NHPC Ltd — Nov 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Beat (Execution & Volume) **One-line:** The thesis is shifting from "execution risk" to "cash harvesting," as the commissioning of 1,250 MW at Subansiri Lower and the resumption of Teesta-V have triggered a 33% YoY revenue surge, while the massive 18 GW Pumped Storage pipeline secures the next decade of growth.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Generation up 14% YoY; Revenue/PAT beat estimates driven by Subansiri units and Parbati-II.	□
Earnings Quality	High (Core driven)	Growth driven by volume (MUs up 17% in Q2) and PAF; masked slightly by a □231 Cr one-off provision for Teesta-IV.	□
Guidance Confidence	Strong	Reaffirmed timelines for Subansiri completion (June '27) and massive new project awards (Etalin, Sawalkot) in FY27.	□
Management Credibility	Strong	Successfully restored Teesta-V ahead of schedule and delivering Subansiri units progressively as promised.	□
Business Quality Signal	Improving	Transitioning from pure hydro to a Storage-heavy (PSP) and RE-intermediary model with protected 15.5% RoE.	□
Key Q&A Exchange	Q2 (Tariff Booking)	Confirmation of conservative 80% revenue recognition creates a future "kicker" once CERC final orders arrive.	□
The Street's Primary Anxiety	Regulatory Lag	Anxiety over final tariff orders for Parbati-II and Subansiri; Mgmt indicated hearings are in final stages.	□
Capital Cycle Stage	Harvesting (Early Phase)	Early stages of harvesting the massive □30,000 Cr+ Subansiri investment as units go operational.	□
Margin / Return Ratio Trajectory	Improving	EBITDA contribution from new projects (Parbati-II/Subansiri) beginning to offset high interest/depreciation costs.	↗
Pricing Power	Stable	Regulated RoE model provides total protection against cost overruns on critical national projects.	→
FCF Conversion & Quality	Weak	Negative FCF due to □14,300 Cr annual Capex, but operating cash is sufficient to cover interest and dividends.	□
Competitive Moat Signals	Widening	Assignment of 3.1 GW Etalin project cements NHPC as the dominant player in India’s hydro/storage landscape.	□
Balance Sheet Strength	Adequate	Consol Debt at □59,000 Cr; only ~□29,000 Cr is operational, suggesting manageable leverage relative to EBITDA.	□
Working Capital Efficiency	Improving	LPS (Late Payment Surcharge) rules have decimated overdue receivables; current overdues are negligible (□6 Cr).	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on restoration (Teesta-V) and commissioning (Subansiri units) over the last 12 months.	□
Key Vulnerability / Red Flag	Northeast Geology	Tunneling hurdles at Teesta-VI remain the only significant schedule risk in the medium-term pipeline.	□
Management Tone	Confident	Extremely bullish on the new 10 GW construction cycle (Etalin, Sawalkot, Kamala) starting in H2 FY27.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** NHPC is entering a "Golden Era" of capacity addition; H1 FY27 generation grew 14% YoY primarily due to the 1,250 MW Subansiri Lower commissioning and Parbati-II stability. The financial discipline enforced by LPS rules has transformed the balance sheet, with total receivables falling to □1,159 Cr (as of Nov 3) from peak levels. Management is building a significant earnings "cushion" by booking only 80% of projected revenue for new projects, which will lead to a massive catch-up P&L credit upon final CERC tariff notification. * **Negatives:** Despite the beat, a □231 Cr provision for Teesta-IV and high interest/depreciation from newly capitalized assets are weighing on short-term PAT growth. Solar projects are facing connectivity delays (shifted to late 2027), and the REIA segment is seeing a temporary slowdown in PPA signings due to state-level resource adequacy planning shifts. * **Watchpoint:** The final CERC hearing for Parbati-II (scheduled for Nov 11) is the immediate catalyst; a favorable final order will trigger the recognition of the remaining 20% revenue (~□500 Cr accumulated).

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr (Q2 FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	4,482	↑ 33.2%	↑ 17.7%	↑	Volume driven by Subansiri (5 units), Parbati-II, and Teesta-V restoration.
EBITDA (□Cr)	2,759	↑ 44.1%	↑ 16.5%	↑	Calculated as PBT (□2,085 Cr) + Dep (□610 Cr) + Finance Cost (□556 Cr) - Other Inc (□187 Cr) - [Adj for Prov].
EBITDA Margin %	61.6%	↑ 470 bps	↓ 60 bps	↑	Expansion due to higher PAF and volume; YoY margin was ~56.9%.
PAT (□Cr)	1,549	↑ 51.7%	↑ 41.3%	↑	High growth despite □231 Cr one-off provision; adjusted PAT would be ~□1,780 Cr.
Generation (MU)	13,935	↑ 17.4%	↑ 42.1%	↑	Driven by new capacity and better water availability in Northern stations.
Plant Availability (%)	92.24%	↑ 1,366 bps	↑ 557 bps	↑	Significant improvement YoY from 78.58% due to restoration of Teesta-V.
Capex (□Cr)	5,232 (H1)	↓ 7.9%	N/A	↓	Seasonal slowdown in H1; FY27 target of □14,300 Cr remains on track.
Net Debt (□Cr)	59,000 (Cons)	↑ 12.8%	↑ 4%	↓	Debt rising to fund peak construction; □20,000 Cr is currently in U/C projects.
Receivables (□ Cr)	4,283	↑ 62.8%	↓ 15%	↑	Spike at Sept-end was seasonal; improved to □1,159 Cr by Nov 3, 2026.
Installed Capacity (MW)	8,833	↑ 16.2%	↑ 2.9%	↑	Includes 5 units of Subansiri (1,250 MW) and 300 MW Bikaner Solar.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Operational Hydro	4,000+ (Est)	↑ 30%+	High	↑	Baseline	Parbati-II and Subansiri units contributing □5,500 Cr+ annualized AFC.
Solar / Wind	Not Stated	New	Fixed	↑	Below Avg	300 MW Bikaner commissioned; 1.1 GW under construction facing grid delays.
NHDC (JV)	Not Stated	Stable	High	→	Above Avg	Moving into Storage with 640 MW Indira Sagar PSP tendering.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Capacity Addition	1,744 MW to be added in FY27.	Needs 500 MW more from Subansiri, 624 MW Kiru, and 120 MW Rangit.	**Strong:** 500 MW Subansiri already done this FY.	**Low.**
Guidance	Capex Plan	□14,300 Cr for FY27.	Needs □9,068 Cr in H2; H2 usually accounts for 65%+ of Capex.	**Consistent:** FY26 targets were met.	**Low.**
Strategy	New Awards	Award major packages for Etalin (3.1 GW) and Sawalkot (1.8 GW).	Pending CCEA approvals in next 2-3 months; tendering run in parallel.	**Improved:** Uri-II and Dulhasti-II already awarded.	**Medium.**
Strategy	Pumped Storage	18 GW PSP pipeline in DPR/PFR stage.	Needs construction start on 2 projects in FY28 (Odisha/ Maharashtra).	**New:** First entry into storage.	**High.**
Strategy	Solar Capacity	Commission 1.1 GW solar by Nov 2027.	Delayed from early 2026 due to ISTS connectivity issues.	**Weak:** Significant delays in solar portfolio.	**Medium.**

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Ragini Panday, Elara	Parbati-II Tariff	Financials	"When is the final tariff order expected? And there was an unrecognized revenue of around ₹400 Crore... what is the expected impact?"	Management confirmed the final hearing is on Nov 11 and expects the order shortly thereafter, allowing recognition of the 20% balance revenue (~₹500 Cr). A final order will immediately boost PAT by ~₹680 Cr annually from Parbati-II at full RoE.	None	5.0	Clear and quantified
2	4.5	Ragini Panday, Elara	Subansiri Tariff	Financials	"What is the status of tariff petition? Have you filed a petition for all eight units... any under-recovery from Subansiri?"	Management stated they are updating petitions progressively as units commission and are currently booking only 80% of revenue to unbilled debtors. This creates a multi-year earnings "kicker" as the remaining 20% of the ₹5,500 Cr annual AFC is recognized later.	None	4.5	Specific timeline given
3	4.0	Mohit Kumar, ICICI Sec	Adjusted PAT	Financials	"Can you just please reiterate that adjusted PAT? Do we have to add ₹231 Crore to ₹1,549 Crore?"	Management confirmed that adding back the ₹231 Cr Teesta-IV provision leads to an adjusted PAT of ~₹1,780 Cr, representing a	None	5.0	Clear and quantified

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						90% YoY growth. This reveals the core operational strength is significantly higher than the headline numbers suggest.			
4	4.5	Mohit Kumar, ICICI Sec	Subansiri Profit	Financials	"Can you please help us in understanding the profit contribution of Subansiri in H1?"	Subansiri contributed □132 Cr PBT in Q2 and □170 Cr in H1, generating 300 MUs above design energy due to higher water availability for fewer units. Higher-than-expected PBT in the early phase will normalize as all eight units commission.	None	4.0	Directional with evidence
5	4.0	Mohit Kumar, ICICI Sec	New Awards	Capex and Allocation	"Which are the projects you are looking to award in the next 18 months?"	NHPC expects CCEA approval for Kamala, Sawalkot, and the 3.1 GW Etalin project within 3 months, with major awards following immediately. This marks the start of a massive □1.1 Trillion Capex cycle over the next decade.	None	4.0	Directional with evidence
6	3.5	Prashant, Unived	Etalin Status	Capex and Allocation	"Etalin project was transferred from SJVN to	The amount has not been paid yet and will be	None	5.0	Specific timeline given

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					NHPC for... □800 Crore... has that amount been paid?"	released only after the PIB (Public Investment Board) approval for Etalin. The transaction is board-approved and awaits government clearance, confirming progress on this 3.1 GW mega-project.			
7	3.0	Keyur, PNB MetLife	Receivables	Financials	"From a receivables position perspective... it has come up □4,300 Crore. When do we expect this to normalize?"	Management clarified that as of Nov 3, total receivables have dropped to □1,159 Cr with only □6 Cr overdue beyond 45 days. The spike in Sept was a reporting date anomaly; LPS rules have permanently improved cash collection efficiency.	None	5.0	Clear and quantified
8	4.0	Keyur, PNB MetLife	Debt Servicing	Financials	"How should I think about operational debt... looking at the last 12 months EBITDA this is closer to □7,000 Crore?"	Only □29,000 Cr of the □59,000 Cr total debt is operational, and internal accruals (~□10,000 Cr annual cash flow) are sufficient to cover equity requirements. Leverage remains comfortable as EBITDA is	None	4.0	Directional with evidence

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						projected to reach □10,000 Cr+ by FY28 post-commissioning.			
9	3.5	Abhineet, BNP	Parbati-II YoY	Financials	"Can you just mention the numbers for Parbati-II... last year vs this year?"	Parbati-II delivered a □215 Cr PBT in Q2 vs a □164 Cr loss YoY, creating a massive □380 Cr swing. This station is now the single largest driver of the YoY earnings beat.	None	5.0	Clear and quantified
10	3.5	Abhineet, BNP	Teesta-V H2	Business Overview	"Teesta-V wasn't operational last year... what could be the profitability numbers for rest of the period?"	Management expects Teesta-V to generate ~□100-150 Cr PBT in H2 despite the lean season. Restoration is fully complete, and the station is now contributing its full share to the top line.	None	3.0	Vague but consistent
11	3.0	Abhineet, BNP	PSP Tariff	Management Commentary	"Any color on what could be the project cost and related tariff [for Indira Sagar PSP]?"	The 640 MW PSP is estimated to cost □5,200 Cr with a regulated tariff of ~□4.9/unit. This sets the benchmark for the upcoming 18 GW PSP pipeline profitability.	None	4.0	Directional with evidence

PATTERN FLAGS & SENTIMENT

The analysts were primarily concerned with the **regulatory lag** between project commissioning and full revenue recognition. There was significant focus on the "under-recovery" of Subansiri and Parbati-II, reflecting an anxiety

that the headline PAT beat might be temporary or accounting-driven. Management responded with extreme specificity on the CERC hearing dates (Nov 11) and the 80% recognition policy, successfully framing the current "under-earnings" as a future asset rather than a risk.

Another recurring theme was **receivable health**, following a perceived spike in trade receivables to ₹4,300 Cr. Management's aggressive rebuttal with a real-time data point (₹1,159 Cr as of Nov 3) effectively shut down concerns regarding DISCOM payment discipline. The tone was one of operational mastery, particularly regarding the restoration of Teesta-V and the scale of the upcoming 18 GW storage pipeline.

Analyst Sentiment Verdict: Analysts were **highly impressed** with the operational recovery (Teesta-V) and the scale of PBT contribution from Parbati-II. The credibility of the management improved this quarter as they shifted from "guidance" to "delivery" of Subansiri units. The single greatest risk identified is the potential for a lower-than-expected final tariff order for Subansiri, though management's confidence in the cost-plus model appeared to satisfy most concerns.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Opening)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Solar Commissioning	Targets were earlier	Commissioning dates for 700 MW Gujarat/AP projects shifted to 2027.	Delayed by ~12 months due to grid connectivity issues.	**Low:** Hydro remains the primary value driver.
Subansiri Full Impact	Strong H1 profit	Full top-line impact only from FY29 onwards.	The last unit spillover into FY28 delays the full ₹5,500 Cr AFC realization.	**Medium:** Minor delay in peak harvesting.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Execution Reality	Subansiri was in testing.	**1,250 MW (5 units) now commercial.**	↑ Improving
Asset Restoration	Teesta-V was shut down.	**Teesta-V fully restored and operational.**	↑ Improving
Earnings Power	Parbati-II was loss-making.	**Parbati-II contributed ₹215 Cr PBT in Q2.**	↑ Improving
Receivables	Concerns on DISCOM dues.	**Net overdues >45 days fell to just ₹6 Cr.**	↑ Improving
Pipeline Scale	5 GW expansion planned.	**18 GW Pumped Storage (PSP) pipeline initiated.**	↑ Improving
Tariff Status	Petitions filed.	**Final Parbati-II hearing set; Subansiri order reserved.**	↑ Improving
Portfolio Mix	Pure Hydro focus.	**Diversifying into REIA (23 GW) and Storage (18 GW).**	↑ Improving

- **Thesis Confirmation:** The transition from a "construction story" to a "cash flow story" is now visible in the numbers (33% revenue growth). The 15.5% RoE on an expanded Regulated Equity base is the new engine for valuation.
- **The "Kicker":** NHPC is currently under-stating its true earnings potential by ~20% for its newest projects (Subansiri/Parbati) due to conservative accounting. A favorable CERC final order is the next major stock catalyst.
- **Storage Pivot:** The 18 GW PSP pipeline is a massive long-term tailwind, positioning NHPC as a critical infrastructure player for India's grid stability, not just a generator.
- **Working Capital:** The CFO-to-PAT ratio is healthy, but more importantly, the speed of cash collection post-LPS rules has derisked the utility business model significantly.