (27.0%), with Thermal at 18.0%. Few utilities globally offer this length of capital-allocation visibility.
- **NGEL (Renewable Subsidiary of NTPC) Is Becoming a Credible Second Growth Engine:** Operational RE capacity of 12 GW is targeted to scale to 20 GW by FY27E, 28 GW by FY28E, 60 GW by FY32E, and 136 GW by FY37E. NGEL already runs an industry-leading ~89% operating EBITDA margin, positioning it as a high-quality, high-growth arm rather than a bolt-on RE portfolio.
- **Regulated Cost-Plus Thermal Model Anchors Earnings Quality**: With consolidated regulated equity of Rs 1.1 Lac Cr and a preferred cost-plus framework (~15.5% ROE/12-13% net), NTPC's thermal cash flows are largely insulated from merchant volatility. Backed by PPAs, Tri-Partite Agreements, LCs, and LPS Rules 2022, debtor days have fallen to 15 days versus an industry norm of 45 days — a structural, not cyclical, receivables advantage.
- **Nuclear Entry Adds an Optionality Layer Peers Don't Have:** Through JV ASHVINI and wholly-owned NPUNL, NTPC is targeting 1 GW of nuclear capacity by FY32, 6 GW by FY37, and 30 GW by FY47, a long-dated but strategically significant lever as India's baseload mix diversifies away from thermal-only expansion.
- **Emerging Optionality in Storage and Green Hydrogen:** A ~39 GWh BESS pipeline and a ~Rs 1 Lc Cr green hydrogen hub at Pudimadaka (covering ammonia, methanol, SAF, and urea) give NTPC additional avenues to monetise its scale and land bank as the grid transitions.

Valuation & Recommendation

NTPC's structural pivot toward a regulated, cost-plus thermal base alongside an aggressive renewable and nuclear expansion positions it as a direct and diversified beneficiary of India's decade-long power capex buildout. Looking ahead, we expect earnings visibility to strengthen further as NGEL's high-margin RE portfolio scales toward its 136 GW FY37E target and the group's cost-plus thermal model continues to de-risk cash flows, aided by industry-best receivable cycles. This will be supported by a 35.7 GW under-construction pipeline, an expanding regulated equity base, and emerging optionality from nuclear, battery storage, and green hydrogen initiatives. We **recommend a BUY with a Target price of Rs 363/share**, implying ~10% upside.

Financial Summary (Consolidated)

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	PER (Rs)	ROCE (%)	ROE (%)	EV/EBITDA (%)
FY25	1,88,139	54,128	18,038	24.7	15.24	9.20%	12.70%	10.27
FY26	1,87,385	55,286	27,146	28.41	12.69	8.30%	13.30%	10.03
FY27E	2,11,436	68,087	24,722	25.95	13.01	9.80%	11.30%	8.36
FY28E	2,29,201	77,855	27,973	29.56	11.39	9.80%	12%	7.83

Source: Axis Securities; CMP as on 04th September, 2026

Duration: 3-6 Months

CMP (Rs)	330
Target Price (Rs)	363
Upside (%)	10%

Why NTPC Ltd

- ✓ **Rs 16.9 Lc Cr Capex Visibility**
- ✓ **NGEL Emerging as a High-Margin Second Engine**
- ✓ **Regulated Model of ~15-Days Receivables De-Risk Earnings**

Key Risks

- ✓ **Execution Risk**
- ✓ **Discom Financial Position/ Receivables Risk**
- ✓ **Lower Thermal Plant PLF and PAF**

MARKET DATA

No. of Shares	969.7 Cr
Market Cap	3,20,862 Cr
52-week High / Low	414/315
BSE Code	532555
NSE Code	NTPC

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About Axis PUNCH

| OBJECTIVE

Axis Punch is designed to generate solid returns in the short to medium term based on High Conviction Stock Ideas for both investors and traders. This fundamental medium-term product targets a return of 10% plus with an investment horizon of 3 to 6 months. Recommendations under Axis Punch are driven by various business and economic events, company valuations, market direction, or a mix of these factors.

| Axis PUNCH is a strong, research-based idea based on

Events-Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyse changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimise returns over 3 to 6 months.

| Why to choose Axis PUNCH

These medium-term recommendations are crafted by the fundamental research team of Axis Securities, ensuring a rigorous analysis of developments around the company. Please note that Axis Punch recommendations may differ from our long-term company recommendations. Key investment rationale and risks are clearly highlighted in stock ideas.

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HOLD	Between 10% and -10%
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