

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Operational Beat **One-line:** Thesis remains firmly intact as NHPC nears a massive earnings inflection point driven by the imminent commissioning of 2.8 GW of standalone capacity (Subansiri Lower & Parbati II) and a structural pivot toward a 7 GW+ Solar pipeline.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	PAF at 91.4% (9M) vs 84.9% YoY; PAT up on higher incentive realization.	☐
Earnings Quality	High (Core driven)	Profit growth driven by operational efficiency (PAF) and higher generation (Uri-II at 115% of DE).	☐
Guidance Confidence	Strong	Clear commissioning timelines for Subansiri Lower (Q2 FY24) and Parbati II (Q4 FY23).	☐
Management Credibility	Strong	Massive improvement in receivable management (down ~₹800 Cr YoY).	☐
Business Quality Signal	Improving	Transitioning from a pure-play hydro laggard to a multi-source renewable giant (Hydro + Solar).	☐
Key Q&A Exchange	N/A	PPT_ONLY: No concall conducted or available.	☐
The Street's Primary Anxiety	Execution Delays	Management addressed this with specific quarter-wise commissioning schedules for 5.9 GW.	☐
Capital Cycle Stage	Investment	Heavy Capex phase (₹5,428 Cr FY22 RE) nearing the Harvesting phase in FY24.	☐
Margin / Return Ratio Trajectory	Improving	Profit per MW increased to ₹54 Lakhs (9M FY22) from ₹51 Lakhs (9M FY21).	☐
Pricing Power	Stable	Regulated RoE model (Cost-plus) provides high cash flow visibility.	☐
FCF Conversion & Quality	Distorted	Heavy CWIP (₹19,687 Cr) continues to consume OCF; inflection expected post-FY23.	☐
Competitive Moat Signals	Widening	Allocation of massive Siang/Subansiri basin projects (12.7 GW) solidifies long-term dominance.	☐
Balance Sheet Strength	Adequate	D/E ratio stable at 0.74x; substantial headroom for solar expansion.	☐
Working Capital Efficiency	Improving	Trade receivables "More than 45 days" dropped from ₹3,233 Cr to ₹1,304 Cr YoY.	☐
Mgmt Guidance Track Record	Reliable	Consistent progress on long-stalled projects (Subansiri Lower).	☐
Key Vulnerability / Red Flag	Project Concentration	Significant dependency on J&K and Arunachal Pradesh for future capacity addition.	☐
Management Tone	Confident	Bullish on capacity doubling and solar bidding wins (1000 MW IREDA bagged).	☐

Key Takeaways (Positives & Negatives): * **Positives:** Structural improvement in Plant Availability Factor (PAF) to 91.4% directly boosts incentive income; successful pivot to Solar with a total pipeline now exceeding 7 GW;

significant reduction in legacy receivables from DISCOMs (notably J&K). * **Negatives:** Massive Capital Work in Progress (CWIP) of ₹19,687 Cr remains non-earning; continued reliance on secondary energy/incentives for profit beats which are weather-dependent; execution risks in high-altitude projects (Parbati II) persist. * **The Street's Focus:** Investors are focused on the jump in Regulated Equity from ₹13,005 Cr (FY21) to a projected ₹21,972 Cr (FY24), which is the primary driver for a potential 60-70% jump in PAT. * **Forward Watchpoint:** Monitoring the Q2 FY24 commissioning date for Subansiri Lower (2000 MW); any further delay here would be a significant thesis-breaker.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

PPT not available — numbers from concall (Note: Per instructions, since this is PPT_ONLY, I am using the Presentation data).

Metric	Current Qtr (9M FY22)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Total Income)	₹7,373 Cr	First entry	First entry	First entry	Driven by higher generation and PAF incentives.
EBITDA	₹4,663 Cr	First entry	First entry	First entry	Core operational profitability remains robust at 63% margin.
EBITDA Margin %	63.24%	First entry	First entry	First entry	Stable margins despite rising employee costs/other expenses.
PAT	₹2,978 Cr	First entry	First entry	First entry	Growth attributed to efficiency; Profit per MW up 5.8% YoY.
Net Debt / Equity (x)	0.74x	First entry	First entry	First entry	Leverage remains well within comfortable limits for a utility.
Order Book (Solar)	7.2 GW	First entry	First entry	First entry	Aggressive solar pipeline (Standalone + JV) expansion.
Installed Capacity (MW)	7,071 MW	First entry	First entry	First entry	Includes 1,520 MW from NHDC (Subsidiary).
Plant Availability (PAF)	91.40%	First entry	First entry	First entry	Significant operational improvement (84.87% in 9M FY21).
Generation (MU)	21,202 (Est)	First entry	First entry	First entry	Salal and Uri-II over-performing design energy targets.
Working Capital (DSO)	~120 Days	First entry	First entry	First entry	Drastic improvement in legacy receivables (>45 days).

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Hydro (Standalone)	9M FY22: 7,373*	First entry	40% (PAT)	→	Baseline	Core driver; 2.8 GW nearing completion.
Hydro (NHDC-Subs)	FY21: 1,158	First entry	57% (PAT)	↑	Above Avg	Highly profitable subsidiary; PAT ₹665 Cr.
Renewable (Solar/Wind)	9M FY22: N/A	First entry	N/A	↑	N/A	Bagged 1000 MW Solar; total pipeline ~7.2 GW.

*Revenue includes other income and incentives.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Capacity Addition	Reach 13+ GW cumulative by FY24.	Needs 5.9 GW commissioning in next 24-30 months.	Historically slow; current projects are 80%+ spent.	Moderate
Guidance	Regulated Equity	Increase to ₹21,972 Cr by FY24 (from ₹13,005 Cr).	Requires ₹8,967 Cr of CWIP to capitalize.	On track; CWIP already at ₹19,687 Cr.	Low
Guidance	Capex	FY22 RE: ₹5,428 Cr; FY23 BE: ₹5,862 Cr.	Implies steady ~₹1,400 Cr per quarter.	Cumulative spend on active projects is ₹28,201 Cr.	Low
Strategy	Solar Pivot	Become a major renewable player via CPSU schemes and UMREPP.	Aggressively bidding; already secured 1 GW via IREDA.	New territory; transition from Hydro expertise to Solar EPC.	Moderate
Strategy	J&K Expansion	Execute 3.4 GW in J&K via JV (CVPPPL/Ratle).	Depends on political stability and central funding grants.	JV incorporated (Ratle); PIB recommendations received.	High
Balance	Receivables	Zero tolerance for aging debt.	J&K PDD (₹1,270 Cr) is the critical recovery point.	Improving; >45 day debt halved in 12 months.	Low

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
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Investor Notes: * **Earnings Quality:** Core PAT growth is supported by a massive reduction in trade receivables (from ₹4,059 Cr to ₹3,257 Cr YoY). This suggests cash flow is finally catching up to reported profits. * **The Valuation Trigger:** The market currently prices NHPC based on its operational 7 GW. The "hidden" value lies in the ₹19,687 Cr CWIP. Once Subansiri Lower (2000 MW) capitalizes, the regulated equity base jumps ~45% in one stroke. * **Solar Transformation:** NHPC is no longer a "Hydro-only" play. With 7.2 GW of solar in various stages (including 1 GW won this quarter), the growth profile is shifting from 3-5% p.a. to potentially 15-20% p.a. post-FY24. * **Dividend Yield:** At ₹1.60 interim dividend on a ₹29.75 stock price, the yield remains a strong floor (6.5%+ annualized) while waiting for the capacity triggers. * **Key Monitoring Point:** Ratle HE Project (850 MW)

and Kwar (540 MW) clearances are the next leg of the long-term pipeline; watch for the PIB minutes and final investment sanctions.