kotak Securities

Dated: 31 Oct 2025

NTPC - SELL

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.345	**Rs.325**

Rationale:

- Earnings growth modest; capacity addition could miss targets.
- NTPC reported a modest earnings performance, with a standalone PAT of ~Rs4700cr (flat yoy) and a consolidated PAT of ~Rs5200cr ((-)1% yoy).
- Capacity addition in Q2FY26 was more modest at 1.6 GW, taking the cumulative capacity addition in H1FY26 to 4.4 GW, against full-year target of 9.8 GW.
- Slippages in execution and a large asset base culminate in lowered earnings growth.
- Valuations, at 1.5X P/B, on FY27E are more reasonable, but still do not fully factor in execution risks in new project commissioning.
- Maintain SELL with a revised SoTP based FV of Rs325.

Positives:

- Renewable capacity addition aids earnings growth for NTPC Green.
- NTPC Green’s installed capacity increased to 7.4 GW, as of September 2025, including the Ayana portfolio (classified as JV).
- PLF for the solar capacity (incl. standalone entity) was at 22.8% in Q2FY26, compared with 18.4% in Q2FY25.

Negatives:

- NTPC added 1.6 GW of capacity in Q2FY26 (including 605 MW in NTPC Green), although the net addition was lower at 1.2 GW.
- NTPC has lowered its capacity addition targets for FY26 to 9.8 GW (from 11.8 GW).
- Lower 66% coal PLF likely owing to modest power demand.

(GW: Giga watt, GWh: Giga watt hour, SoTP: Sum of the parts, P/B: Price to Book Value, PPA: Power Purchase Agreement, PLF: Plant Load Factor, PAT: Profit After tax)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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