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Trade View Report-



Published Date	May 4th, 2026
Rating	BUY
Trade Type	Long Term
Stock Name	NHPC
Entry Price	83
Target	95
Stop Loss Price	77
Target%	14.5%
SL%	7%

Rationale-

NHPC is India's premier Public Sector Enterprise for hydropower, recently elevated to Navratna status in 2024. As of May 2026, the company is at a transition point, balancing near-term operational headwinds with a massive capacity expansion roadmap.

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Latest Financial Highlights (Consolidated)

- Q3 FY26 Revenue: ₹2,220.73 crore (down 34% QoQ; down 2.9% YoY).
- Q3 FY26 Net Profit (PAT): ₹219.12 crore (a sharp 78.5% QoQ decline).
- Operating Margin: Compressed significantly to 9.53% in Q3 FY26 (from 60% in Q2), primarily due to seasonal variation in water flow and one-off operational expenses.
- Q4 FY26 Estimates: Revenue projected between ₹3,600–₹3,900 crore as execution picks up seasonally.
- Valuation: TTM P/E stands at ~24.8x–48x (depending on standalone vs. consolidated metrics); Market Cap is approx. ₹84,000 crore.
- Dividend Yield: Attractive at ~2.5% to 3.3%; interim dividend of ₹1.40 declared in Feb 2026.

Growth Metrics

- Capacity Expansion Inflection: Targeting an installed capacity of ~14,000+ MW by 2027 from the current ~9,082 MW (a ~64% increase).
- Asset Growth: Investment base (assets) reached ₹96,029 crore (standalone) as of Dec 2025.
- Earnings Visibility: EPS growth of nearly 90% projected over the FY25–27 period as major hydro projects go online.
- Solar Scaling: Solar portfolio grew to 511 MW as of April 2026, with a massive pipeline under the CPSU scheme and PM Surya Ghar Yojna.

Key Business Drivers

- Project Commissioning:
 - Subansiri Lower (2,000 MW): Three units (750 MW) already commissioned as of March 20, 2026; full commissioning expected by late 2026.
 - Parbati-II (800 MW): Recently commissioned, adding to the high-margin regulated equity base.
- Energy Storage Leader: Designated as a BESS (Battery Energy Storage System) Implementing Agency with 1,500 MWh allocated.
- Monetization Strategy: Board approved the monetization of future cash flows (Return on Equity) from stations like Uri-II for FY2026-27 to fund new capex.
- Government Backing: CCEA recently approved a ₹26,069 crore investment for the Kamala Hydro Electric project, ensuring long-term project visibility.

Product Mix (Current Installed Capacity)

- Hydro Power: ~94% of total capacity (8,521 MW across 24 stations).
- Solar Power: ~5.5% (~511 MW across 6 projects).
- Wind Power: ~0.5% (50 MW project).
- Emerging: Pilot Green Hydrogen projects in Leh and Chamba; Pumped Storage Projects (PSP) are under survey for 9,830 MW.

Risk Factors & Monitoring

- Operational Stress: Q3 FY26 saw a record margin collapse which management must address in the FY26 annual exit.
- Hydrological Risk: Dependence on water flow makes quarterly earnings volatile compared to thermal or solar peers.
- Project Delays: Execution at Subansiri and Dibang remains critical; any further timeline shifts directly impact interest costs and IRR.
- Macro Headwinds: High-interest rate environments (Interest costs rose 11.7% in Q3) put pressure on the capital-intensive hydro business.

Disclaimer-

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Intraday- Not more than one day

Short term – 0-15 days

Medium term – 1- 3 months

Long term – more than a Year

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