

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

**Result:** Inline / Strong Operational Beat **One-line:** The thesis remains firmly on track as NHPC enters the final stretch of its massive commissioning cycle (Subansiri/Parbati II), which is set to nearly double its regulated equity base by FY24.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	PAF at 98.58% vs 92.45% YoY; Total Income grew 11% YoY.	☐
Earnings Quality	High	Growth driven by operational efficiency (PAF) and higher generation incentives (₹243 Cr vs ₹163 Cr YoY).	☐
Guidance Confidence	Neutral	Subansiri Lower (2,000 MW) and Parbati II (800 MW) timelines maintained for FY24.	☐
Management Credibility	Strong	Consistent execution on massive CWIP; clear roadmap for ₹9,000 Cr+ additional regulated equity.	☐
Business Quality Signal	Improving	Transitioning from a pure hydro player to a multi-source (Solar/Green H2) renewable major.	☐
Key Q&A Exchange	N/A	PPT_ONLY: No concall conducted or available.	☐
The Street's Primary Anxiety	Execution Risk	Delays in Subansiri Lower/Parbati II and J&K receivable build-up.	☐
Capital Cycle Stage	Investment	Heavy Capex phase (₹21,294 Cr CWIP) transitioning to Harvesting in FY24.	☐
Margin Trajectory	Stable	EBITDA margin remains robust at 58% (Standalone).	☐
Pricing Power	Stable	Regulated ROE model ensures predictable returns on approved project costs.	☐
FCF Conversion & Quality	Distorted	High Capex (₹5,862 Cr FY23 target) keeps FCF negative despite strong OCF.	☐
Competitive Moat Signals	Stable	Dominant position in Indian Hydro; long-term PPAs and high entry barriers.	☐
Balance Sheet Strength	Adequate	Debt-Equity at 0.82x; high liquidity (₹1,125 Cr cash) despite massive projects.	☐
Working Capital Efficiency	Deteriorating	Trade receivables rose to ₹5,488 Cr; J&K PDD remains a persistent drag (₹1,805 Cr).	☐
Mgmt Guidance Track Record	Reliable	Project timelines for major HEPs have stabilized after historical delays.	☐
Key Vulnerability	Hydrology/ Geological	Reliance on seasonal water flow and geological risks in Himalayan terrain.	☐
Management Tone	N/A	PPT_ONLY: Commentary absent.	☐

**Key Takeaways (Positives & Negatives):** \* **Positives:** Strong operational performance with Plant Availability Factor (PAF) reaching 98.58%, leading to a 49% YoY increase in total incentives (₹243.58 Cr). The roadmap for doubling regulated equity from ₹13,060 Cr to ₹22,027 Cr by FY24 provides high visibility for medium-term PAT growth. Diversification into Solar (1,040 MW under construction) reduces pure-play hydro risks. \* **Negatives:** Receivables management remains a concern with trade receivables increasing ~18% since March 2022. The

J&K PDD continues to be the largest debtor, representing a significant portion of the >45 days overdue bucket (₹1,220 Cr). Subansiri Lower's completion cost has escalated to ₹19,992 Cr from its original estimate, though this increases the regulated equity base. \* **Watchpoint:** Monitoring the Q2/Q3 FY24 commissioning timelines for Subansiri Lower (2,000 MW) as any further slippage will directly delay the anticipated 60%+ jump in earnings.

## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

Concall not available — commentary absent.

Metric	Current Qtr (Q1 FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Total Income - ₹Cr)	2,811	↑ 11.1%	↓ 13.5%	↑	Volume-led; higher generation incentives.
EBITDA (₹Cr)	1,623	↑ 14.5%	↓ 12.8%	↑	Margin expansion via efficiency.
EBITDA Margin %	58.0%	↑ 180 bps	↑ 50 bps	↑	Driven by higher PAF and incentive income.
PAT (₹Cr)	1,050	↑ 15.1%	↓ 19.3%	↑	Higher operational profit; partial offset by finance costs.
Net Debt / Equity (x)	0.82	→ Stable	→ Stable	→	Debt stable at ₹23,182 Cr.
Installed Capacity (MW)	7,071	→ Stable	→ Stable	→	Consists of 5,451 MW Standalone Hydro.
Order Book/CWIP (₹ Cr)	21,294	↑ 3.5%	↑ 3.5%	↑	Reflects ongoing Subansiri & Parbati II spend.
Plant Availability (PAF %)	98.58%	↑ 613 bps	↑ 2,182 bps	↑	Strong seasonality; Uri-II at 45% of design energy.
Receivables (₹Cr)	5,488	↑ 21.1%	↑ 18.8%	↓	Build-up in J&K and UP state dues.
ROCE (%)	3.04%*	↑ 44 bps	↓	↑	*Not annualized; based on PAT/Net Worth.

### 2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Hydro Generation	2,811	11.1%	58.0%	↑	Core	Salal (1,079 MU) was the top generator.
Wind/Solar (Ops)	~20*	Not in doc	Not in doc	→	Below Avg	Small operational base (200 MW).
Solar (Pipeline)	N/A	N/A	N/A	↑	Growth	1,040 MW under construction; 3,000 MW tender.

\*Estimated based on 200MW capacity vs 5551MW total standalone.

### 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Capacity Addition	2,800 MW by FY 2023-24 (Subansiri 2,000 MW + Parbati II 800 MW).	Requires commissioning ~700 MW/qtr in FY24 to meet the year-end target.	Projects have seen decade-long delays; timelines now look firm.	High (Geological)
Guidance	Regulated Equity	Increase from ₹13,060 Cr (FY22) to ₹22,027 Cr (FY24).	Requires ₹8,967 Cr of CWIP capitalization over the next 7 quarters.	First entry.	Execution delay
Guidance	Capex	₹5,862 Cr for FY 2022-23 (Budget Estimate).	Needs ₹1,465 Cr/qtr; Q1 progress is on track given project stage.	FY22 actual was ₹5,166 Cr vs historical ~₹3-4k Cr.	Funding risk low
Strategy	Renewables	3,640 MW Standalone Solar/H2 + 1,765 MW Subsidiary/JV mode.	Massive ramp-up from existing 200MW; heavily dependent on state PPAs.	Kalpi Solar (65MW) partially commissioned July 2022.	PPA Exploration
Macro	Receivables	Realization of dues from J&K and UPPCL.	Recovery of ₹1,805 Cr from J&K is critical for OCF.	Persistent overhang; dues >45 days rising.	Liquidity / WC

### 4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

### 5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
Trade Receivables	₹4,621 Cr	₹5,488 Cr	↓ Deteriorating
PAF (Availability)	76.76% (Q4FY22)	98.58% (Q1FY23)	↑ Improving
Total Incentives	₹208.00 Cr (Q4FY22)	₹243.58 Cr (Q1FY23)	↑ Improving
CWIP Balance	₹20,573 Cr	₹21,294 Cr	↑ Increasing
New Project Status	Kwar (Investment Approval)	Rattle/Kwar (Foundation stone laid)	↑ Milestone met
Solar Commissioning	Tender stage	Kalpi Solar partially synced (July '22)	↑ Project Delivery

**Investor Notes:** \* **Earnings Quality:** CFO-to-PAT cannot be calculated from PPT, but trade receivables grew ₹867 Cr during the quarter, likely creating a substantial working capital drag on operating cash flow. \* **The Thesis Pillar:** The stock remains a "Regulated Equity Growth" story. The 68.6% projected increase in the regulated equity base (the numerator for NHPC's ROE-based pricing) by FY24 is the single most important metric for long-term investors. \* **Forensic Trigger:** Subansiri Lower project expenditure till June '22 stands at ₹15,962 Cr against an anticipated completion cost of ₹19,992 Cr. There is ~₹4,000 Cr of spend remaining over the next 12-15 months. Any deviation here impacts the ROE timeline.