NHPC Ltd — Sep 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Inline on Execution / Positive on Pipeline **One-line:** The thesis of NHPC as a "Regulated Equity" compounder is accelerating as the massive □43,179 Cr CWIP begins its multi-year conversion into the rate base, evidenced by the full commissioning of Parbati-II and Karnisar Solar.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Commissioning of Parbati-II (800 MW) and Karnisar (300 MW) met revised timelines; Subansiri Lower remains on track for FY26.	□
Earnings Quality	High (Core driven)	Consolidated PAT margin of 36% for H1 FY'26; Profit per MW at □29 lakhs reflects steady regulated returns.	□
Guidance Confidence	Strong	Regulated Equity growth trajectory remains firm: □18,075 Cr (FY26) to □33,836 Cr (FY31).	□
Management Credibility	Strong	Successful commissioning of long-delayed Parbati-II (April '25) and Karnisar Solar (Oct '25) restores confidence in execution.	□
Business Quality Signal	Improving	Transition from pure-play hydro to the "Primary Vehicle for India's Storage" via a 20.8 GW Pumped Storage (PSP) pipeline.	□
Key Q&A Exchange	Not applicable	Section not applicable — investor presentation only. No concall conducted or available.	—
The Street's Primary Anxiety	Subansiri Timing	Presentation clarifies FY 25-26 start for the first 4 units (1000 MW); remaining 1000 MW in FY 26-27.	□
Capital Cycle Stage	Investment	Peak CAPEX mode (□13,052 Cr target for FY26) but transitioning to the "Harvesting" phase for Parbati-II.	□
Margin / Return Ratio Trajectory	Stable	Consol. RoNW at 5.16% (not annualized) for H1 FY'26; expected to rise as mega-projects capitalize.	→
Pricing Power	Stable	Protected by CERC's statutory RoE model; Standalone hydro tariff averages □4.02/unit.	→
FCF Conversion & Quality	Distorted	Impacted by massive CWIP (□43k Cr); Dividend payout remains high at 64% of FY25 profits.	□
Competitive Moat Signals	Widening	Massive 20.8 GW PSP pipeline secured via MoUs with 6+ states, creating a high-entry-barrier storage monopoly.	□
Balance Sheet Strength	Adequate	Consol. Debt/Equity at 1.14x; Long-term debt of □40,589 Cr is well-matched by high-quality regulated assets.	□
Working Capital Efficiency	Improving	Cash & Bank balances at □3,048 Cr; Profit per employee up to □44 lakhs from □40 lakhs YoY.	□
Mgmt Guidance Track Record	Reliable	Meeting recent milestones for Parbati-II and Solar projects after years of historical hydro delays.	□
Key Vulnerability / Red Flag	Project Concentration	Subansiri Lower (2000 MW) and Dibang (2880 MW) represent nearly 50% of the future capacity; any delay here is material.	□
Management Tone	Confident (PPT)	Presentation emphasizes "Energizing India" and highlights the rapid expansion into Solar and Storage.	□

Sentiment: □Positive **Key Takeaways** * **Positives:** The 800 MW Parbati-II project is now fully operational (as of April 15, 2025), ending a decade-long construction cycle and immediately contributing to the regulated equity base. Solar execution has accelerated with the 300 MW Karnisar project reaching COD in October 2025. The most significant long-term positive is the massive expansion of the Pumped Storage (PSP) pipeline to 20,880 MW, positioning NHPC as a critical infrastructure provider for India's energy transition. * **Negatives:** Subansiri Lower (2000 MW) timelines have seen a slight narrowing—while 1000 MW is slated for FY 25-26, the remaining 1000 MW is now explicitly pushed to FY 26-27. CWIP remains high at □43,179 Cr, necessitating high debt levels (□40,589 Cr) and continuous interest servicing until these assets capitalize. * **Watchpoint:** The capitalization of Subansiri Lower units 1-4 in FY26. This will be the single largest EBITDA-accretive event for the company in the next 12 months.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: Concall not available — Mgmt Commentary column absent.

Metric	Current Qtr (H1 FY'26)	YoY Change (vs H1 FY'25)	Trend	Mgmt Commentary
Total Income (Consol □ Cr)	7,073	7,105 (H1 FY'25)	→	Revenue stable; base effect of lower generation in some basins.
EBITDA (Consol □Cr)	4,325	Not Stated	—	61% Margin reflects high-margin hydro operations.
EBITDA Margin %	61%	Not Stated	—	Baseline efficiency for the hydro portfolio.
PAT (Parent Co. □Cr)	2,086	2,238 (H1 FY'25)	↓	Slight decline likely due to higher depreciation/ tax as projects capitalize.
Net Debt / Equity (x)	1.14	1.05 (FY'25)	↓	Leverage increasing to fund the □13,052 Cr CAPEX plan.
Installed Capacity (MW)	8,332.90	7,144.10 (FY'25)	↑	Growth driven by Parbati-II (800 MW) and Bikaner Solar (300 MW).
Regulated Equity (Consol □Cr)	14,161	14,161	→	FY25 Base. Expected to hit □18,075 Cr by FY26 year-end.
CAPEX (Consol □Cr)	6,526 (H1)	11,596 (FY'25)	↑	On track to meet □13,052 Cr FY26 target (50% achieved in H1).
Plant Availability (PAF) %	88.89%	88.31%	→	Uri-II achieved highest PAF of 103.66%.
Design Energy (MUs)	31,105	28,188	↑	Increase due to new capacity additions (Parbati-II/Solar).

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	Growth	Margin	Trend	vs Co. Avg	Key Development
NHPC Standalone (Hydro)	5,667 (H1)	—	35% (PAT)	↑	Baseline	Parbati-II (800 MW) now contributing fully to earnings.
NHDC (Subsidiary)	878 (H1)	↑ 10.7%	62% (PAT)	↑	Above Avg	Indrasagar achieved 178% of design energy generation.
Solar Portfolio	Not Stated	—	—	↑	Developing	1,190 MW under construction; 300 MW Karnisar now operational.
Intermediary Procurer	Fee based	—	Fixed	→	Below Avg	16,720 MW solar/hybrid projects under PPA/PSA pipeline.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume	Subansiri Lower (2000 MW): 1000 MW in FY26, 1000 MW in FY27.	Needs completion of balance 4% physical work at Subansiri site.	**Delayed:** Previous context suggested 3 units by Jun-25.	**High:** Geological risk.
Guidance	Capex Plan	FY25-26 Consolidated Target: ₹13,052 Cr.	Requires ₹6,526 Cr in H2; H1 actual was exactly 50%.	**High:** Historically accurate on total spend.	**Low:** Proven execution.
Guidance	Capital Cycle	Regulated Equity to reach ₹27,026 Cr by FY 26-27.	Tied to capitalization of Subansiri (₹27,948 Cr total cost).	**Relieved:** Parbati-II finally capitalized in FY'26 base.	**Medium:** Timelines.
Strategy	Growth	Establish 20.8 GW of Pumped Storage (PSP).	Needs conversion of 15+ MoUs into DPRs and then into PPAs.	**New:** Massive expansion in PSP pipeline this quarter.	**Medium:** State policy.
Strategy	Solar Pivot	1,190 MW Solar to be commissioned by May 2026.	Needs completion of Khavda (Gujarat) and Ganjam (Odisha) sites.	**Improved:** Karnisar (300 MW) commissioned Oct '25.	**Low:** Solar is faster.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (FY25 Year-End)	This Quarter (H1 FY'26)	Direction
Parbati-II Status	Commissioned (April '25)	**Operating at full load**; Largest operating station.	↑ Improving
Karnisar Solar (300 MW)	Under Construction	**Fully Commissioned** (COD 16.10.2025).	↑ Improving
PSP Pipeline	~19 GW	**20.88 GW** (New MoUs in Chhattisgarh/Rajasthan).	↑ Improving
Subansiri Lower Timeline	3 units by Jun-25	**4 units in FY 25-26** (Full project in FY 26-27).	↓ Deteriorating
Leverage (D/E)	1.05x (Consol)	**1.14x (Consol)**	↓ Deteriorating
J&K Pipeline Status	Awaiting clearances	**Sawalkot (1.8 GW)** Forest/Defence clearances received.	↑ Improving
New Storage Segment	Planning phase	**BESSA/BESPA signed** for 1500 MWh in Kerala/AP.	↑ Improving

Investor Notes: * **Thesis Change:** This quarter **strengthens** the long-term thesis. NHPC is successfully clearing its "execution backlog" (Parbati-II/Karnisar) and pivoting toward Pumped Storage (PSP), which offers higher terminal value in a renewable-heavy grid. * **The "Double Equity" Roadmap:** Management has provided a highly granular roadmap for Regulated Equity growth. The jump from □14k Cr to □27k Cr over the next 24 months is the primary driver for a fundamental re-rating. * **Earnings Quality:** Profit per MW at □29 lakhs (H1) is consistent with historical performance, indicating that new capacity is being integrated efficiently into the cost-plus RoE model. * **Watchpoint:** The 20.8 GW PSP pipeline is currently in the MOU/DPR stage. Investors should monitor the conversion of the Savitri PSP (2400 MW) in Maharashtra as the first major storage project to move to the execution phase.