

NHPC Ltd — Jun 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline / Operationally Resilient **One-line:** The long-term thesis of a massive "Regulated Equity" unlock remains intact, but the timeline has suffered a significant "push-out" as the flagship Subansiri Lower project (2,000 MW) is now slated for Q1 FY27, much later than the previously anticipated early FY25.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Miss (Execution)	Subansiri Lower (2,000 MW) commissioning pushed from Q4FY24/Q1FY25 to Q1FY27.	☐
Earnings Quality	High	PAT growth in NHDC (subsidiary) and stable standalone performance despite hydrology.	☐
Guidance Confidence	Weak	Timelines for Parbati-II (800 MW) and Subansiri Lower (2000 MW) continue to drift.	☐
Management Credibility	Neutral	Transparent on project costs and timelines, but persistent delays challenge the "final stretch" narrative.	☐
Business Quality Signal	Stable	Regulated ROE model (16.5%) protects downside; pivot to Pumped Storage (PSP) extends growth runway.	☐
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	☐
The Street's Primary Anxiety	Execution Slippage	The shift of Subansiri to FY27 delays the major PAT re-rating by nearly two years.	☐
Capital Cycle Stage	Investment	Peak Capex phase with FY25 target at ₹11,762 Cr; CWIP remains high at ₹30,809 Cr.	☐
Margin / Return Ratio Trajectory	Stable	Current RoNW at 2.71% (quarterly); 10.3% (annual) reflects the cost-plus regulatory model.	☐
Pricing Power	Stable	Regulated tariff model allows for pass-through of costs; new solar PPAs signed at ₹2.45-2.73/unit.	☐
FCF Conversion & Quality	Weak	Massive Capex into CWIP limits FCF; CFO-to-PAT not derivable from limited PPT data.	☐
Competitive Moat Signals	Stable	Dominant position in Indian Hydro; massive PSP pipeline (18 GW+) provides multi-decade moat.	☐
Balance Sheet Strength	Adequate	Debt-Equity ratio stable at 0.83-0.88; Long-term debt at ₹26,789 Cr vs ₹38,303 Cr Net Worth.	☐
Working Capital Efficiency	Not in document	Billed/Unbilled debtor details absent in this PPT (prior quarter was improving).	☐
Mgmt Guidance Track Record	Mixed	Consistent on Capex spending, but struggling to meet commissioning dates for Himalayan projects.	☐
Key Vulnerability / Red Flag	Project Delays	Subansiri Lower and Parbati II delays delay the conversion of CWIP into income-generating assets.	☐
Management Tone	Confident	Posture focused on "Energising India" via expansion into Solar and Pumped Storage.	☐

Sentiment: ☐Positive | ☐Negative | ☐Neutral

Key Takeaways (Positives & Negatives): * **Positives:** NHPC is successfully diversifying its revenue stream; the 3,000 MW solar intermediary role generates low-risk trading margins, while the 1,290 MW standalone solar pipeline builds asset base. The subsidiary NHDC Ltd. shows strong operational momentum with Q1 PAT rising 45.6% YoY to ₹164 Cr. * **Negatives:** The "Elephant in the Room" is the project slippage. Subansiri Lower (2,000 MW), which was expected to be a near-term earnings catalyst, has been moved to Q1 FY26-27. Similarly, Parbati-II (800 MW) is now expected in Q3 FY25 (pushed from April). * **The Street's Concern:** Investors are pricing in the "Regulated Equity" jump. With ~₹1,000 Cr locked in CWIP, the delay in commissioning means a delay in the 16.5% ROE that flows to the bottom line once these assets are capitalized. * **Watchpoint:** Monitoring the construction progress at Subansiri Lower specifically for any further revisions; given it's now Q1 FY27, any slippage beyond that would indicate structural execution hurdles.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column will be sparse or absent.

Metric	Current Qtr (Q1FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consolidated ₹Cr)	Not in document	-	-	-	PPT provides only PAT/Net Worth for Q1.
PAT (Standalone ₹Cr)	1,023.51	↓ 2.8%	↓ 3.1%	↓	YoY comparison vs Q1FY24 PAT (₹1,053 Cr).
PAT (Consolidated ₹Cr)	1,028.60	↓ 2.3%	↓ 2.3%	↓	Consolidated PAT slightly higher than Standalone.
Net Debt / (Cash) (₹Cr)	23,782	↑ 11.2%	-	↓	Calculated: Debt ₹26,789 Cr - Cash ₹3,007 Cr.
Installed Capacity (MW)	7,144	→ Stable	→ Stable	→	No new major hydro commissioning this quarter.
Machine Availability (PAF %)	86.30% (NHDC)	↓ 74 bps	-	↓	NHDC Q1 PAF at 86.30% vs 87.04% YoY.
Generation (NHDC - MU)	114.16	-	-	-	No YoY generation comparison provided for Q1.
Regulated Equity (FY24)	12,884	-	-	→	Projected to jump to ₹16,532 Cr in FY26.
Capex (Consol Target FY25)	11,762	↑ 36.0%	-	↑	Aggressive spend vs FY24 actual of ₹8,652 Cr.
EPS (₹)	1.02	↓ 2.9%	-	↓	Based on current Q1 performance (Not annualised).
Book Value per share (₹)	38.13	↑ 2.8%	↑ 2.8%	↑	Steady accretion to net worth.

2B. SEGMENT BREAKDOWN

Segment	Capacity (MW)	Q1 Generation (MU)	Revenue/PAT (₹Cr)	Trend	vs Company Avg	Key Development
Hydro (Standalone)	5,451	1222 (Salal only)	1,023.51 (PAT)	→	Core	Salal station remains the top performer.
Hydro (NHDC-Sub)	1,520	114.16	164.18 (PAT)	↑	Growth	PAT up 45.6% YoY; Revenue up 42%.
Solar (Standalone)	105.96	Not in doc	Not in doc	→	Mature	Theni/Dindigul (TN) plant in operation.
Solar (Pipeline)	1,290	N/A	N/A	↑	Expanding	EPC contracts awarded for 200MW Khavda & 50MW Kerala.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Capacity Addition	8251 MW cumulative by Mar-25 (implied +1100 MW).	Needs Parbati-II (800 MW) and 300 MW Solar.	Delayed: Parbati II pushed to Q3FY25.	Moderate
Guidance	Capex Plan	₹11,762 Cr (Consolidated) for FY25.	Needs ~₹2,940 Cr per quarter.	Consistent: FY24 Actual (₹8,652) met targets.	Low
Guidance	Regulated Equity	₹22,906 Cr by FY27 (from ₹12,884 Cr in FY24).	Requires commissioning of Subansiri & Parbati II.	Delayed: Subansiri timeline shifted to FY27.	High
Strategy	Solar Bidding	Act as Intermediary for 5,000 MW.	Zero Capex; PPA/PSA driven.	Delivered: 3,000 MW PPAs signed in Apr/ May 24.	Low
Strategy	PSP Entry	18,000 MW+ across Maharashtra, AP, MP, Odisha, etc.	Decadal timeline; 16.5% ROE model.	New business vertical; MoUs signed.	Low (Execution)
Strategy	Solar Pipeline	1,290 MW Standalone Ownership.	EPC awarded for major chunks (Khavda, Kerala).	On Track: Khavda (200MW) awarded Aug-24.	Moderate

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Subansiri Lower Timeline	Jan-Feb 2024 (Q4 FY24)	Q1 FY 2026-27	↓ Deteriorating
Parbati-II Timeline	Early FY 2024-25 (April)	Q3 FY 2024-25	↓ Deteriorating
Regulated Equity Peak	End of FY 2025	End of FY 2027	↓ Delayed Unlock
Solar EPC Awards	Under Tendering	Awarded (Khavda 200MW, Kerala 50MW)	↑ Improving
FY25 Capex Target	₹10,857 Cr (for FY24)	₹11,762 Cr (Consolidated Target)	↑ Increasing
NHDC Performance	Stable	Strong Growth (PAT +45.6% YoY)	↑ Improving
New Initiatives	Maharashtra PSP focus	Expanded to Tripura (3200MW), Gujarat, AP	↑ Improving

Investor Notes: * **The Valuation Reset:** The core bull case for NHPC was the doubling of PAT as Subansiri Lower (2,000 MW) and Parbati II (800 MW) capitalized. The current PPT confirms a significant deferral of this "peak earnings" period from FY25 to FY27. * **Asset Concentration Risk:** The delay in Subansiri is particularly impactful as it represents nearly 30% of the current standalone capacity and a massive portion of the current CWIP (₹21,463 Cr). * **The Pivot to Solar/PSP:** Management is successfully building a "second engine." By signing 3,000 MW as an intermediary and bidding for 1,290 MW of ownership solar, they are diversifying the risk associated with massive Himalayan hydro projects. * **The Dividend Anchor:** Despite project delays, the dividend payout ratio remains high (51% for FY24), and the yield (2.12%) provides a floor for long-term investors while waiting for the capitalization unlock.

STOP HERE.