

# REGULATORY EQUITY BASE DCF MODEL ON





# Assumptions

NTPC LIMITED — Valuation Model   Assumptions & Inputs		
REGULATORY PARAMETERS (Source: CERC Tariff Regulations 2024-29)		
Parameter	Value	Notes / Source
Allowed ROE — Thermal (existing & new)	15.5%	CERC 2024-29, Regulation 15; unchanged 3 consecutive control periods
Normative Debt Fraction (70:30 rule)	70.0%	CERC mandates 70% debt, 30% equity in project capital structure
Normative Equity Fraction	30.0%	Formula: 1 – Debt Fraction
Standalone Reg. Equity Dec-2025 (₹ Cr)	94,415	Source: NTPC Q3 FY26 Earnings Call, 30-Jan-2026, Director Finance
Consolidated Reg. Equity Dec-2025 (₹ Cr)	1,18,970	Source: NTPC Q3 FY26 Earnings Call, 30-Jan-2026, Director Finance
CERC Control Period End	Mar-2029	Current active period; next review expected ~2028-29

CAPEX & CAPACITY PLAN FY27–FY31 (Source: Q3 FY26 Earnings Call, NTPC management guidance)								
Parameter (₹ Crore unless stated)	FY26A	FY27	FY28	FY29	FY30	FY31	FY32	Assumptions
Gross Group Capex (₹ Cr)	55,920	97,363	1,12,172	1,08,636	1,08,636	1,08,636	1,08,636	Guidance of group level capex of 55920 cr in FY26, 97363 in FY27 , 112172 cr in FY28 and to reach 149GW of total capacity by FY32 a cumulative expenditure of 7L cr Is required.
Equity Capex	16,776	29,209	33,652	32,591	32,591	32,591	32,591	0.3* Gross Capex (CERC Mandate)
Weighted Avg Interest Rate	6.1%	6.1%	5.9%	5.8%	5.8%	5.8%	5.8%	Source: Earnings Calls

Note: Equity Capex = Gross Capex × 30% per CERC 70:30 normative structure. Gross capex annualised from 9M FY26 group capex of ₹33,466 Cr (rate ≈ ₹44,600 Cr/yr). Renewable targets per NGEL management: 5GW FY26. 8GW each FY27 & FY28.

# Historical Profit and Loss Statement

NTPC LIMITED — Historical Profit & Loss   INR Crore   FY2016–FY2025										
(INR Crore)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
INCOME STATEMENT										
Revenue from Operations	73,396	82,042	88,083	1,00,287	1,09,464	1,11,531	1,32,669	1,76,207	1,78,525	1,88,138
Power & Fuel Cost	47,727	52,550	55,691	62,853	65,903	64,821	79,375	1,11,803	1,12,041	1,17,038
Employee Cost	4,694	5,243	5,759	5,914	5,897	6,015	7,194	7,459	7,535	7,826
Selling & Other Expenses	1,650	1,632	1,785	2,616	3,319	3,776	4,617	5,937	7,684	9,213
Other Expenses / (Income) — net	(1,474)	(1,544)	(573)	2,723	(1,061)	(1,400)	(3,535)	(2,301)	(6,815)	(7,746)
Operating Profit (EBIT)	20,799	24,161	25,421	26,181	35,406	38,319	45,018	53,309	58,080	61,807
Other Income	1,188	1,592	5,576	2,818	8,209	5,021	4,809	2,561	5,146	8,490
Depreciation	5,771	6,010	7,460	8,669	10,356	12,450	13,788	14,792	16,204	17,401
Finance Costs (Interest)	3,366	3,753	4,447	5,605	8,189	9,224	9,376	11,447	12,301	13,282
Profit Before Tax	10,618	13,426	16,154	11,255	21,250	17,390	22,007	23,917	28,142	32,198
Tax (incl. deferred)	(163)	2,712	5,653	(2,780)	9,348	2,421	5,047	6,796	6,809	8,245
NET PROFIT (PAT)	10,801	10,720	10,544	13,737	11,600	14,635	16,676	16,913	20,812	23,422
Dividend Paid	2,762	3,941	4,222	6,016	3,117	5,963	6,788	7,030	7,515	8,097

RATIOS										
Revenue Growth (YoY %)	"-"	11.8%	7.4%	13.9%	9.2%	1.9%	19.0%	32.8%	1.3%	5.4%
Operating Margin (%)	28.3%	29.4%	28.9%	26.1%	32.3%	34.4%	33.9%	30.3%	32.5%	32.9%
Net Profit Margin (%)	14.7%	13.1%	12.0%	13.7%	10.6%	13.1%	12.6%	9.6%	11.7%	12.4%
Return on Equity (%)	11.8%	11.0%	10.2%	12.3%	9.8%	11.6%	12.3%	11.5%	13.0%	12.7%
Dividend Payout (%)	25.6%	36.8%	40.0%	43.8%	26.9%	40.7%	40.7%	41.6%	36.1%	34.6%

# Historical Balance Sheet

NTPC LIMITED — Balance Sheet & Cash Flow   INR Crore   FY2016–FY2025										
(INR Crore)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
EQUITY & LIABILITIES										
Share Capital	8,245	8,245	8,245	9,895	9,895	9,697	9,697	9,697	9,697	9,697
Reserves & Surplus	83,330	89,593	95,318	1,01,462	1,08,945	1,16,042	1,25,677	1,37,327	1,51,013	1,74,374
Total Equity	91,575	97,838	1,03,563	1,11,357	1,18,840	1,25,739	1,35,374	1,47,024	1,60,710	1,84,071
Total Borrowings (Debt)	99,424	1,13,773	1,30,049	1,73,058	2,02,984	2,10,208	2,10,707	2,22,913	2,37,131	2,50,096
Debt / Equity (x)	1.1x	1.2x	1.3x	1.6x	1.7x	1.7x	1.6x	1.5x	1.5x	1.4x
ASSETS										
Net Fixed Assets	92,929	1,04,532	1,28,245	1,50,985	1,87,803	2,03,245	2,24,923	2,40,424	2,58,934	2,71,437
Capital Work-in-Progress	75,046	86,896	83,386	1,18,397	98,508	97,506	91,126	89,179	87,664	1,00,859
Trade Receivables (Debtors)	8,289	8,964	8,812	12,364	20,315	28,200	27,971	30,112	33,350	34,720
Cash & Cash Equivalents	4,938	3,301	4,388	2,933	3,214	4,388	4,458	4,949	6,847	11,457
CASH FLOW STATEMENT										
Cash from Operations (CFO)	24,125	20,167	19,670	18,686	23,890	32,444	41,788	47,152	40,099	50,436
Cash from Investing (CFI)	(19,162)	(24,480)	(20,678)	(24,063)	(29,628)	(21,034)	(22,891)	(26,145)	(31,456)	(45,800)
Cash from Financing (CFF)	(3,899)	3,138	1,028	4,927	6,004	(11,049)	(19,172)	(21,217)	(8,246)	(4,073)
Net Change in Cash	1,064	(1,175)	20	(450)	266	361	(275)	(210)	397	563
DERIVED RATIOS										
Debtor Days	41.2 days	39.9 days	36.5 days	45.0 days	67.7 days	92.3 days	77.0 days	62.4 days	68.2 days	67.4 days
Interest Coverage (x)	4.2x	4.6x	4.6x	3.0x	3.6x	2.9x	3.3x	3.1x	3.3x	3.4x
CFO / PAT (earnings quality)	2.2x	1.9x	1.9x	1.4x	2.1x	2.2x	2.5x	2.8x	1.9x	2.2x

# Quarterly Performance

NTPC LIMITED — Quarterly Performance   INR Crore   Q2 FY24 – Q3 FY26										
(INR Crore)	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
QUARTERLY INCOME STATEMENT										
Revenue from Operations	44,983	42,820	47,628	48,529	44,706	45,069	49,834	47,065	44,786	45,846
Total Expenses	32,303	31,458	33,638	35,091	33,041	31,729	35,080	34,485	31,970	31,276
Operating Profit (EBIT)	12,680	11,362	13,990	13,438	11,665	13,341	14,754	12,580	12,816	14,570
Operating Margin (%)	28.2%	26.5%	29.4%	27.7%	26.1%	29.6%	29.6%	26.7%	28.6%	31.8%
Other Income	1,024	2,532	1,400	1,187	3,218	986	4,180	3,240	2,734	1,738
Depreciation	4,038	4,074	4,271	4,204	4,216	4,318	4,663	4,587	4,816	5,093
Finance Costs	2,921	3,250	2,955	3,136	3,621	2,764	3,648	3,468	3,432	3,164
Profit Before Tax	6,746	6,571	8,164	7,284	7,046	7,245	10,623	7,765	7,301	8,050
Tax	2,020	1,362	1,674	1,778	1,666	2,075	2,726	1,657	2,076	2,453
NET PROFIT (PAT)	4,615	5,155	6,169	5,474	5,275	5,063	7,611	6,011	5,067	5,489
PAT Margin (%)	10.3%	12.0%	13.0%	11.3%	11.8%	11.2%	15.3%	12.8%	11.3%	12.0%

# Comparable Company Beta Calculation

Target Company Assumptions	
Target Tax Rate	25.0%
Target D/E Ratio	1.28x

Company	Ticker	Levered Beta (Raw)	D/E Ratio (Net)	Tax Rate	Unlevered Beta (Hamada)
NTPC Limited	NTPC.NS	1.17	1.28x	25.0%	0.60
NHPC Limited	NHPC.NS	1.34	1.00x	25.0%	0.76
SJVN Limited	SJVN.NS	1.75	2.03x	25.0%	0.70
Tata Power Company Limited	TATAPOWER.NS	1.67	1.56x	25.0%	0.77
Adani Power Limited	ADANIPOWER.NS	1.11	0.81x	25.0%	0.69

Mean		1.41	1.34	0.25	0.70
Median		1.34	1.28	0.25	0.70

## TARGET COMPANY BETA OUTPUT

Selected Unlevered Beta	0.70	Weighted avg unlevered beta from comps
Target Tax Rate	25.0%	From assumptions
Target D/E Ratio	1.28x	From assumptions
Relevered Beta (Target)	1.36	Hamada: $\beta_L = \beta_U \times [1 + (1-t) \times D/E]$



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NTPC Limited	NTPC.NS	1.17	1.28x	25.0%	0.60
NHPC Limited	NHPC.NS	1.34	1.00x	25.0%	0.76
SJVN Limited	SJVN.NS	1.75	2.03x	25.0%	0.70
Tata Power Company Limited	TATAPOWER.NS	1.67	1.56x	25.0%	0.77
Adani Power Limited	ADANIPOWER.NS	1.11	0.81x	25.0%	0.69

Mean		1.41	1.34	0.25	0.70
Median		1.34	1.28	0.25	0.70

## TARGET COMPANY BETA OUTPUT

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Target Tax Rate	25.0%	From assumptions
Target D/E Ratio	1.28x	From assumptions
Relevered Beta (Target)	1.36	Hamada: $\beta_L = \beta_U \times [1 + (1-t) \times D/E]$



# WACC Calculation

COST OF EQUITY (Ke)		CAPM: $Ke = Rf + \beta \times ERP$
Risk-Free Rate (Rf)	6.70%	10-yr GoI G-Sec yield; RBI Feb 2026
Equity Risk Premium (ERP)	6.80%	India ERP; Damodaran Jan 2026
Beta ( $\beta$ )	1.36	5-yr monthly vs Nifty 50; Bloomberg
Cost of Equity (Ke)	15.97%	$Rf + Beta \times ERP$

COST OF DEBT (Kd)		After-tax: $Kd = Pre\text{-}tax\ Rate \times (1 - Tax\ Rate)$
Pre-Tax Interest Rate	6.05%	WAIR 6.05% per Q3 FY26 concall
Tax Rate	25.00%	FY25: Tax / PBT = 25.6%; Screener.in
After-Tax Cost of Debt (Kd)	4.54%	$Pre\text{-}tax\ Rate \times (1\ minus\ Tax\ Rate)$

WACC		$WACC = We \times Ke + Wd \times Kd(1-T)$
Equity Contribution ( $We \times Ke$ )	9.54%	Weight of Equity $\times Ke$
Debt Contribution ( $Wd \times Kd$ )	1.83%	Weight of Debt $\times$ After-Tax Kd
WACC	11.36%	$We \times Ke + Wd \times Kd(1-T)$

CERC REGULATORY CHECK		How NTPC's allowed return compares to WACC
CERC Allowed ROE	15.50%	15.5% on normative equity; CERC 2024-29 tariff order
Standalone Regulated Equity	94,415	Rs.94,415 Cr as at Dec 31, 2025; Q3 FY26 concall
ROE – WACC Spread	4.14%	Positive = value created above cost of capital
Annual Economic Profit (Rs. Cr)	3,905	$Spread \times Regulated\ Equity\ (Rs.\ Cr/year)$



# DCF

## REGULATORY EQUITY FCFE MODEL — NTPC CONSOLIDATED | INR Crore

Methodology:  $FCFE = \text{Net Income} - \text{Equity Capex}$  |  $\text{Net Income} = \text{Allowed ROE} \times \text{Regulatory Equity}$  |  $\text{Equity Capex} = 30\% \times \text{Gross Capex per CERC 70:30 rule}$

Parameter (INR Crore unless stated)	FY-26A	FY-27E	FY-28E	FY-29E	FY-30E	FY-31E	FY-32E
REGULATORY EQUITY BRIDGE							
Opening Regulatory Equity Base	1,08,791	1,25,567	1,54,776	1,88,428	2,21,018	2,53,609	2,86,200
Net Income (= Allowed ROE × Opening Equity)	16,863	19,463	23,990	29,206	34,258	39,309	44,361
Less: Equity Capex (30% × Gross Capex)	16,776	29,209	33,652	32,591	32,591	32,591	32,591
FCFE (= Net Income – Equity Capex)	87	(9,746)	(9,661)	(3,385)	1,667	6,719	11,770
Closing Regulatory Equity Base	1,25,567	1,54,776	1,88,428	2,21,018	2,53,609	2,86,200	3,18,791

## DISCOUNTING @ Cost of Equity

Year Number	1	2	3	4	5	6	7
Discount Factor $1/(1+\text{CoE})^n$	0.8623	0.7435	0.6411	0.5528	0.4766	0.4110	0.3544
PV of FCFE	1,08,271	1,15,075	1,20,798	1,22,175	1,20,881	1,17,625	1,12,973

TERMINAL VALUE (Gordon Growth Model)	
Cost of Equity	16.0%
Terminal Growth Rate (g)	5.0%
FCFE in Year 8 (= FCFE_Y5 × (1+g))	1,18,622
Terminal Value (= FCFE_Y6 / (CoE – g))	10,80,907
PV of Terminal Value (discounted back 5 yrs)	3,83,051

EQUITY VALUATION SUMMARY	
Sum of PV of Explicit Period FCFE (FY27–FY31)	8,17,798
PV of Terminal Value	3,83,051
<b>TOTAL EQUITY VALUE (INR Crore)</b>	<b>12,00,849</b>
Shares Outstanding (Crore)	970.00
<b>INTRINSIC VALUE PER SHARE (INR)</b>	<b>1,237.99</b>
Current Market Price (INR)	382.00
<b>Margin of Safety / (Premium to Market)</b>	<b>224.1%</b>