

NHPC (NHPC) - SELL

Q4FY26 Result Update

Current Market Price (CMP) Rs.78	Fair Value (FV) Rs.72
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Rationale:

- NHPC's Q4FY26 PAT of Rs1327.5 cr (+49% yoy) was aided by deferred tax benefit and contribution from new projects.
- Normalized earnings from Parbati II and Subansiri Lower are subject to finalization of tariff orders, NHPC continues to recognize 80% of revenues till such finalization.
- 1.2 GW of u/c renewable projects (commissioning by Mar'27E) will aid EBITDA growth.
- CMP factors the positives at 1.7X P/B (2027E).
- Maintain SELL with a unchanged SoTP based FV of Rs72.

👍 Positives:

- NHPC has 10.2 GW of under-construction projects; Rs15000cr planned capex in FY27E.
- Two new projects aggregating 500 MW (Uri I stage II and Dulhasti stage II) added to under-construction list.
- Expects to commission the balance of Subansiri (5X250 MW), and another 1.7 GW across three hydro projects (JV/subs) by March 2027E.
- Increase in overall incentives to ~Rs360cr in Q4FY26, from ~Rs350cr in Q4FY25.

👎 Negatives:

- NHPC's regulated equity growth beyond FY27 is subject to high execution risk.
- Some delays in Pakal Dul, Kiru and Rangit IV.
- We build some delays across projects.
- PAT growth to remain subdued till tariffs for the new projects are approved by CERC.

(PAT: Profit After Tax, SoTP: Sum Of the Parts, P/B: Price to Book Value, GW: Giga Wattm MW: Mega Watt, u/c: under-construction, EBITDA: Earnings Before Interest Depreciation, Amortization & Tax, CERC: Central Electricity Regulatory Authority, JV: Joint Venture)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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