NHPC | BUY

1QFY26: In-line; Visibility for Subansiri improves

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NHPC reported consolidated net revenue of INR 32bn (19% YoY, 8% JMFe) driven by higher generation (11% YoY). EBITDA stood at INR 18bn (12% YoY, 5% JMFe). Adj. PAT stood at INR 10.6bn (4% YoY, 9% JMFe). The company expects to commission three units of 8x250 MW Subansiri Lower during Aug-Sep'25. The balance 5 units of Subansiri, 120MW Rangit-IV, and 624MW Kiru are expected to commission during FY26/ FY27. The installed capacity with regulated return is set to grow from INR 142 bn in FY25 to 292 bn by FY28. We maintain BUY on the sole large utility that boasts a 100% green energy portfolio, with a SOTP-based TP of INR 103.

- **Operational highlights:** Generation during 1QFY26 stood at 8813MU (11% YoY). Generation of standalone NHPC was 8196MU (18% YoY) and NHDC was 617 MU (-37% YoY) during 1QFY26.
- **Project commissioning:** 4x200MW Parbati-II was fully commissioned in Apr'25. The 3x40MW Rangit-IV is expected to commission by 1QFY27. 4x156 MW Kiru and 4x250MW Pakal Dul are expected to commission in 3QFY27. The 4x125MW Teesta-VI is expected to commission in 3QFY28 and 4x135MW Kwar is expected to commission in 4QFY28. Current installed hydro capacity of company stands at 7.8 GW which is expected to reach 9.1GW/ 11.5GW/ 12.6GW/ 13.4GW in FY26/ FY27/ FY28/ FY29 progressively.
- **8x250MW Subansiri Lower:** Construction work at the site is progressing at full pace, with overall project completion at 96%. Dry commissioning of Units-1,2&3 has been completed. A team from the National Dam Safety Authority (NDSA) has visited the project site to review the reservoir filling plan. As per advice of NDSA, balance work is under completion. The company expects to commission three units of the project during Aug-Sep'25.
- **Regulated Equity:** Regulated Equity stood at INR 142bn in FY25 which is expected to reach INR 181bn/ INR 264bn/ INR 292bn by FY26 / FY27/ FY28.
- **Renewables:** During the quarter, company commissioned 214MW out of 300MW Karnisar Solar Power Project. Renewable capacity of the company as on Jun'26 stood at 476MW. NHPC has 1383MW/ 6400MW of renewable projects under construction as owner/ intermediary. Out of the ownership portfolio it expects to commission entire 783MW in FY26. In addition to these, the company has 1,345MW/ 14,780MW of RE projects under pipeline or tendering as owner/ intermediary.
- **Pumped hydro storage:** Company has signed MoUs for capacity of c.19GW of PSP with various state govt. and organisations. The construction for 640MW Indrasagar Omkareswar PSP project is expected to begin in FY26.

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	103
Upside/(Downside)	22.6%
Previous Price Target	100
Change	2.8%

Key Data – NHPC IN	
Current Market Price	INR84
Market cap (bn)	INR842.9/US$9.6
Free Float	26%
Shares in issue (mn)	10,045.0
Diluted share (mn)	10,045.0
3-mon avg daily val (mn)	INR1,306.3/US$14.9
52-week range	101/71
Sensex/Nifty	80,236/24,487
INR/US$	87.7

Price Performance

%	1M	6M	12M
Absolute	-4.7	13.2	-13.4
Relative*	-2.0	7.5	-14.8

* To the BSE Sensex

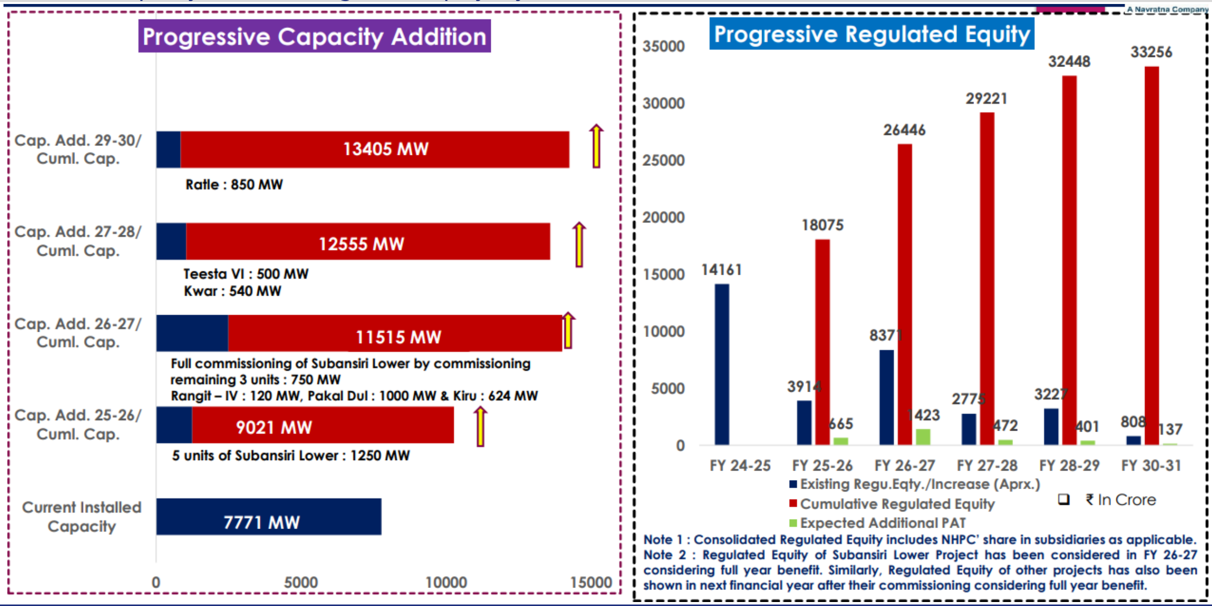
Financial Summary (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	96,310	1,03,799	1,37,670	1,74,133	2,00,018
Sales Growth (%)	-9.2	7.8	32.6	26.5	14.9
EBITDA	51,811	55,199	82,556	1,07,908	1,25,762
EBITDA Margin (%)	53.8	53.2	60.0	62.0	62.9
Adjusted Net Profit	39,995	34,117	55,570	69,844	78,760
Diluted EPS (INR)	4.0	3.4	5.5	7.0	7.8
Diluted EPS Growth (%)	-6.1	-14.7	62.9	25.7	12.8
ROIC (%)	4.5	4.0	5.7	6.9	7.2
ROE (%)	10.6	8.7	13.5	15.5	15.7
P/E (x)	21.1	24.7	15.2	12.1	10.7
P/B (x)	2.2	2.1	2.0	1.8	1.6
EV/EBITDA (x)	22.9	22.9	15.8	11.8	10.8
Dividend Yield (%)	2.2	2.3	2.3	2.4	2.4

Source: Company data, JM Financial. Note: Valuations as of 12/Aug/2025

- Other Highlights
  - Company has recognised Minimum Alternate Tax (MAT) credit of INR 2bn during the quarter.
  - Capex target for FY26 stands at INR 131bn (13% YoY)
  - Currently, company has 8514 MW/ 1276 MW of hydro/ solar projects under construction

Exhibit 1. Consolidated capacity addition & regulated equity (Hydro)



Source: Company, JM Financial

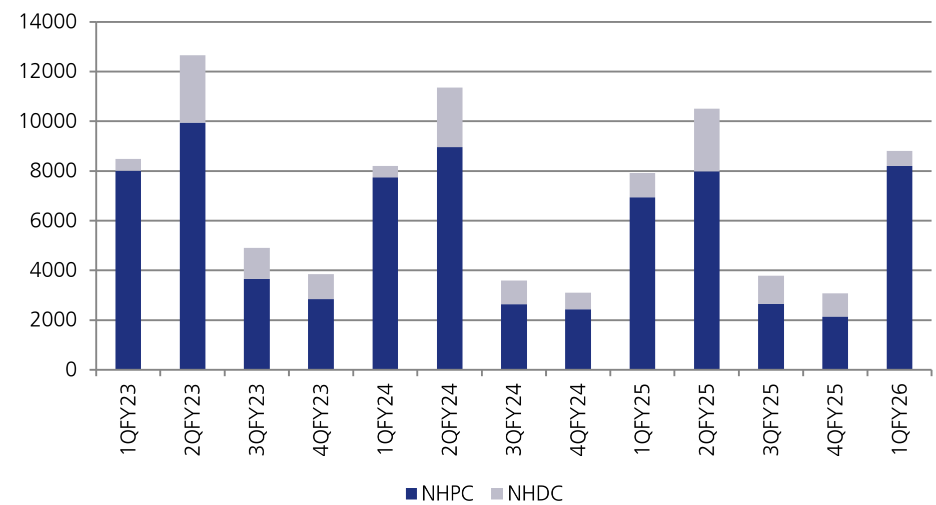
1QFY26 Summary

Exhibit 2. 1QFY26 consolidated earnings (INR mn)

Particulars (INR mn)	1QFY26	1QFY25	YoY %	4QFY25	QoQ %	JMFe	% Var
Net sales	**32,138**	**26,942**	**19%**	**23,470**	**37%**	**29,809**	**8%**
Expenditure	14,123	10,847	30%	12,568	12%	12,706	11%
Gen. exp	2,902	2,831		979		4,367	
Employee	4,235	3,425		4,212		3,571	
Other exp.	6,985	4,591		7,377		4,768	
EBITDA	**18,015**	**16,095**	**12%**	**10,902**	**65%**	**17,103**	**5%**
EBITDA margins	56.1%	59.7%		46.5%		57.4%	
Other income	2,290	3,437		3,254		2,394	
Deprn.	4,358	2,963		3,147		3,807	
Interest	2,608	2,439		(121)		1,904	
Regulated Inc./Exp.	1,838	868		537		549	
PBT	**15,183**	**15,005**	**1%**	**11,668**	**30%**	**14,335**	**6%**
Tax	3,872	3,989		2,472		3,584	
PAT	11,312	11,016	3%	9,196	23%	10,751	5%
Adj. PAT	**10,650**	**10,218**	**4%**	**8,536**	**25%**	**9,738**	**9%**
EPS	1.13	1.10		0.92		1.07	

Source: Company, JM Financial

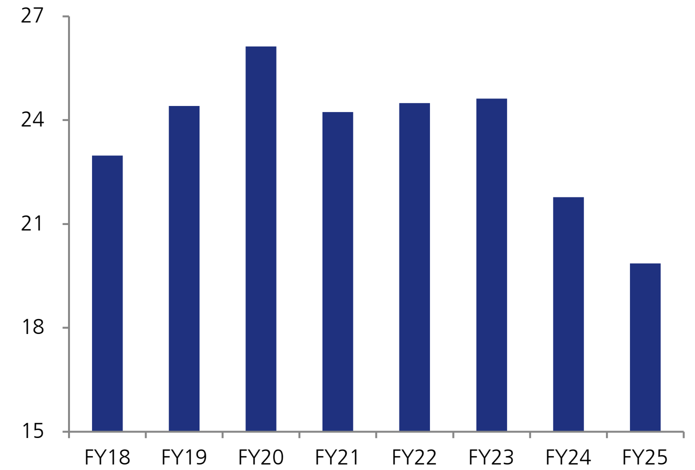
Exhibit 3. Power Generation (MU)



Source: Company, JM Financial

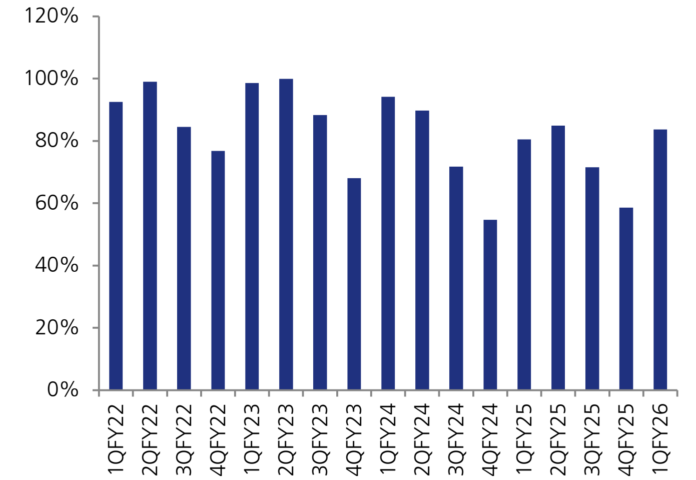
Key Charts

Exhibit 4. Standalone generation (BU)



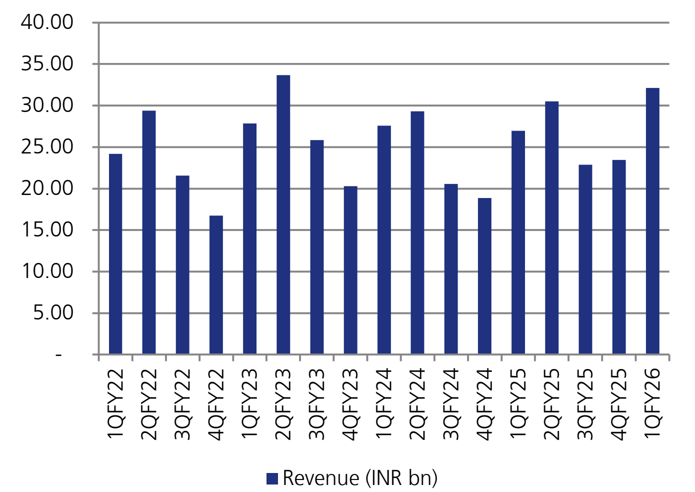
Source: Company, JM Financial

Exhibit 5. Plant Availability Factor (%)



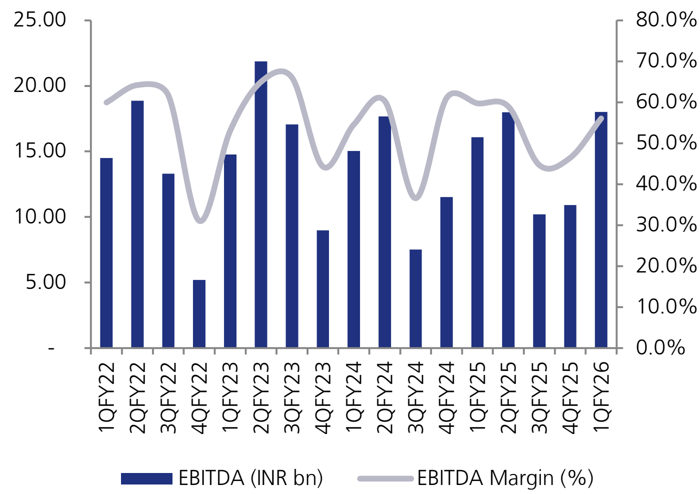
Source: Company, JM Financial

Exhibit 6. Revenue (INR bn)



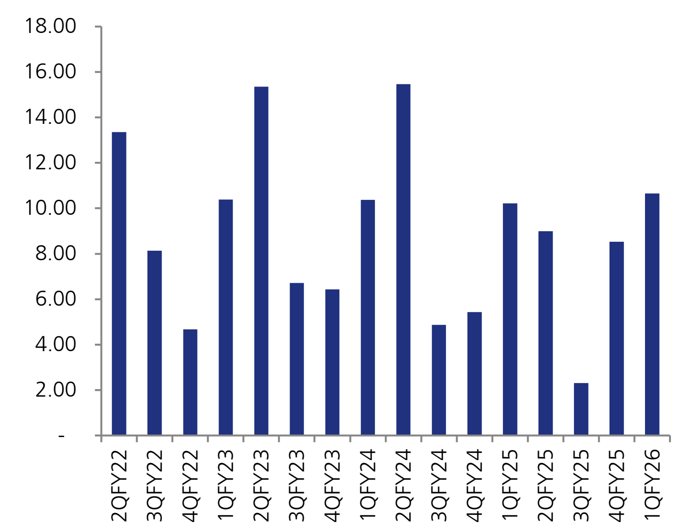
Source: Company, JM Financial

Exhibit 7. EBITDA and EBITDA margin



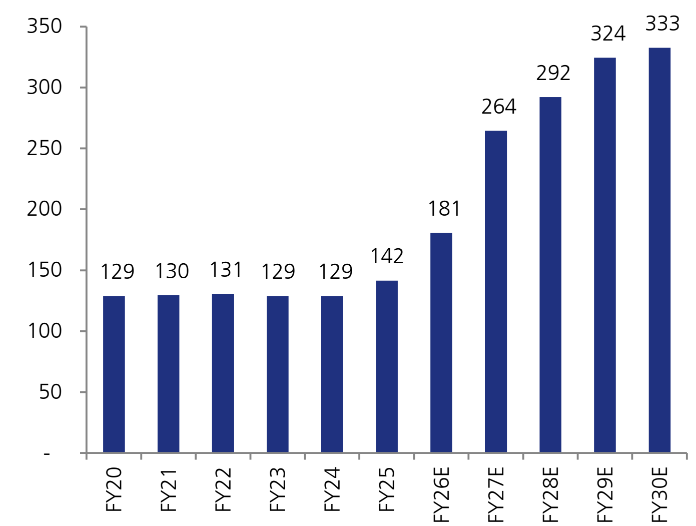
Source: Company, JM Financial

Exhibit 8. Adj PAT (INR bn)



Source: Company, JM Financial

Exhibit 9. Regulated equity (INR bn)



Source: Company, JM Financial, * Company Guidance

Exhibit 10. DCF of Hydro Projects

Particulars	FY25	FY26	FY27	FY28	FY29	FY30
FCFE	26,554	29,643	80,674	(75,509)	54,112	71,611
Discount Factor	1.00	0.91	0.82	0.74	0.67	0.61
PV of FCFE	26,554	26,853	66,202	(56,132)	36,440	43,685

Terminal Growth Rate %	5%
COE	10%
Particulars	**INR mn**
PV of Cash Flows(FY25-30)	143,602
PV of Terminal Growth	850,998
Total Value of Equity	994,600
No. of Shares	10,045
Value per Share	**99**

Source: JM Financial

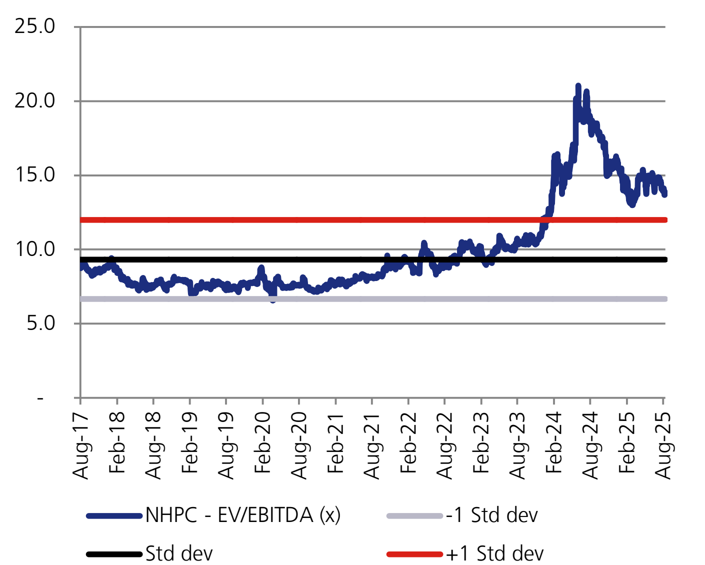
Exhibit 11. SOTP Valuation

Particulars	Basis	Multiple (x)	Equity Value (INR mn)	Value per share (INR)
Hydro Projects	DCF	-	994,600	99
Renewables	EV/EBITDA	12	38,423	4
SOTP based TP			**1,033,023**	**103**

Source: JM Financial

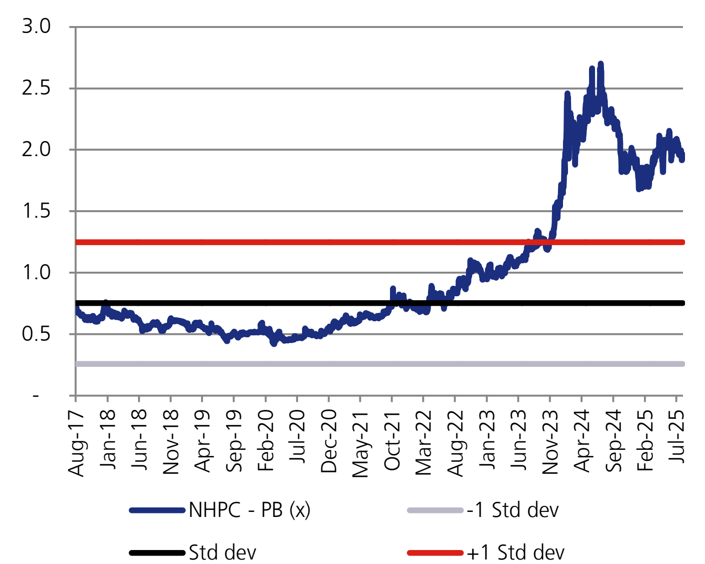
Valuation Charts

Exhibit 12. EV/EBITDA



Source: Bloomberg, JM Financial

Exhibit 13. P/B



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	96,310	1,03,799	1,37,670	1,74,133	2,00,018
Sales Growth	-9.2%	7.8%	32.6%	26.5%	14.9%
Other Operating Income	0	0	0	0	0
Total Revenue	**96,310**	**1,03,799**	**1,37,670**	**1,74,133**	**2,00,018**
Cost of Goods Sold/Op. Exp	8,162	7,992	10,599	13,407	15,400
Personnel Cost	14,181	18,236	14,842	15,287	15,746
Other Expenses	22,156	22,372	29,672	37,531	43,110
EBITDA	**51,811**	**55,199**	**82,556**	**1,07,908**	**1,25,762**
EBITDA Margin	53.8%	53.2%	60.0%	62.0%	62.9%
EBITDA Growth	-17.3%	6.5%	49.6%	30.7%	16.5%
Depn. & Amort.	11,841	11,930	15,228	22,576	28,638
EBIT	39,969	43,269	67,328	85,332	97,124
Other Income	13,630	13,495	14,844	16,328	17,961
Finance Cost	7,448	11,889	7,614	8,248	8,342
PBT before Excep. & Forex	46,151	44,874	74,557	93,412	1,06,743
Excep. & Forex Inc./Loss(-)	3,955	2,774	2,195	2,975	2,351
PBT	50,106	47,648	76,752	96,387	1,09,094
Taxes	10,154	13,555	21,206	26,567	30,357
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	4,080	4,074	4,074	4,074	4,074
Reported Net Profit	35,960	30,067	51,519	65,793	74,710
Adjusted Net Profit	**39,995**	**34,117**	**55,570**	**69,844**	**78,760**
Net Margin	41.5%	32.9%	40.4%	40.1%	39.4%
Diluted Share Cap. (mn)	10,045.0	10,045.0	10,045.0	10,045.0	10,045.0
Diluted EPS (INR)	**4.0**	**3.4**	**5.5**	**7.0**	**7.8**
Diluted EPS Growth	-6.1%	-14.7%	62.9%	25.7%	12.8%
Total Dividend + Tax	18,955	19,334	19,721	20,115	20,517
Dividend Per Share (INR)	1.9	1.9	2.0	2.0	2.0

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	3,86,686	3,96,682	4,28,480	4,74,159	5,28,351
Share Capital	1,00,450	1,00,450	1,00,450	1,00,450	1,00,450
Reserves & Surplus	2,86,236	2,96,231	3,28,030	3,73,708	4,27,900
Preference Share Capital	0	0	0	0	0
Minority Interest	51,900	54,949	54,949	54,949	54,949
Total Loans	3,25,608	3,95,568	4,60,461	4,75,985	4,50,931
Def. Tax Liab. / Assets (-)	-32,493	-30,869	-30,869	-30,869	-30,869
Total - Equity & Liab.	**7,31,701**	**8,16,330**	**9,13,021**	**9,74,224**	**10,03,362**
Net Fixed Assets	6,12,714	7,27,688	8,00,720	7,86,917	8,87,062
Gross Fixed Assets	4,28,231	4,47,103	6,70,192	9,86,203	11,14,987
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	2,13,492	2,25,422	2,40,651	2,63,226	2,91,865
Capital WIP	3,97,975	5,06,008	3,71,178	63,940	63,940
Investments	4,666	4,441	4,441	4,441	4,441
Current Assets	2,34,652	2,22,590	2,62,299	3,18,434	2,18,228
Inventories	1,901	2,571	3,410	4,313	4,954
Sundry Debtors	44,529	47,938	59,809	70,879	75,936
Cash & Bank Balances	36,224	27,509	54,508	98,669	-7,234
Loans & Advances	12,977	14,020	14,020	14,020	14,020
Other Current Assets	1,39,021	1,30,553	1,30,553	1,30,553	1,30,553
Current Liab. & Prov.	1,20,332	1,38,390	1,54,439	1,35,568	1,06,370
Current Liabilities	67,364	76,522	92,571	73,700	59,501
Provisions & Others	52,968	61,868	61,868	61,868	46,868
Net Current Assets	1,14,320	84,200	1,07,860	1,82,866	1,11,858
Total – Assets	**7,31,701**	**8,16,330**	**9,13,021**	**9,74,224**	**10,03,362**

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	46,195	44,898	74,581	93,436	1,06,767
Depn. & Amort.	11,841	11,930	15,228	22,576	28,638
Net Interest Exp. / Inc. (-)	0	0	-7,230	-8,080	-9,619
Inc (-) / Dec in WCap.	23,187	2,204	-11,661	-10,845	-19,896
Others	0	0	-1,856	-1,076	-1,700
Taxes Paid	-8,701	-8,770	-21,206	-26,567	-30,357
Operating Cash Flow	**72,521**	**50,262**	**47,857**	**69,444**	**73,833**
Capex	-69,671	-88,496	-88,259	-8,773	-1,28,784
Free Cash Flow	2,850	-38,234	-40,403	60,671	-54,951
Inc (-) / Dec in Investments	2,459	2,239	0	0	0
Others	7,809	10,755	29,844	-3,672	2,961
Investing Cash Flow	**-59,403**	**-75,502**	**-58,415**	**-12,445**	**-1,25,823**
Inc / Dec (-) in Capital	3,819	3,086	0	0	0
Dividend + Tax thereon	-23,259	-23,099	-19,721	-20,115	-20,517
Inc / Dec (-) in Loans	34,572	71,462	64,893	15,525	-25,054
Others	-24,371	-32,414	-7,614	-8,248	-8,342
Financing Cash Flow	**-9,239**	**19,035**	**37,558**	**-12,839**	**-53,914**
Inc / Dec (-) in Cash	**3,879**	**-6,205**	**26,999**	**44,161**	**-1,05,904**
Opening Cash Balance	32,345	33,714	27,509	54,508	98,669
Closing Cash Balance	36,224	27,509	54,508	98,669	-7,234

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	41.5%	32.9%	40.4%	40.1%	39.4%
Asset Turnover (x)	0.1	0.1	0.1	0.2	0.2
Leverage Factor (x)	2.3	2.5	2.6	2.5	2.3
RoE	10.6%	8.7%	13.5%	15.5%	15.7%

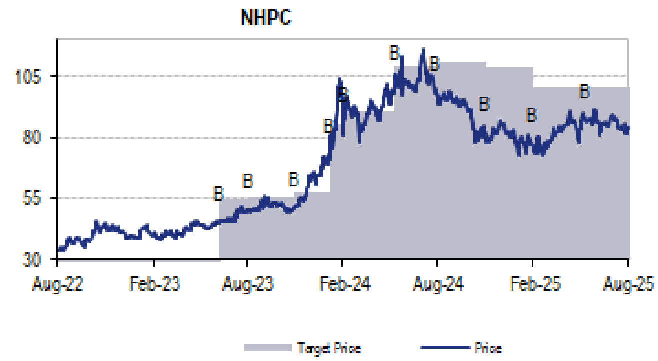
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	38.5	39.5	42.7	47.2	52.6
ROIC	4.5%	4.0%	5.7%	6.9%	7.2%
ROE	10.6%	8.7%	13.5%	15.5%	15.7%
Net Debt/Equity (x)	0.7	0.9	0.9	0.8	0.9
P/E (x)	21.1	24.7	15.2	12.1	10.7
P/B (x)	2.2	2.1	2.0	1.8	1.6
EV/EBITDA (x)	22.9	22.9	15.8	11.8	10.8
EV/Sales (x)	12.3	12.2	9.5	7.3	6.8
Debtor days	169	169	159	149	139
Inventory days	7	9	9	9	9
Creditor days	23	24	28	30	30

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
19-Jun-23	Buy	55	
14-Aug-23	Buy	55	0.6
9-Nov-23	Buy	58	5.0
17-Jan-24	Buy	85	47.1
13-Feb-24	Buy	91	6.9
21-May-24	Buy	109	19.9
8-Aug-24	Buy	111	1.9
10-Nov-24	Buy	108	-2.3
9-Feb-25	Buy	100	-7.4
22-May-25	Buy	100	-0.1

Recommendation History



APPENDIx I

JM Financial Institutional Securities Limited

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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