

Key Data

NSE / BSE Code	NHPC / 533098
Sector	POWER
Industry	POWER
Face Value / Book Value (₹ per share)	10 / 28.6
Dividend Yield	5.5
52 H/L (°)	28 / 19
Market Cap. (₹ mn)	305,550
Shares Outstanding (mn)	11,070.7
6M Avg Traded Volume (NSE+BSE)	2,533,363

Shareholding Pattern

	Mar-16	Dec-15	Sep-15	Jun-15
Promoters	74.6%	74.6%	86.0%	86.0%
FII	0.0%	0.0%	0.0%	0.0%
DII	14.2%	13.8%	7.0%	6.7%
Bodies Corporate	5.3%	5.4%	0.6%	0.7%
Others	6.0%	6.3%	6.4%	6.6%
Total	100.0%	100.0%	100.0%	100.0%

Key Ratios

	FY13	FY14	FY15	FY16
P/E (x)	10.6	18.7	10.9	10.5
P/B (x)	1.1	1.2	1.1	1.1
EV/Sales	4.9	4.2	3.8	3.6
EV/EBITDA	7.6	8.1	6.1	6.1
ROCE	8.0%	5.7%	8.6%	8.9%
ROE	8.7%	3.6%	7.8%	8.6%

Earnings Summary

(In ₹ mn)	FY13	FY14	FY15	FY16
Net Sales	64,062	74,159	82,441	86,283
Sales Growth	-11.2%	15.8%	11.2%	4.7%
EBITDA	41,163	38,190	51,312	51,314
EBITDA Margin	64.3%	51.5%	62.2%	59.5%
PAT	28,726	16,332	27,981	29,196
PAT Margin	44.8%	22.0%	33.9%	33.8%
EPS (₹)	2.1	1.1	2.3	2.4
Price Performance	CY13	CY14	CY15	YTD
Absolute	-23%	-4%	12%	31%
Relative	-30%	-35%	16%	23%

Destimoney Research

NHPC

CMP: Rs 27.6

BUY with a target upside of 20%

► NHPC (National Hydroelectric Power Corporation) is India's largest hydropower generating company. It is a mini-ratna Category I enterprise (the Centre owns 86%). The company has an installed capacity base of 5,147 MW across 19 hydro power stations. Additionally, it owns 51% of NHDC (balance held by Madhya Pradesh), which owns 1.5 GW of capacity spread over two power stations. NHPC has additional 3,130MW of projects under construction, expected to become operational over FY17-22. It has also commenced generation at its first wind power plant of 50MW in Rajasthan. Tender for 100MW solar project is under award. NHPC has a target of setting up 430MW renewable capacity (380MW solar, 50MW wind) over FY17-20.. Shri K.M.Singh is the current CMD of NHPC.

► NHPC reported strong PAT of Rs 16 bn in 2QFY17, up 34% yoy led by large one-offs in other income. Other income for the quarter stood at Rs 9 bn, more than double yoy led by Rs 4.4 bn of late payment surcharge. Adjusted for the post-tax late payment surcharge income, net profit would have been up 3.6% yoy in 2QFY17 to Rs 12 bn. The company generated 8.9 BU of energy in 2QFY17 (+4% yoy).

► NHPC has signed PPA with Rajasthan distribution utilities for its first wind power project of 50MW. It has already commenced generation since then. It is currently in the process of developing a 72MW wind project in Kerala (64 + 8MW) and a 16MW project in Andhra Pradesh. Land acquisition is in progress in these states. Unlike in Q1 wherein NHPC had cancelled solar projects planned in Tamil Nadu and Uttar Pradesh, it reported some progress in each of them. While it has now signed a PPA with Tamil Nadu, Uttar Pradesh government is allocating a separate parcel of land for the project. However, NHPC would re-tender each of the 50MW projects and both are expected to become operational during H2FY18.

► Management highlighted delay in commissioning of Kishanganga (330 MW) project in Kashmir owing to law and order situation in Kashmir, though highlighted that the situation has stabilized now and project work should resume shortly. However, the company is looking to commission one unit of 200 MW at Parbati II ahead of schedule by diverting water from other bodies to the power house. Commissioning of TLDP IV (160 MW) and the likely addition of one unit at Parbati II (200 MW) and Kishanganga (330 MW) will likely aid earnings growth over the next 12 months. In addition, potential resolution of the stalemate at Subansiri (2,000 MW) could help improve earnings visibility in the medium term

► We recommend **buy on NHPC** with a price target of **Rs 33.10** Per share

Source: Company, ACE Equity, Destimoney Research

Technical View

The stock is in uptrend and trading above its 12-Week EMA. Weekly momentum indicators are positive and trading above 50 indicating a possibility of a good upmove.



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