



## 41<sup>st</sup> Annual Report 2016-17



## CORPORATE VISION

To be a global leading organization for sustainable development of clean power through competent, responsible and innovative values.

## CORPORATE MISSION

- \* To achieve excellence in development of clean power at international standards.
- \* To execute & operate projects through efficient and competent contract management and innovative R&D in environment friendly and socio-economically responsive manner.
- \* To develop, nurture and empower the human capital to leverage its full potential.
- \* To practice the best corporate governance and competent value based management for a strong corporate identity and showing concern for employees, customer, environment and society.
- \* To adopt & innovate state-of-the-art technologies and optimize use of natural resources through effective management.



Shri Balraj Joshi, Chairman & Managing Director and the then Director (Technical), Shri Ratish Kumar, Director (Projects) and Shri Mahesh Kumar Mittal, Director (Finance) with other senior officers of NHPC during the Analyst Meet at Mumbai on 02.06.2017

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### CONSOLIDATED

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## BOARD OF DIRECTORS

As on 27<sup>th</sup> September 2017



**Shri Balraj Joshi**  
Chairman and Managing Director



**Shri Ratish Kumar**  
Director (Projects)



**Shri Nikhil Kumar Jain**  
Director (Personnel)



**Shri Mahesh Kumar Mittal**  
Director (Finance)



**Smt. Archana Agrawal**  
Government Nominee Director



**Smt. Krishna Tyagi**  
Government Nominee Director



**CA Satya Prakash Mangal**  
Independent Director



**Prof. Arun Kumar**  
Independent Director



**Prof. Kanika T. Bhal**  
Independent Director



**Shri Vijay Gupta**  
Company Secretary

## REFERENCE INFORMATION

### Registered & Corporate Office

NHPC Office Complex,  
Sector-33, Faridabad, Haryana-121 003  
Ph.: +91 129 2588500, +91 129 2588110  
Fax : +91 129 2277941  
Website: www.nhpcindia.com  
CIN: L40101HR1975GOI032564

### Company Secretary

Shri Vijay Gupta

### Statutory Auditors

**M/s S.N. Dhawan & Co. (Now known as  
M/s S.N. Dhawan & Co., LLP)**  
Chartered Accountants,  
410, Ansal Bhawan,  
16, Kasturba Gandhi Marg, New Delhi-110001

### M/s Gupta Gupta & Associates

Chartered Accountants,  
142/3, Trikuta Nagar, Jammu - 180012  
Jammu & Kashmir

### M/s Ray & Ray

Chartered Accountants,  
Webel Bhawan, Ground Floor, Block EP & GP,  
Salt Lake, Sector-V, Kolkata-700091

### Cost Auditors

**M/s H. Tara & Co.**  
A-1-B/49-B, Paschim Vihar, New Delhi-110063

**M/s V. P. Gupta & Co.**  
B-25, Sector-23, Noida -201301, Uttar Pradesh

**M/s SKR & Associates**  
D-9/177, Govind Marg, Chitrakoot Scheme,  
Ajmer Road, Jaipur-302021

**M/s Jugal K Puri & Associates**  
K-19 (GF), South Extension Part II, New Delhi - 110049

**M/s N K Jain & Associates**  
2D, OCS Apartments, Mayur Vihar, Phase-I, Delhi - 110091

**M/s S P Bhattacharyya & Co.**  
A-202, KV Vasundhara, VIP Road, Kolkata - 700052

**M/s Musib & Co.**  
A-1/364, Janakpuri, New Delhi - 110058

### Secretarial Auditor

**M/s P. P. Agarwal & Co.**  
C-5/64, East of Kailash, New Delhi - 110065

### Internal Auditor

Shri Vijay Kumar, Executive Director (Finance)

### Bankers

State Bank of India  
Indian Overseas Bank  
ICICI Bank Limited  
Jammu & Kashmir Bank Limited  
Bank of India  
Axis Bank  
State Bank of Patiala  
State Bank of Bikaner & Jaipur  
HDFC Bank  
Indusind Bank  
Bank of Baroda  
Deutsche Bank  
Central Bank of India  
Kotak Mahindra Bank  
RBL Bank

### Registrar & Share Transfer Agent

#### For Equity Shares & Tax Free Bonds:

M/s Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot No. 31-32,  
Gachibowli Financial District, Nanakramguda,  
Hyderabad - 500 032  
Ph: +91 40 67161500, 67162222  
Email: einward.ris@karvy.com  
Website: www.karvycomputershare.com

#### For other Bonds:

M/s RCMC Share Registry Private Limited  
B-25/1, First Floor, Okhla Phase-II,  
New Delhi-110020  
Ph: 011-26387320  
Email: info@rcmcdelhi.com

### Chief Investor Relations Officer

Shri Anuj Kapoor, Chief (Finance)

### Listing of Securities

#### Share & Tax Free Bonds:

BSE Limited  
National Stock Exchange of India Limited

#### Other bonds issued on Private Placement (Under Wholesale Debt Market Segment):

'V' Series Bonds - BSE Limited  
All other Bonds - National Stock Exchange of India Limited

### Depositories

National Securities Depository Limited  
Central Depository Services (India) Limited

### Debenture Trustees

**7.70% O Series  
Bonds** **Axis Trustee Services Ltd.**  
2<sup>nd</sup> Floor, Red Fort Capital Parsvanath  
Tower, Bhai Veer Singh Marg,  
Gole Market, New Delhi -110 001  
Ph.: +91 11 47396656  
Email: debenturetrustee@axistrustee.com

**9% P Series,  
9.25% Q Series,  
Tax Free Bonds  
NHPC 2013  
(Series 1A, 1B,  
2A, 2B, 3A and  
3B), 8.49% S1,  
8.54% S2 Series,  
8.50% T Series  
Bonds and 6.84%  
V Series Bonds** **IDBI Trusteeship Services Ltd.**  
Asian Building, Ground Floor 17,  
R. Kamani Marg Ballard Estate,  
Mumbai- 400 001  
Ph.: +91 22 40807000  
Email: itsl@idbitrustee.com

**8.70% R1, 8.85%  
R2, 8.78% R3  
Series, 8.24% U  
Series and 8.17%  
U1 Series Bonds** **SBICAP Trustee Company Ltd.**  
Apeejay House, 6<sup>th</sup> Floor,  
3, Dinshaw Wachha Road,  
Church Gate, Mumbai - 400020  
Ph.: +91 22 43025553  
Email: helpdesk@sbicaptrustee.com

## DIGEST OF IMPORTANT FINANCIAL DATA (STANDALONE ACCOUNTS)

(₹ in crore)

FINANCIAL	2016-17	2015-16	2014-15	2013-14	2012-13
A SALE OF ENERGY	7,139.46	7,265.71	6,736.64	5,335.11	5,049.13
B OTHER OPERATING INCOME & REVENUE FROM CONTRACTS, PROJECT MANAGEMENT AND CONSULTANCY WORKS	131.71	87.29	65.61	201.93	257.51
C OTHER INCOME (INCLUDES EXCEPTIONAL ITEM)	1,458.67	992.07	861.33	1,456.95	1,232.79
<b>D TOTAL INCOME (A)+(B)+(C)</b>	<b>8,729.84</b>	<b>8,345.07</b>	<b>7,663.58</b>	<b>6,993.99</b>	<b>6,539.43</b>
E GENERATION & OTHER EXPENSES	1,932.69	2,125.94	1,604.49	2,119.10	1,095.22
F EMPLOYEE BENEFITS EXPENSES	1,574.92	1,158.36	1,149.23	1,058.67	887.41
G DEPRECIATION & AMORTIZATION EXPENSES	1,388.40	1,359.07	1,425.87	1,210.76	969.29
H FINANCE COST	1,073.22	1,072.10	1,179.77	1,022.40	385.38
<b>I PROFIT BEFORE TAX AND RATE REGULATED INCOME</b>	<b>2,760.61</b>	<b>2,629.60</b>	<b>2,304.22</b>	<b>1,583.06</b>	<b>3,202.13</b>
J RATE REGULATED INCOME / EXPENDITURE	713.99	550.90	521.95	-	-
<b>K PROFIT BEFORE TAX (I) + (J)</b>	<b>3,474.60</b>	<b>3,180.50</b>	<b>2,826.17</b>	<b>1,583.06</b>	<b>3,202.13</b>
L INCOME TAX EXPENSES	679.01	750.61	701.70	604.27	853.91
<b>M PROFIT AFTER TAX (K) - (L)</b>	<b>2,795.59</b>	<b>2,429.89</b>	<b>2,124.47</b>	<b>978.79</b>	<b>2,348.22</b>
<b>N OTHER COMPREHENSIVE INCOME</b>	<b>7.67</b>	<b>3.24</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>O TOTAL COMPREHENSIVE INCOME (M) + (N)</b>	<b>2,803.26</b>	<b>2,433.13</b>	<b>2,124.47</b>	<b>978.79</b>	<b>2,348.22</b>
P AUTHORISED SHARE CAPITAL	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Q PAID UP EQUITY SHARE CAPITAL	10,259.32	11,070.67	11,070.67	11,070.67	12,300.74
R RESERVE AND SURPLUS/ OTHER EQUITY	16,682.81	18,690.48	17,215.72	14,996.98	15,539.76
S LONG TERM/NON CURRENT BORROWINGS	17,245.64	18,181.08	18,171.03	18,580.52	17,417.52
T OTHER LONG TERM LIABILITY & LONG TERM PROVISIONS	1,985.03	1,829.95	2,224.12	2,420.51	2,427.61
U DEFERRED TAX LIABILITIES	938.49	861.93	810.44	766.67	460.69
V NET TANGIBLE & INTANGIBLE FIXED ASSETS	20,977.21	21,303.90	22,695.16	24,079.54	18,039.96
W CAPITAL WORK-IN-PROGRESS	17,350.13	16,578.71	16,054.72	14,657.13	19,709.04
X INVESTMENTS (NON CURRENT)	2,100.32	1,683.01	1,977.75	2,227.02	2,400.61
Y OTHER LONG TERM LOANS & ADVANCES AND OTHER NON-CURRENT ASSET	3,424.21	3,645.30	1,978.10	1,986.06	2,183.11
Z REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	2,904.32	2,181.28	1,630.39	-	-
AA WORKING CAPITAL	355.10	5,241.91	5,155.86	4,885.60	5,813.60
<b>AB GROSS CAPITAL EMPLOYED (V)+(W)+(X)+(Y)+(Z)+(AA)</b>	<b>47,111.29</b>	<b>50,634.11</b>	<b>49,491.98</b>	<b>47,835.35</b>	<b>48,146.32</b>
<b>AC NET WORTH (Q)+(R)</b>	<b>26,942.13</b>	<b>29,761.15</b>	<b>28,286.39</b>	<b>26,067.65</b>	<b>27,840.50</b>
<b>AD DIVIDEND PAID (INCLUDING INTERIM DIVIDEND)</b>	<b>2,524.13</b>	<b>1,461.33</b>	<b>553.55</b>	<b>738.04</b>	<b>861.05</b>
<b>RATIOS</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
RETURN ON CAPITAL EMPLOYED [ (H) + (K) ] / (AB)	9.65%	8.40%	8.09%	5.45%	7.45%
RETURN ON NET WORTH (M) / (AC)	10.38%	8.16%	7.51%	3.75%	8.43%
NET PROFIT TO SALE OF ENERGY (M) / (A)	39.16%	33.44%	31.54%	18.35%	46.51%
BOOK VALUE PER SHARE	26.26	26.88	25.55	23.55	22.63
EARNING PER SHARE	2.53	2.19	1.92	0.82	1.91
DIVIDEND PER SHARE (INTERIM+PROPOSED FOR THE YEAR)	1.80	1.50	0.60	0.30	0.60
DEBT EQUITY RATIO	0.70	0.67	0.64	0.71	0.67
CURRENT RATIO	1.07	2.10	2.08	1.80	1.91
<b>OPERATING PERFORMANCE</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
GENERATION (MUs)	23,275	23,683	22,038	18,386	18,923
CAPACITY (IN MW)	5,171.20	5,041.20	4,961.20	4,831.20	4,186.20
PLANT AVAILABILITY FACTOR (%)	83.41	81.60	77.30	77.70	85.30
MAN POWER (Nos.)	8,009	8654	9211	9838	10410

Note:-1 Figures upto Financial Year 2014-15 are IGAAP compliant and figures from Financial Year 2015-16 are IND AS compliant.

Note:-2 Dividend at S.No-"AD" is actual dividend paid during the year.



Shri Ratish Kumar, the then CMD & Director (Projects) receiving First Prize under Rajbhasha Kirti Puruskar scheme for commendable work in implementation of Rajbhasha from Hon'ble President of India Shri Ram Nath Kovind on 14.09.2017. Shri Rajnath Singh, Hon'ble Union Minister for Home Affairs, Shri Hansraj Gangaram Ahir, Hon'ble Minister of State for Home Affairs and Shri Kiren Rijiju, Hon'ble Minister of State for Home Affairs were present on the occasion.





*Shri Narendra Modi, Hon'ble Prime Minister of India dedicating Parbati-III Power Station (520 MW) of NHPC to the Nation at Mandi, Himachal Pradesh on 18.10.2016.*



## CHAIRMAN'S STATEMENT



### Dear Valued Shareholders,

It is a great honour and privilege for me to preside over the 41<sup>st</sup> Annual General Meeting of your Company and on behalf of the Board of Directors, I welcome you all to this special occasion. I thank you all for your continued support and goodwill, which is essential for the success of your Company.

Our company's performance in the last fiscal illustrates the opportunities and challenges facing our industry. The phenomenal impact that climate issues are having on businesses around the world is creating exciting and viable new opportunities.

The year 2016-17 has been an eventful journey on economic fronts for the country as well as for your Company. During the year, Govt. of India divested 11.45% of the paid up equity share capital of the Company by way of Offer For Sale (OFS) through Stock exchange mechanism. Your Company also bought back 81,13,47,977 equity shares representing 7.33% of the total paid up equity share capital in March, 2017.

### Outlook on Hydropower

Our country is endowed with an enormous hydropower potential and most of it is yet to be harnessed. The future of Hydropower is expected to be very promising in view of the large untapped potential of around 1,00,000 MW. Further, Government has targeted generation of 40% of country's electricity from non-fossil sources by 2030. This provides your Company an excellent opportunity to grow.

Govt of India is taking various measures for expediting hydro

development in the country. A hydro development fund is also in anvil which will expedite completion of stalled hydro projects facing cost over-runs owing to delays. We are hopeful and expect some more reforms like bringing all hydro-generation units under the renewable category which will provide all incentives of renewable projects to the hydropower projects also.

Let me now take you briefly through the Company's performance during the year gone by.

### Performance Highlights

During the year 2016-17, your Company continued to implement mission driven strategies by efficiently operating the power stations, implementing the projects and continuing to invest in technology, infrastructure and talent, which are the critical inputs for the future of your Company.

The total generation of your company was 23,275 MU of electricity during the previous year. Major highlights of your Company's performance during Financial Year 2016-17 includes:

- Profits increased to ₹ 2,803.26crore as against ₹ 2,433.13 crore of the last year.
- Achievement of Plant Availability Factor (PAF) at 83.41% against the target of 81.12% for 'Very Good' rating under MOU with Ministry of Power, Govt. of India.
- Sales realization stood at ₹ 7,676.27 crore.
- Addition of 80 MW to its installed capacity during the

year with commissioning of Unit III & IV (40 MW each) of Teesta Low Dam-IV H.E. Project (40 MWX4), West Bengal.

- Commissioning of 50 MW Wind Power Project at Jaisalmer, Rajasthan.
- Achievement of 'Very Good' rating for overall performance, in terms of Memorandum of Understanding (MoU) signed with Ministry of Power, Govt. of India.

#### Dividend

Your Company's management has always been willing to take that extra step for maximizing shareholders' return. The Board of Directors of your Company has recommended a dividend of ₹ 1.80 per equity share (excluding dividend tax) for the year 2016-17. This is inclusive of an interim dividend of ₹ 1.70 per equity share paid in January, 2017. If approved, the total dividend payout will be ₹ 1,984.61 crore which is 71% of the profit after tax.

#### Corporate Governance

Your Company manages the business in an ethical and responsible manner, complying with all applicable laws in true letter and spirit for sustainable value creation of various stakeholders within the prevalent regulatory framework. The Company believes in adopting the best practices in the area of Corporate Governance. As a listed Public Sector Enterprise, your Company has been broadly complying with the requirements of Corporate Governance as stipulated in the Companies Act, 2013, SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance. Your Company has been declared runner up in listed public sector category at 2<sup>nd</sup> Corporate Governance Excellence Awards, 2015-16 by ASSOCHAM.

#### Corporate Social Responsibility and Sustainability

As a responsible Corporate citizen, your Company is committed to address social, economical and environmental concerns of its stakeholders including those directly impacted by its operations and activities. During the year, various activities in the field of Education, skill development, technology & Research, Health, rural development, women empowerment, Swachh Bharat Abhiyan etc. were carried out by your Company. An amount of ₹ 75.82 crore was spent by the Company on Corporate Social Responsibility and Sustainable Development activities during the financial year 2016-17 and has committed an amount of ₹ 59.52 crore for CSR & SD activities during the year 2017-18.

#### Growth Initiatives

Your Company is geared up to play a major role in utilizing and tapping the untapped power potential of the Country. Diversification is the key for any business to grow and sustain in the changing business dynamics. To expand its operational horizons, your Company is also looking ahead for available opportunity in other energy sectors like Thermal, Solar, Wind and Pumped Storage Schemes (PSPs).

Presently, three hydroelectric projects namely Kishanganga HE Project, Parbati- II HE Project and Subansiri Lower HE

Project with aggregate installed capacity of 3,130 MW are in construction stage. Further, clearances for five prospective hydro projects of planned capacity of 4,995 MW is under process.

I am pleased to share with you that Unit-I of the Parbati HE Project, Stage-II has been successfully synchronized on part load in July, 2017. The project is expected to be commissioned by December, 2018. The 1<sup>st</sup> unit of the Kishanganga HE Project (330 MW), Jammu & Kashmir is also expected to be commissioned during the current year. Constant efforts are being made by your Company for resumption of the construction activities at Subansiri Lower HE project.

Your Company is also in process of development of a 32 MW solar power project in Uttar Pradesh, three hydroelectric projects namely Pakal Dul, Kiru, Kwar in Jammu & Kashmir (2,164 MW) and 66 MW Loktak Downstream Hydroelectric Project in Manipur through Joint Venture Companies. Further, discussions are in process for development of Chamkharchhu – I HE Project (770 MW) in Bhutan through JV mode.

#### Acknowledgements

I am privileged to have the opportunity to thank you for your conviction and continued support to NHPC's endeavours. I also extend my gratitude to the Central Government, Ministry of Power, State Governments and Authorities and Agencies of the Union Government & State Governments for supporting and nurturing NHPC in its objectives of serving the Nation.

I convey my thanks to all the Board members including those who served during the year for their valuable contribution and co-operation.

A dedicated and talented workforce has been a pillar of NHPC's strength. I thank them for striving to create wealth for Stakeholders and taking the company forward.

I look forward to your continued support in our future endeavors.

Jai Hind.

Yours sincerely,



**(Balraj Joshi)**

Chairman and Managing Director  
DIN 07449990

Date: 27<sup>th</sup> September, 2017

Place: Faridabad



*Shri Narendra Modi, Hon'ble Prime Minister of India after dedicating Parbati-III Power Station (520 MW) of NHPC to the Nation at Mandi, Himachal Pradesh on 18.10.2016.*





*Shri Narendra Modi, Hon'ble Prime Minister of India after the Foundation Stone laying ceremony of Hydro Engineering College, Bilaspur on 27.04.2017 which is being setup by NHPC and NTPC as industry partners.*

## DIRECTORS' PROFILE

As on 11<sup>th</sup> August 2017



### **Shri Ratish Kumar, Director (Projects) and Chairman & Managing Director**

DIN 06852735

**Shri Ratish Kumar** (56 years) holds B.Tech in Electrical Engineering from GB Pant University of Agriculture & Technology, Pantnagar (Uttarakhand). Shri Ratish Kumar started his professional career in NHPC Limited as Trainee Engineer in October, 1982 from Bairasiul Project.

Shri Ratish Kumar has over 34 years of experience in NHPC where he climbed up the professional ladder with utmost sense of responsibility, ethics and dedication. In his present assignment as Director (Projects), Shri Ratish Kumar is in-charge of all NHPC projects which are under construction and pre-construction stages. This includes hydro as well as solar & wind renewable energy projects. He is also responsible for Joint-ventures and Consultancy Assignments being undertaken by the Company. In addition, major functions viz. Contracts (E&M), Project Monitoring and Support Group,

Cost Engineering, Business Development and Design (E&M) also come under his ambit.

Prior to joining NHPC Board, Shri Ratish Kumar served NHPC in various capacities including as the Executive Director (Design-E&M). His major contributions include construction and erection of Salal Power Station Stage-II, commissioning of major projects of NHPC, restoration of Dhauliganga and Uri-II Power Station, advancement of commissioning of TLDP-IV, construction of Dam of Kishanganga HEP in 2016. It further includes design and engineering of E&M packages of projects viz. Parbati-II, Parbati-III, Subansiri Lower HE Project, Teesta-V, Sewa-II, Chamera-III, Dhauliganga projects etc. and O&M of Hydro Power stations. He was also associated with various International assignments including preparation of DPR of Tamanthi & Shwezay in Myanmar, Kuri-Gongri, Chamkharchhu & Mangdechhu in Bhutan. Shri Ratish Kumar had been a Nominee Director on the Board of National High Power Test Laboratory Private Limited w.e.f. 24.03.2014 to 08.02.2016.

Shri Ratish Kumar has excellent command in construction & erection of Hydro Power Plants, Design & Engineering of E&M equipments, Power Potential and Optimization Studies, layout engineering, preparation of detailed project report including project appraisal and cost benefit analysis for obtaining TEC from CEA. He has been an expert member in numerous National Level Publications, CBIP Manual on GIS 2013, Bus Duct 2013 and Transformer 2013 etc.

Shri Ratish Kumar joined the Board of NHPC Limited w.e.f. 6<sup>th</sup> January, 2016. Shri Ratish Kumar is also holding additional charge of the post of Chairman and Managing Director of the Company w.e.f. from 1<sup>st</sup> August, 2017.



### **Shri Balraj Joshi, Director (Technical)**

DIN 07449990

**Shri Balraj Joshi** (57 years) holds a degree in Civil Engineering from Govt. Engineering College, Karad, Maharashtra. He also holds PG qualification in Hydropower Development and Planning from the prestigious Norwegian Technical Institute, Trondheim, Norway under NORAD Scholarship. Shri Joshi joined NHPC in October, 1982 as a Probationary Executive (Engg.) at Salal Project (J&K).

During his distinguished career spanning over 34 years, Shri Joshi scaled new heights and contributed to NHPC's development by serving many projects namely Salal, Dul Hasti, Kurichu Project (Bhutan), Teesta-V, Teesta Low Dam-III & IV, Parbati-III, Chutak, Chamera-III, Parbati-II etc. and rose to the position of Executive Director (Design & Engineering), NHPC. He has also been associated with NHPC's Consultancy assignments for many projects as 1200 MW Tamanthi and 880 MW Shwezay in Myanmar, 720 MW Mangdechhu, Bhutan & Bakreswar thermal power project of M/s West Bengal Development Corporation etc. He has also represented NHPC at International Court of Arbitration at 'The Hague' for Kishanganga Project. In an outstanding display of commitment Shri Joshi successfully undertook the highly challenging work of resurrecting the Dhauliganga Power Station after its flooding.

Shri Balraj Joshi has taken over as Director (Technical) of NHPC Limited on 1<sup>st</sup> April, 2016.

## DIRECTORS' PROFILE



### **Shri Nikhil Kumar Jain, Director (Personnel)**

DIN 05332456

**Shri Nikhil Kumar Jain** (54 years) holds a Bachelors' degree in Industrial Engineering from IIT Roorkee and Bachelors' degree in Law from Delhi University.

Prior to joining NHPC, Shri Jain was Director (Personnel) of Air India Limited. Shri Jain has a vast and rich experience of almost three decades in both the Government and Public Sector. He joined the Indian Railway as an Indian Railway Personnel Services Officer in 1988. He has worked at different levels in the Railways and also as GGM (HR) in IRCTC and as Executive Director (Joint Secretary) in the Ministry of Railways.

Shri Nikhil Kumar Jain joined the Board of NHPC Limited as Director (Personnel) on 7<sup>th</sup> February, 2017.



### **Shri Mahesh Kumar Mittal, Director (Finance)**

DIN 02889021

**Shri Mahesh Kumar Mittal** (56 years) has a distinguished academic background and is M.Com (Gold Medalist) and Masters in Financial Management (Previous). He is also a Fellow Member of the Institute of Cost Accountants of India and a Fellow Member of the Institute of Company Secretaries of India.

Shri Mittal has a rich experience of over three decades in the field of Finance, Accounting, Taxation and Regulatory matters. Prior to joining NHPC, Shri Mittal was Director (Finance) at Dedicated Freight Corridor Corporation of India Ltd. He had also worked as General Manager (Finance) at Rural Electrification Corporation Ltd., Director (Finance) at Hindustan Organic Chemicals Ltd. and Chief Accounts Officer & Company Secretary at Haryana Vidyut Prasaran Nigam Ltd.

Shri Mittal joined the Board of NHPC Limited on 1<sup>st</sup> March, 2017.



### **Smt. Archana Agrawal, Government Nominee Director**

DIN 02105906

**Smt. Archana Agrawal**, (50 years) Joint Secretary (Hydro), Ministry of Power, has been appointed as Nominee Director on the Board of NHPC Limited w.e.f. 6<sup>th</sup> March, 2016.

Smt. Agrawal is a 1990 batch, Indian Administrative Officer of Uttar Pradesh cadre. She holds a Post Graduate Degree in Political Science, Master degree in Business Administration with specialization in Financial Management and Bachelor degree in Arts in History, Public Administration and Political Science. In addition to above, she has been well trained in diverse areas of Public Administration and Management in a number of reputed national and international institutions.

During her illustrious career of 27 years as an IAS officer, she has held various key administrative positions in Uttar Pradesh Government like:-

- Principal Secretary - GAD and Dairy Development.
- Secretary – Infrastructure & Investment, Industries, Taxation, Co-ordination.
- Commissioner – Transport, Food & Civil Supplies, Food Safety and Drugs, Milk Commissioner.
- Managing Director – PICUP, Udyog Bandhu, PCDF.
- Project Coordinator- Diversified Agriculture Support Project (World Bank funded).
- Special Secretary – Industrial Development and Education Departments.
- Vice Chairman – Varanasi Development Authority, Faizabad – Ayodhya Development Authority.
- Distt. Magistrate –Sultanpur, Faizabad.
- Development Officer - Faizabad, Agra, Mainpuri.



## DIRECTORS' PROFILE



### Smt. Krishna Tyagi, Government Nominee Director

DIN 07230978

**Smt. Krishna Tyagi** (55 years) holds MBA degree in Public Service with the main focus on public policy, from Birmingham University, United Kingdom and Post - graduation in Literature from University of Delhi. Smt. Tyagi started her carrier as probationer in Indian Civil Accounts Service on 17<sup>th</sup> December, 1987 with more than 25 years of experience in Audit, finance, Direct and Indirect Taxes, Personnel Management. Being an officer of Indian Civil Account Service, Financial Management has been her area of strength. Smt. Tyagi has versatile experience of working in the Ministries of Civil Aviation and Tourism, Human Resources and Development, Science & Technology, Rural Development and other Ministries also at senior level. Smt. Tyagi is also holding additional charge of Joint Controller General of Accounts (Public Finance Manangement System), incharge of 'Strategic Planning', 'Policy and Coordination', 'Advocacy', 'Documentation, Communication and Change Management' and 'Training and Capacity Building' since February, 2017. Smt. Tyagi is also

an active member of the Institute of Internal Auditors (IIA). Presently, she is working as Chief Controller of Accounts equivalent to Joint Secretary level in Ministry of Power, Delhi.

Smt. Krishna Tyagi joined NHPC Board on 8<sup>th</sup> July, 2015.



### CA Satya Prakash Mangal, Independent Director

DIN 01052952

**CA Satya Prakash Mangal** (57 years) is a practicing Chartered Accountant and founding partner of M/s Satya Prakash Mangal & Company, Chartered Accountants, New Delhi. He has significant experience in Special & Forensic Audit. His forte is determining the optimal route for financial engineering and financial restructuring and revival of project. He is also a life member of Administrative Staff College of India Association, Hyderabad.

Shri Satya Prakash Mangal has served as Director of Punjab & Sind Bank (A Government of India Undertaking) and UCO Bank (A Government of India Undertaking). He is working on project "AAS-आस (HOPE)" (**Advance Alert System**) for Banking Industry which provide preventive measure for arresting NPA.

Additionally, he has wide knowledge of Assurance and Compliances, SEBI Compliance, Risk Management. He has completed course of Management Audit, which includes Management Audit of Finance, Human Resources, Marketing, Information systems & Technology and Risk Management system. He has credentials to guide on best practice of corporate governance and CSR (Corporate Social Responsibility). He is pursuing Certificate Course on Corporate Governance from Indian Institute of Corporate Affairs.

Shri Satya Prakash Mangal is a Project Coordinator for Vriksha Vandana (A Project which is bringing Green Revolution and Protection of Environment in Goverdhan Dist. Mathura (U.P.) by planting and caring more than 100,000 Trees). He has been nominated as Chairman of National Committee of Krishna Circuit (Swadesh Darshan) by Ministry of Tourism, Government of India. He is playing a vital role in bringing **Integrated Ecological Development of Goverdhan (Mathura) and Kashi (Varanasi)**. Shri Mangal is also the Founder Trustee of "AROGYA FOUNDATION OF INDIA" (Carrying Rural Health Mission Program in more than 43,000 tribal and backward Villages of Bharat), Trustee of "Maharaja Agrasen Naturopathy & Yoga Sadhana Research Trust" (Balajee Nirog Dham Delhi). As Secretary of JEEVNA, he plays a vital role in conducting "National Workshop on Behavioural Game Theory and Human Values"

At present, he is serving as Director in NHDC Limited, Raunaq EPC International Limited, SPMC Global Advisory Services Pvt. Ltd. and Addwings Rail & Infra Solutions Pvt. Ltd.

Shri Satya Prakash Mangal joined the Board of NHPC Limited on 26<sup>th</sup> November, 2015.

## DIRECTORS' PROFILE



### Prof. Arun Kumar, Independent Director

DIN 07346292

**Prof. Arun Kumar** (58 years) is a Bachelors in Civil Engineering from IIT Roorkee, Masters in Civil Engineering from IISc, Bengaluru and holds PhD in Hydro Power Development from IIT Roorkee. He did Diploma studies in Hydro Power Development from NTH, Trondheim (Norway). His contribution in the field of Hydropower and Environmental Management of rivers and lakes is well recognized both within India as well as internationally.

Prof. Kumar has over 35 years of experience in the field of Hydro Power Development and Environmental Management of river and lakes. He served as Coordinating Lead Author for Hydropower on Special Report on Renewable Energy Sources for Intergovernmental Panel on Climate Change – working group III during 2009–11. During his distinguished career, Prof. Kumar had received various awards and recognitions for his exemplary work such as, Cash your Ideas Award by Central Board for Irrigation and Power in 1991, Surya Award from IIRDSS, New Delhi in

2001 and Eminent Engineers Award 2015 from the Institution of Engineers (India) Uttarakhand State Centre.

He headed the Alternate Hydro Energy Centre (AHEC), IIT Roorkee from 1998 to 2011. Prof. Kumar is currently working as Professor of AHEC, IIT Roorkee and holds MNRE Chair Professor (renewable energy).

Prof. Kumar joined the Board of NHPC Limited on 26<sup>th</sup> November, 2015.



### Prof. Kanika T. Bhal, Independent Director

DIN 06944916

**Prof. Kanika T. Bhal** (52 years) is Modi Chair Professor at the Department of Management Studies at IIT Delhi. A PhD from IIT Kanpur and a visiting fellow at Sloan School of Management, she is an expert in behavioural sciences in general and leadership in particular. She has published over 100 articles in national and international journals and conferences and is on the editorial boards of national and international journals. She has authored books on leadership, culture and ethics. She has done sponsored research for several nationally and internationally funded (with Fordham University and Wharton Business School) projects. Besides being a consultant to various organizations like Fifth Central Pay Commission of India, First National Judicial Pay Commission of India, DRDO, UPSC, DGS&D, Ministry of Rural Development, NICD and Ministry of Environment and Forests, she is invited as an expert on Government Committees and is a member of the Academy of Management, USA, Society for Industrial Organization and Psychology and Global Institute of

Flexible Systems Management.

She has been awarded several awards like Best Professor in Management by Headlines Today 2013, Dr. Hari Singh Gaur Award for excellent work in Management Education by IES Group of Institutions, Bhopal 2009, Excellence in Teaching Award by IIT Delhi. Professor Bhal is given the honor of Professor Honorable by Tshwane Institute of Technology, South Africa. She delivered the prestigious Vice Chancellor's lecture on Ethics, Business & Society at Tshwane University of Technology, South Africa in May, 2017. She has been appointed as ICCR Chair Professor at Simon Fraser University, Canada from August to December, 2017.

Prof. Bhal joined the Board of NHPC Limited on 26<sup>th</sup> November, 2015.



*Shri Balraj Joshi, Chairman & Managing Director handing over dividend payout bank advice for an amount of ₹ 76.43 crore to Shri R. K. Singh, Hon'ble Union Minister of State (Independent Charge) for Power and New & Renewable Energy in the presence of Shri Ajay Kumar Bhalla, Secretary (Power), Govt. of India, Shri Ratish Kumar, Director (Projects), Shri N. K. Jain, Director (Personnel) and Shri D. Chakraborty, General Manager (Finance) on 12.10.2017.*





*Shri Balraj Joshi, Chairman & Managing Director and the then Director (Technical) and Shri Nikhil Kumar Jain, Director (Personnel) receiving the Rajbhasha Shield and Citation from Shri Piyush Goyal, the then Hon'ble Union Minister of State (I/c) for Power, Coal, New and Renewable Energy and Mines during the meeting of Hindi Advisory Committee of Ministry of Power, Govt. of India on 31.08.2017 NHPC has been conferred with the NTPC Rajbhasha Shield and Citation award as First Prize for 2016-17 for outstanding work in implementation of Rajbhasha amongst Power Sector Utilities.*

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 41<sup>st</sup> Annual Report on the business and operations of the Company along with audited financial statements, Auditors' Report, Report of Secretarial Auditor and review of financial statements by the Comptroller and Auditor General of India for the Financial Year ended 31<sup>st</sup> March, 2017. Financial Year 2016-17 was yet another year of achievements for your Company. During the year under report, your Company added 130 MW to its capacity by commissioning its first wind power plant of 50 MW at Jaisalmer, Rajasthan and two units of 40 MW each of TLDP-IV Power Station (4 X 40MW). The total installed capacity of your Company (including of subsidiaries & JVs) as on 31<sup>st</sup> March, 2017 was increased to 6,691 MW.

### Major highlights for the year 2016-17 are:

- Total revenue and revenue from operations (net) were ₹ 8,729.84 crore and ₹ 7,271.17 crore respectively. Total comprehensive income, Net Profit After Tax (PAT) and other comprehensive income were ₹ 2,803.26 crore, ₹ 2,795.59 crore and ₹ 7.67 crore respectively.
- Power stations have achieved generation of 23,275 MUs, which includes generation of 18.2 MUs from Wind Power Project, Jaisalmer and deemed generation of 326.8 MUs from Chutak & Nimmo Bazgo Power Stations.
- Company had bought back 81.13 crore equity shares at a price of ₹ 32.25 per share for an aggregate amount of ₹ 2,616.60 crore.
- Overall Plant Availability Factor (PAF) of 83.41% was achieved during the Financial Year, which is higher than previous year's PAF of 81.6%.
- Overall performance of the Company for the Financial Year 2015-16 was rated as "Very Good" in terms of Memorandum of Understanding (MOU) signed with Government of India.
- Cash contribution of ₹ 3,116.08 crore was made to Government of India's exchequer through dividend, dividend tax, income tax and wealth tax in the Financial Year 2016-17.
- Market capitalization of the Company as on 31<sup>st</sup> March, 2017 stood at ₹ 32,881.12 crore.
- Power Purchase Agreements (PPAs) were signed with Government of Bihar, Uttarakhand, Assam and Mizoram for upcoming Tawang HE Projects, Stage-I (600 MW) and Stage-II (800 MW) in Arunachal Pradesh.
- Power Purchase Agreement (PPA) was signed with Government of Bihar and Odisha for upcoming Teesta IV HE Project (520 MW) in Sikkim.
- Highest ever interim dividend of ₹ 1,882.02 crore (@ ₹ 1.70 per equity share) was paid in January, 2017. Further, a final dividend of ₹ 0.10 per equity share has been recommended for the Financial Year 2016-17 subject to approval of the shareholders.

### Awards and Recognition

- "Best Miniratna" at Dun & Bradstreet PSU Awards, 2016.
- "PSE Excellence Award" for securing third place in the 'Mini Ratnas and other category' for Corporate Governance for the year 2015 at the 6<sup>th</sup> PSE Excellence Awards organized by Indian Chamber of Commerce in association with the Department of Public Enterprises, Govt. of India.
- "Best Hydropower Enterprise Award" by Hydropower Forum of India under the aegis of Enertia Foundation and Renewable Energy Promotion Association at the 2<sup>nd</sup> India Hydro Awards, 2016.
- Awarded for displaying utmost commitment and drive to create a vibrant work environment for the construction fraternity especially by achieving the targets of "Mission Skilling India" by Construction Industry Development Council (CIDC).
- Excellence in CSR/Environment Protection and Conservation at the 8<sup>th</sup> India Pride Awards 2016-17.
- Runner-up in the listed Public Sector Company category at the 2<sup>nd</sup> Corporate Governance Excellence Awards 2015-16 organized by ASSOCHAM.
- "Best Water Management in Power Generation" at the 11<sup>th</sup> Water Digest Water Awards, Water Titans 2016-17.
- Awarded for "Best Risk Management Practices" at the 3<sup>rd</sup> India Risk Management Awards.
- Winner of Dun & Bradstreet Infra Awards 2016 under "Power Generation-Renewable" category.
- Second prize under "Rajbhasha Kirti Puraskar" by Ministry of Home Affairs, Govt. of India for commendable work in implementation of Rajbhasha amongst Public Sector Undertakings located in Region "A" for the year 2015-16.
- Second prize under the category of Public - Manufacturing (Large) at the 13<sup>th</sup> National Awards for Excellence in Cost Management-2015 by the Institute of Cost Accountants of India.
- "Golden Peacock Business Excellence Award 2016" by Institute of Directors.

## 1. FINANCIAL PERFORMANCE

The financial results for the year ended 31<sup>st</sup> March, 2017 are summarized in **Table 1**.

**Table 1: Financial Highlights**

(₹ in crore)		
PARTICULARS	2016-17	2015-16*
Revenue from operations	7,271.17	7,353.00
Profit before depreciation, interest, rate regulated income and tax	5,222.23	5,060.77
Depreciation	1,388.40	1,359.07
Profit after depreciation but before rate regulated income, interest and tax	3,833.83	3,701.70
Interest and finance charges	1,073.22	1,072.10
Profit after depreciation and interest but before rate regulated income and tax	2,760.61	2,629.60
Rate regulated income	713.99	550.90
Tax	679.01	750.61
Profit after depreciation, interest, rate regulated income and tax	2,795.59	2,429.89
Other Comprehensive Income (OCI)	7.67	3.24
<b>Total Comprehensive Income (TCI)</b>	<b>2,803.26</b>	<b>2,433.13</b>
Surplus from statement of profit and loss of earlier years (including Other Comprehensive Income)	3,147.66	2,531.56
Amount written back from bond redemption reserve	109.42	109.43
Amount written back from CSR fund	-	13.33
Tax on dividend—written back	-	24.08
Movement in Other Comprehensive Income	-	(9.40)
<b>Sub-total</b>	<b>6,060.34</b>	<b>5,102.13</b>
<b>Less: APPROPRIATIONS</b>		
Transfer to bond redemption reserve	394.49	185.74
Dividend and Corporate Dividend Tax (CDT)	2,996.35	1,758.82
Transfer to R & D fund	12.20	9.91
<b>Closing Balance of Retained Earnings including Other Comprehensive Income</b>	<b>2,657.30</b>	<b>3,147.66</b>

\* Figures of Financial Year 2015-16 have been re-casted to make them Ind-AS compliant.

### 1.1 Revenue

Your Company has registered a growth of 4.61% in the total income during the Financial Year 2016-17 by generating revenue of ₹ 8,729.84 crore as against ₹ 8,345.07 crore during the Financial Year 2015-16.

### 1.2 Expenses

The total expenditure during Financial Year 2016-17 was of ₹ 5,969.23 crore as against total expenditure of ₹ 5,715.47 crore in the Financial Year 2015-16. Employee benefit expenses, generation & other expenses, finance cost and depreciation were 26%, 33%, 18% and 23% respectively of total expenses as against 20%, 37%, 19% and 24% respectively in the previous year. Total expenditure in terms of percentage remained the same as of previous year at 68% of total income during the Financial Year 2016-17.

### 1.3 Profit

Your Company had earned a Profit After Tax (Total Comprehensive Income) of ₹ 2,803.26 crore during the Financial Year 2016-17, as compared to ₹ 2,433.13 crore (re-stated as per Ind AS) in the Financial Year 2015-16.

### 1.4 Share Capital

The paid-up equity share capital of the Company as on 31<sup>st</sup> March, 2017 was ₹ 10,259.32 crore as against ₹ 11,070.67 crore in the previous year. Decrease in paid up capital was due to buy-back of equity shares.

### 1.5 Net Worth

Your Company's net worth as on 31<sup>st</sup> March, 2017 was ₹ 26,942.13 crore, as against ₹ 29,761.15 crore in the previous year. Decrease in net worth as on 31<sup>st</sup> March, 2017 was due to buy-back of shares and payment of interim dividend.

### 1.6 Offer for Sale by the Govt. of India to the Employees

The President of India acting through Ministry of Power, Govt. of India had divested its holding in NHPC, equivalent to 11.36% of the paid up capital during April, 2016 and raised ₹ 2,719.55 crore through Offer for Sale (OFS) route. Further, total of 6,28,81,397 shares representing 0.568% of the paid up equity capital of the Company were offered to eligible employees in November, 2016. These shares were offered at a rate of ₹ 20.66 per equity share (at a discount of 5% on OFS price of ₹ 21.75). After the above Offer for Sale to employees, the holding of Government of India in the Company was reduced to 74.51%.

### 1.7 Buy-back of Shares

Your Company had also bought back its 81,13,47,977 fully paid up equity shares of ₹ 10/- each, from the shareholders of Company at a price of ₹ 32.25 per equity share, pursuant to the decision taken by the Board of Directors in its meeting held on 7<sup>th</sup> February, 2017. The buy-back consideration paid to the shareholders was ₹ 2,616.60 crore. The activity of the buy-back was



completed on 27<sup>th</sup> March, 2017. After the Buy-back, paid up capital was reduced to ₹ 10,259.32 crore comprising 10,25,93,20,519 equity shares of ₹ 10/- each.

## 2. DIVIDEND

Your Company had paid an interim dividend of ₹ 1.70 per equity share in January, 2017. In addition to above, the Board of Directors of your Company has recommended a final dividend of ₹ 0.10 per equity share for the Financial Year 2016-17. Accordingly, the total dividend for the year comes to ₹ 1.80 per equity share. The total dividend pay-out on approval of final dividend of ₹ 0.10 for the Financial Year 2016-17 will be ₹ 1,984.61 crore (₹ 2,388.64 crore including dividend distribution tax of ₹ 404.03 crore) representing 71% of the profits after tax, as against a dividend pay-out of ₹ 1,660.60 crore representing 68% of the profits after tax in the previous year.

## 3. OPERATIONAL PERFORMANCE

During the Financial Year 2016-17, the standalone installed capacity of your Company had increased to **5,171 MW** with the commissioning of remaining two units of 40 MW each of TLDP-IV HE Project (4X40 MW) (under commercial operation w.e.f. 19<sup>th</sup> August, 2016) and 50 MW Wind Power Project, Jaisalmer, Rajasthan (under commercial operation w.e.f. 30<sup>th</sup> September, 2016). Presently, the aggregate installed capacity of your Company is 6,691 MW (including 2 power stations of 1,520 MW of NHDC Limited – Subsidiary Company of NHPC).

Your Company had generated 23,275 Million Units (MUs) during the Financial Year 2016-17. The Plant Availability Factor during the Financial Year 2016-17 was at 83.41%. The power station wise generation and Plant Availability Factor is given at **Table 2**.

**Table 2: Power Station wise generation and Plant Availability Factor (PAF) during Financial Year 2016-17**

NAME OF POWER STATIONS	GENERATION TARGET* (MU)	ACTUAL GENERATION (MU)	PAF TARGET* (%)	ACTUAL PAF (%)
<b>PONDAGE POWER STATIONS**</b>				
BAIRA SIUL (180 MW)	650	669	92.54	93.30
LOKTAK (105 MW)	530	741	93.54	96.91
CHAMERA – I (540 MW)	2,270	2,224	96.54	98.02
RANGIT (60 MW)	340	347	95.54	97.84
CHAMERA – II (300 MW)	1,460	1,444	95.54	98.67
DHAULIGANGA (280 MW)	1,110	956	89.54	82.58
DHULASTI (390 MW)	2,147	2,280	95.24	95.26
TEESTA – V (510 MW)	2,593	2,773	92.54	95.09
SEWA – II (120 MW)	470	471	96.54	98.13
CHAMERA – III (231 MW)	1,015	917	91.54	80.14
TLDP – III (132 MW)	565	554	89.54	89.51
TLDP – IV <sup>1</sup> (160 MW)	500	603	89.54	92.15
<b>Sub Total A</b>	<b>13,650</b>	<b>13,979</b>	<b>93.55</b>	<b>93.43</b>
<b>RUN OF THE RIVER POWER STATIONS &amp; RESTRICTED PLANTS</b>				
SALAL (690 MW)	3,280	3,423	65.00	70.45
TANAKPUR (94.2 MW)	450	430	55.00	66.20
URI (480 MW)	2,940	2,803	74.00	79.10
CHUTAK <sup>2</sup> (44 MW)	195	220	50.00	57.35
NIMOO BAZGO <sup>2</sup> (45 MW)	220	246	65.00	81.41
URI – II (240 MW)	1,362	1,473	74.00	81.75
PARBATI – III (520 MW)	665	682	50.00	53.49
KISHANGANGA (330 MW)	238	-	80.00	-
<b>Sub Total B</b>	<b>9,350</b>	<b>9,277</b>	<b>64.00</b>	<b>69.29</b>
<b>TOTAL A+B (HYDRO)</b>	<b>23,000</b>	<b>23,256</b>	<b>81.12</b>	<b>83.41</b>
WIND POWER PROJECT <sup>3</sup>	0	18	-	-
<b>TOTAL</b>	<b>23,000</b>	<b>23,275</b>	<b>81.12</b>	<b>83.41</b>

\*Targets shown are for “Very Good” rating as per MOU.

\*\* PAF MOU Targets for Financial Year 2016-17 are for “Very Good” rating and related to Pondage Power Stations only i.e. excluding Run of River Power Stations & Restricted Plants.

Actual achievement for the Financial Year 2016-17 is as under:

Increase in Plant Availability Factor over Previous Year excluding Run of River and Restricted Plants	Financial Year 2015-16 - Actual	Financial Year 2016-17 - Actual	Actual increase over previous year
	92.85%	93.43%	0.62%

**Note:**

- Unit 3 & 4 of TLDP IV HE Project (4X40 MW) were commissioned on 3<sup>rd</sup> July, 2016 & 11<sup>th</sup> August, 2016 and declared under commercial operation on 17<sup>th</sup> July, 2016 & 19<sup>th</sup> August, 2016 respectively.
- Generation includes deemed generation of Chutak Power Station (176.2 MU) & Nimoo Bazgo Power Station (150.6 MU).
- Wind Power Project was declared under commercial operation on 30<sup>th</sup> September, 2016.

Accordingly, your Company had achieved target for "Very Good" rating as per the MOU signed with Ministry of Power, Govt. of India. Your Directors are pleased to inform that Company had also earned net deviation charges of ₹ 150 crore (approx) due to efficient operation and timely response to changes in the grid frequency.

The Bairasiul Power Station (180 MW), which was commissioned in the year 1981, had completed 35 years of its commercial operation in the Financial Year 2016-17. Proposal for its renovation & modernization for the extension of its life has been approved by Central Electricity Regulatory Commission (CERC) and shall be carried out from the year 2018 to 2021. Electro-Mechanical (E&M) package for the power station has been awarded to M/s BHEL. Likewise, Loktak Power Station (105 MW) shall be completing 35 years of its commercial operation in the Financial Year 2018-19. Proposal for its renovation & modernization for the extension of its life has been approved by the Board of Directors and is presently under examination/vetting by the Central Electricity Authority (CEA).

#### 4. COMMERCIAL PERFORMANCE

##### 4.1 Sales and Realization

During the year under report, your Company's sales from operations stood at ₹ 7,191.53 crore. We are pleased to inform that your Company has been able to realize an amount of ₹ 7,676.27 crore including collection of surcharge and liquidation of outstanding amount of previous years during the Financial Year 2016-17.

As on 31<sup>st</sup> March, 2017, the total outstanding dues of ₹ 959.95 crore were pending for more than 60 days. Out of the above, ₹ 566.64 crore pertains to Power Development Department, J&K (JKPDD) and ₹ 256.74 crore pertains to BSES Yamuna Power Limited. Your Company is making efforts to recover the outstanding dues by continuous follow-up and regulation of power supply of defaulting beneficiaries. The implementation of Ujwal DISCOM Assurance Yojna (UDAY) of Government of India has also facilitated in liquidation of outstanding dues by beneficiaries.

##### 4.2 Tariff petition before Central Electricity Regulatory Commission

The tariff petitions in respect of all the 19 hydro power stations had been filed for the period 2014-19 for fixation of tariff under Central Electricity Regulatory

Commission (Terms & Conditions of Tariff) Regulation, 2014. Tariff orders for 14 power stations have been issued by Central Electricity Regulatory Commission (CERC). Interim tariff have been allowed for remaining 5 new power stations. The final tariff for these new power stations will be issued by CERC, after the submission of revised cost estimate duly approved by Govt. of India.

##### 4.3 Signing of Power Purchase Agreements (PPAs)

The PPAs in respect of following power stations had been renewed for 35 years from the date of their commercial operation with following states/union territory/distribution companies:

SR. No.	Name of State/ Union Territory/ Distribution Companies	Name of Power Station
1	Jammu & Kashmir	Dulhasti, Chamera-I, Chamera - II, Tanakpur, Salal, Uri and Sewa - II
2	Uttar Pradesh	Chamera - II, Tanakpur, Salal, Uri, Chamera - I and Sewa - II
3	Chandigarh	Salal, Uri, Tanakpur, Chamera-I, Sewa-II, Chamera-III, Uri-II and Parbati-III
4	Tata Power Delhi Distribution Limited - Delhi	Bairasiul, Salal, Tanakpur, Chamera - I, Uri - I, Sewa - II and Chamera - III
5.	Assam	Loktak
6	Bihar	Teesta - V and Rangit
7.	Jharkhand	Teesta - V and Rangit
8	Odisha	Teesta - V

#### 5. STATUS OF ONGOING PROJECTS

Your Company is presently engaged in the construction of three hydroelectric projects. The status of these on-going projects is as under:

##### 5.1 Kishanganga Hydroelectric Project - 330 MW (3 X 110 MW), Jammu & Kashmir:

Kishanganga HE Project is a run of the river project on Kishanganga River in the Bandipore District of Jammu & Kashmir. The project will generate 1,713 MU of energy in a 90% dependable year on its commissioning. The Dam works and Head Race Tunnel (HRT) of the project are almost completed. The Electro-Mechanical works are in advanced stage of completion. The work of project was disrupted due to law and order problem in the

Kashmir valley during July, 2016 to January, 2017. The work in power house area has been resumed with effect from January, 2017. The progress of the balance work on all fronts is gearing up for commissioning of project. The 1<sup>st</sup> Unit of the project is anticipated to be commissioned in November, 2017 and remaining two Units by January, 2018.

## 5.2 Parbati- II Hydroelectric Project - 800 MW (4 X 200 MW), Himachal Pradesh:

Parbati-II Hydroelectric Project is a run of the river scheme on the River Parbati. Major civil works of Dam, Intake Structure, De-silting Chamber, Pressure shafts, Surge shaft, Powerhouse and Jiwa Nallah works have been completed. Water conductor system consists of 31.52 Km long Head Race Tunnel (HRT), out of which excavation of 27.4 Km and concrete lining of 24.6 Km length has been completed till May, 2017. Since the resumption of excavation of HRT by Tunnel Boring Machine (TBM) from October, 2015, 648 m of tunnel has been excavated till 31<sup>st</sup> May, 2017. E&M works of powerhouse are also progressing satisfactorily. Out of four generating units, three units have been boxed up. In Unit-IV, stator and rotor have been lowered and boxing up is in progress.

First and second units of Parbati-II HE Project were successfully spun on 31<sup>st</sup> March, 2017 and 9<sup>th</sup> April, 2017 respectively by using the water of Jiwa Nallah. First Unit of Parbati-II HE Project has been successfully synchronized on part-load on 29<sup>th</sup> July, 2017. Erection of all radial gates of Dam has been completed and shall be commissioned shortly. Diversion works of Jigrai, Manihaar, Pancha and Hurla Nallahs are also progressing satisfactorily.

Excavation of balance HRT by TBM is most critical. Project is now anticipated to be commissioned in December, 2018.

## 5.3 Subansiri Lower Hydroelectric Project - 2,000 MW (8 X 250 MW), Assam/Arunachal Pradesh:

Works on the project is presently stalled due to directions from National Green Tribunal (NGT), Kolkata. Company is in constant touch with the Central Govt. and State Govt. of Assam for the early resumption of the construction activities at the project. Efforts are being made for early vacation of stay from NGT, Kolkata. The project is expected to be completed in 4 years' time from the date of resumption of work.

## 6. NEW PROJECTS

**Table 3: Projects under clearance/approval stage:**

SR. No.	PROJECT	STATE	INSTALLED CAPACITY (MW)
<b>A.</b>	<b>STANDALONE BASIS</b>		
<b>(a)</b>	<b>HYDRO PROJECTS</b>		
i	Kotlibhel - IA	Uttarakhand	195
ii	Teesta-IV	Sikkim	520
iii	Dibang	Arunachal Pradesh	2,880 <sup>1</sup>
iv	Tawang-I		600 <sup>2</sup>
v	Tawang-II		800 <sup>2</sup>
	<b>Sub-total (a)</b>		<b>4,995</b>
<b>(b)</b>	<b>WIND PROJECTS</b>		
i	Wind Project, Palakkad	Kerala	72
ii	Wind Project	Andhra Pradesh	12.5 <sup>3</sup>
	<b>Sub-total (b)</b>		<b>84.5</b>
<b>(c)</b>	<b>SOLAR PROJECT</b>		
i	Solar Project	Tamil Nadu	50
	<b>Sub-total (c)</b>		<b>50</b>
	<b>Total A (a+b+c)</b>		<b>5,129.5</b>
<b>B.</b>	<b>THROUGH SUBSIDIARIES</b>		
<b>(a)</b>	<b>HYDRO PROJECTS</b>		
i	Loktak Downstream HE Project through Loktak Downstream Hydroelectric Corporation Limited (Joint Venture with Govt. of Manipur)	Manipur	66
	<b>Sub-total (a)</b>		<b>66</b>
<b>(b)</b>	<b>SOLAR PROJECTS</b>		
i	Project in Jalaun District of U.P. through Bundelkhand Saur Urja Limited (Joint Venture with UPNEDA)	Uttar Pradesh	32 <sup>4</sup>
	<b>Sub-total (b)</b>		<b>32</b>

SR. No.	PROJECT	STATE	INSTALLED CAPACITY (MW)
<b>(c) THERMAL PROJECTS</b>			
i	Pirpainti Thermal Power Project (a Joint venture between Bihar State Power Generation Company Limited and Pirpainti Bijlee Company Private Limited – The JV Company is yet to be incorporated)	Bihar (Approval for NHPC participation is awaited)	1,320
	<b>Sub-total (c)</b>		<b>1,320</b>
	<b>Total B (a+b+c)</b>		<b>1,418</b>
<b>C. THROUGH JOINT VENTURE</b>			
<b>(a) HYDRO PROJECTS</b>			
i	Kiru (Joint Venture with JKSPDC & PTC)	Jammu & Kashmir	624 <sup>5</sup>
ii	Kwar (Joint Venture with JKSPDC & PTC)		540 <sup>5</sup>
iii	Chamkharchhu – I (Joint Venture with Druk Green Power Corporation Limited, Bhutan – yet to be incorporated) in Bhutan	-	770
	<b>Sub-total (a)</b>		<b>1,934</b>
	<b>Total C (a)</b>		<b>1,934</b>
	<b>Grand Total (A+B+C)</b>		<b>8,481.5</b>

- The project was initially concurred for 3,000 MW by Central Electricity Authority (CEA). Subsequently, due to reduction in the proposed height of the project at the time of clearance by Ministry of Environment, Forest and Climate Change, the installed capacity of the project has been reduced to 2,880 MW. Forest clearance (Stage-I) and Environment Clearance have been accorded. Compliance of conditions under Forest Clearance (Stage-I) is under process for obtaining Forest Clearance (Stage-II). Meeting for concurrence of the project has been held at Central Electricity Authority (CEA) in May, 2017. Final concurrence for the project is awaited.
- Environment Clearance and concurrence by CEA have been accorded for Tawang-I & II HE Projects. Forest Clearance (Stage-I) has been accorded to Tawang-II HE Project. Compliance of conditions under Forest Rights Act, 2006 is under process for these projects.
- New & Renewable Energy Development Corporation of Andhra Pradesh Limited had initially accorded approval for 16 MW project. However, due to connectivity issues approval for 12.5 MW has been granted.
- As against land for 50 MW solar power project, UPNEDA has transferred 63.491 Ha Land at Village Parason to BSUL. Now, a 32 MW solar power project is proposed to be implemented.
- DPR of Kiru & Kwar HE Projects have been techno-economically appraised by Central Electricity Authority. Earlier capacity for Kiru and Kwar projects was envisaged as 600 MW and 520 MW respectively.

## 7. DIVERSIFICATION

Your Company is making efforts for capacity addition through diversification of its activities by taking projects of different sources of energy viz. wind, solar and thermal. The activities of the Company for establishment of such projects are as under:

### 7.1 Wind Power Projects

Your Company has commissioned a 50 MW wind power project in the Jaisalmer District in the state of Rajasthan on 30<sup>th</sup> September, 2016.

The Detailed Project Report (DPR) to execute a 72 MW ( $\pm 10\%$ ) capacity wind power project at Agali site, Palakkad District in the State of Kerala has been prepared. Signing of Power Purchase Agreement (PPA) and allotment of land is under process. Government of Kerala has requested to execute 8 MW capacity initially as per existing evacuation facility. EPC bid process has been initiated.

Your Company has also received an in-principle approval for 12.5 MW wind power plant in Andhra Pradesh from New & Renewable Energy Development Corporation of Andhra Pradesh Limited (nodal agency). Signing of PPA and EPC bidding for the project is under process.

### 7.2 Solar Power Projects

Your Company is in process for the establishment of a 50 MW Solar Power Project at Dindigul/Theni District of Tamilnadu. The letter of award has been issued to EPC contractor with completion time of 9 months. The project is likely to be completed by March, 2018.

Your Company is also under process to install solar power plants at its various projects/power stations including corporate office. Plants with aggregate capacity of 360 KWp have already been commissioned. In addition to above, plants with aggregate capacity of 605 KWp are under execution and tender process for 974 KWp has been initiated.

### 7.3 Thermal Power Project

Investment approval for the formation of a Joint Venture Company by acquisition of 74% equity shares of Bihar State Power Generation Company Limited for the development of 1,320 MW (2 X 660 MW) Pirpainti Thermal Power Project in District Bhagalpur, Bihar is under process. The approval of Govt. of Bihar for the extension of MoU and equity funding without availing loan from NHPC is also under process.



Doecha-Pachami-Dewanganj-Harinsingha coal block at Birbhum District, West Bengal was allocated to the project along with other states. However, the applications were invited by Ministry of Coal, Govt. of India for allocation of seven coal blocks to States/CPSUs separately due to operational difficulties and the same is under process.

#### 7.4 Pumped Storage Scheme

Government of India has envisaged large capacity additions of variable and intermittent power from solar and wind in coming years. Accordingly, expeditious development of Pumped Storage potential as balancing plants has become very vital for ensuring greater grid

discipline, load balancing and facilitating large renewable penetration. In the recent times, Government is giving more emphasis on the development of Pumped Storage Plants due to their inherent advantages of absorbing the off-peak energy in the system and providing peaking power which will help in the system stability.

NHPC is actively exploring opportunities for the development of pumped storage schemes in potential rich states like Maharashtra, Karnataka, Odisha etc. Your Company has identified some projects in Maharashtra and Karnataka and is under discussion with respective state governments for DPR preparation and subsequent development of pumped storage projects.

### 8. DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Your Company has the following subsidiaries/associates/joint venture Companies as on 31<sup>st</sup> March, 2017:

Name of the Company	Details of Joint Venture partners	Performance of the Company during Financial Year 2016-17
<b>SUBSIDIARY COMPANIES</b>		
NHDC Limited (NHDC)	NHPC (51%) and Government of Madhya Pradesh (49%)	NHDC is having two operating power stations viz. Indira Sagar (1,000 MW) and Omkareshwar (520 MW) in Madhya Pradesh. During the Financial Year 2016-17, the generation from Indira Sagar Power Station and Omkareshwar Power Station was of 3,320.79 MUs and 1,427.71 MUs respectively. NHDC is also exploring possibilities for its capacity addition through diversification in renewable sources of energy i.e. solar power projects in the state of Madhya Pradesh.
Loktak Downstream Hydroelectric Corporation Limited (LDHCL)	NHPC (74%) and the Government of Manipur (26%)	LDHCL is currently implementing Loktak Downstream Hydro-Electric Project (66 MW) in Tamenglong District of Manipur. All statutory clearances for the project have been received. Bids for turnkey execution of the project were invited by the Company. As the lowest bid was much higher than the estimated cost, therefore the Board of LDHCL decided to go for re-tendering. The project is now planned to be implemented through two EPC packages viz. one for Civil & Hydro-Mechanical and the other for Electro-Mechanical works. Tendering for the two EPC packages are under process. Further, the Government of Manipur has also allocated hydro-electric component of Thoubal Multipurpose Scheme (7.5 MW) to the Company. The Board of NHPC Limited has accorded in-principle approval for equity contribution for this project. The project at present is under investigation stage.
Bundelkhand Saur Urja Limited (BSUL)	NHPC (99.99%) and Uttar Pradesh New & Renewable Energy Development Agency (UPNEDA)	BSUL was incorporated to implement a 50 MW solar power project at Village Parason, Tehsil-Kalpi, District-Jalaun, Uttar Pradesh and any other conventional & non-conventional power projects entrusted to it by the Govt. of Uttar Pradesh. The land earmarked by UPNEDA earlier for the project was withdrawn, resulting in cancellation of bids for EPC contract. Subsequently, UPNEDA transferred 63.491 Ha Land at Village Parason to BSUL on 21 <sup>st</sup> March, 2017. Now, a 32 MW Solar Power Plant is proposed to be implemented at the site. Fresh bids for the award of EPC contract to develop 32 MW solar crystalline photovoltaic grid connected power plant along with associated 132 kV power evacuation equipment and its 10 years comprehensive operation & maintenance have been invited.

Name of the Company	Details of Joint Venture partners	Performance of the Company during Financial Year 2016-17
<b>ASSOCIATE/JOINT VENTURE COMPANIES</b>		
Chenab Valley Power Projects Private Limited (CVPPPL)	NHPC Limited (49%), Jammu & Kashmir State Power Development Corporation Limited (49%) and PTC India Limited (2%)	Three projects viz. Pakal Dul HE Project (1,000 MW), Kiru HE Project (624 MW) and Kwar HE Project (540 MW) in Jammu & Kashmir are being developed by CVPPPL. Tenders for the execution of Pakal Dul HE Project through packages of major components viz. Diversion tunnel, Head Race Tunnel-TBM, Dam, Power House, Hydro-Mechanical and Electro-Mechanical are under process. All statutory clearances for Kiru & Kwar HE Projects are also available. Process of tendering for civil works of Kiru HE Project has been initiated. The Company has also taken up infrastructure development works i.e. projects roads, bridge, building etc. for Kiru HE Project. However, major construction activities are yet to be started. Tender documents for three packages – Civil, Hydro-Mechanical and Electro-Mechanical for Kwar HE Project are under preparation.
National High Power Test Laboratory Private Limited (NHPTL)	NHPC Limited, NTPC Limited, Power Grid Corporation of India Limited, Damodar Valley Corporation and Central Power Research Institute (each having shareholding of 20%)	NHPTL was established to set up an online high power test laboratory for short-circuit test facility in the Country. The Company is constructing laboratories for High Voltage Transformer (HVTR) and Medium Voltage Transformer (MVTR) at Bina, Madhya Pradesh. The Voltage Transformer section of its laboratory under Stage-I for short circuit testing of transformers is commercially operational at 400 kV, at Bina, Madhya Pradesh w.e.f. 1 <sup>st</sup> July, 2017.

National Power Exchange Limited (A joint venture of NHPC Limited, NTPC Limited, Power Finance Corporation Limited and Tata Consultancy Services) has been wound up and dissolved w.e.f. 31<sup>st</sup> March, 2017 pursuant to the orders of Hon'ble High Court of Delhi.

A report on the financial position of each of the subsidiaries, associates and joint venture Companies as per the Companies Act, 2013 has been provided as an annexure to the consolidated financial statements and hence not repeated here for the sake of brevity.

The audited financial statements of subsidiary companies are not being attached to the audited annual financial statements of the Company. In terms of Section 136 of the Companies Act, 2013, any shareholder who desires to have a copy of aforesaid financial statements, may write to the Company Secretary, NHPC Limited. The financial statements of subsidiary companies are also available on the website of the Company i.e. [www.nhpcindia.com](http://www.nhpcindia.com).

## 9. PROJECTS UNDER DPR PREPARATION

Survey and Investigation for the preparation of DPRs of the following hydroelectric projects are under process:

SR. NO.	PROJECT	INSTALLED CAPACITY (MW)
1	Bursar HE Project, Jammu & Kashmir	800
2	Dhauliganga Intermediate HE Project, Uttarakhand	210
3	Goriganga-IIIA HE Project, Uttarakhand	150
	<b>Total</b>	<b>1,160</b>

### 9.1 Bursar HE Project, Jammu & Kashmir:

The Bursar HE Project is a storage project located in Kishtwar District of Jammu & Kashmir on Marusudar

River, a major tributary of River Chenab. The project is planned with an installed capacity of 800 MW. The storage provided at the project is intended to be used for additional power generation during lean flow months and releasing regulated flow in the downstream. The DPR of the project has been submitted to Central Electricity Authority (CEA) on 6<sup>th</sup> January, 2017 and is under examination.

### 9.2 Dhauliganga Intermediate HE Project, Uttarakhand:

The Dhauliganga Intermediate HE Project is situated in the Pithoragarh District of Uttarakhand on the River Dhauliganga. The project was earlier planned with an installed capacity of 225 MW. The capacity of the project has now been reduced to 210 MW due to change of Dam site consequent upon flash flood in June, 2013 and deposition of huge riverine material in the Dam area. The survey & investigation activities at the project for the preparation of DPR are under progress.

### 9.3 Goriganga IIIA HE Project, Uttarakhand:

The Goriganga IIIA HE Project is situated in the Pithoragarh District of Uttarakhand on the River Goriganga. The project was earlier planned with an installed capacity of 120 MW. However, as per approved water series by Central Water Commission (CWC), the installed capacity of the project was increased to 150 MW. Major survey & investigation activities have already been completed and DPR is under preparation.

## 10. RURAL ROAD PROJECTS

Your Company had signed an MoU with the Ministry of Rural Development, Government of India and the Government of Bihar for the construction of rural roads in six Districts of Bihar namely Vaishali, Muzaffarpur, Sitamarhi, East Champaran, Sheohar and West

Champanan under the Pradhan Mantri Gram Sadak Yojna (PMGSY).

Under the scheme, your Company was awarded the works of 758 roads having cost of ₹ 1,725.65 crore for execution. As on 31<sup>st</sup> March, 2017, 752 roads of the length of 3,076 km have been completed. Construction of balance 6 roads (5 roads in Vaishali District and 1 road in Sheohar District) are under progress.

As per the Tripartite Agreement, maintenance of all 758 roads was also to be carried out for five years after completion of their construction. Out of 752 roads already completed, maintenance period of five years for 570 roads covering 2,395 km of road length has also been completed. 182 roads of the length of 681 km are under maintenance period.

#### 11. CONSULTANCY SERVICES

Your Company is also providing consultancy services in various fields related to hydro power within and outside the country viz. river basin studies, survey works, design and engineering, hydrological studies, contract & construction management etc.

Major consultancy clients of your Company are government agencies (Central and State), CPSUs and Governments of neighbouring countries.

#### 12. FINANCING OF NEW PROJECTS

As per CERC guidelines, the financing of projects is to be considered in debt equity ratio of 70:30 for the purpose of tariff fixation.

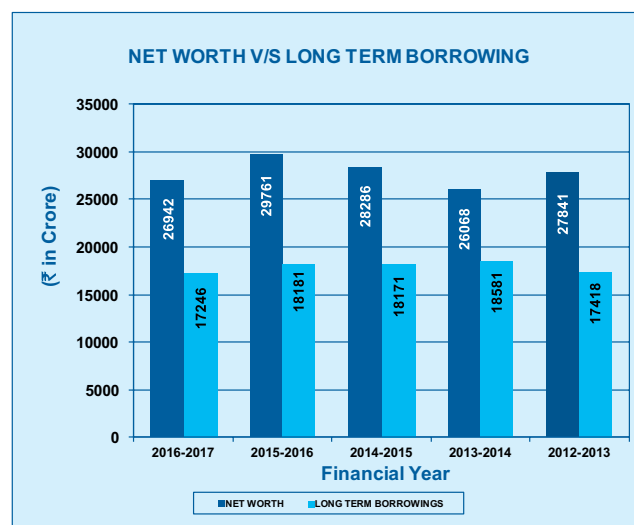
Your directors are of the opinion that available internal accruals will be sufficient to meet equity component for new/upcoming projects. Further, your Company is well positioned to raise required funds on the basis of its strong domestic and international credit ratings.

#### 13. INFORMATION TECHNOLOGY AND COMMUNICATION

Your Company has a robust information technology and communication infrastructure.

Information Technology (IT) and Cyber Security Policy is in place to manage the IT system to ensure optimum and secure utilization of the assets owned by NHPC. Its various sites are connected with the corporate office through multimode, fail-safe communication links using MPLS-OPGW/VPN/VSAT-Ku band/broadband technologies. Your Company has co-located its key servers at TIER-III data centers of M/s National Informatics Centre Service Incorporated (NICS) at New Delhi and M/s BSNL at Faridabad. Disaster Recovery (DR) site is also operational for ERP at NHPC office, Kolkata.

All key business functions viz. finance, human resource, procurement & contracts, inventory, project management, power plant operation and maintenance, energy sales and accounting, quality assurance etc. have been implemented in the IFS-ERP System using latest tools & technologies.



E-waste is being disposed-off in an environment friendly manner. Your Company is also acting as a nodal agency for CERT-HYDRO to guide and monitor the cyber security related activities in the constituent member organizations.

#### 14. TRAINING AND HUMAN RESOURCE DEVELOPMENT

Your Company believes that an organization can ensure its growth and expansion on sustainable basis, if its human resources are ready to lead change, provide meaningful solutions, overcome competitive challenges and make the most of every opportunity for growth. It is only through an extensive training and development intervention that we can produce capable human resource, who can put the organization on the growth trajectory in a sustained manner.

During the period, your Company has organized number of training and development programmes to enhance the competencies of the employees towards their valuable contribution for the growth of the organization. Your Company in collaboration with ASCI Hyderabad, IIMs, IIT-Roorkee, ISM-Dhanbad, Alstom, BHEL etc. has organized multidisciplinary programmes to develop behavioural, managerial and functional competency of employees. The above programmes have been organized in various areas including Behavioral Competency & Leadership Development, Functional Competency, Health & Lifestyle Management.

#### 15. INDUSTRIAL RELATIONS

During the year, industrial relations remained cordial and harmonious at all the projects / power stations / units.

#### 16. RESETTLEMENT AND REHABILITATION

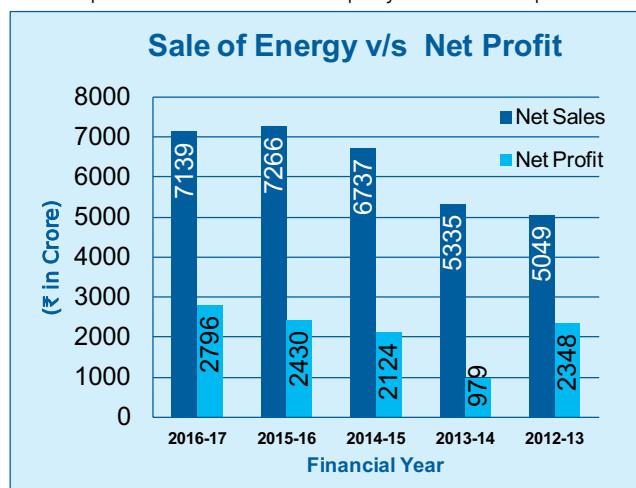
Resettlement and Rehabilitation (R&R) Plan for the project affected families are in place as per 'the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013' for upcoming NHPC's projects.

## 17. VIGILANCE ACTIVITIES

The systems, procedures and processes in NHPC are aimed to make organization a transparent entity.

Vigilance Division of your Company has been granted ISO 9001:2008 certification. All the procedures are documented and systems are in place to monitor, vigilance complaints and disciplinary cases, to avoid delays.

As a part of transparent procurement system and in compliance to guidelines issued by Ministry of Power and Central Vigilance Commission (CVC), your Company has opted for e-procurement solution across the Company. The procurement process for supply/works/contracts cases over the value of ₹ 2 lakh is being done through e-procurement. Your Company has also implemented



e-Reverse auction for the works of Electro-Mechanical /Hydro-Mechanical Contracts, Solar, Wind projects & procurement of goods, of estimated value of more than ₹ 5 crore and are not of urgent nature.

Integrity Pact has been successfully implemented for all the procurement of works, goods and services equal to or more than value of ₹ 100 lakh, ₹ 7 lakh and ₹ 15 lakh respectively.

Regular and surprise inspections are being conducted by Vigilance Department. Actionable points identified by Project Vigilance Officers are intimated to Head of Projects from time to time. Intensive examination of works, wherever required, is also carried out by Chief Technical Examiner of the CVC.

Circulars and guidelines based on inspection / intensive examination are being issued regularly, as part of preventive vigilance. Vigilance awareness week and other programmes are being arranged to create awareness, promote transparency and ethics in working system.

## 18. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal financial controls. During the year, such controls were tested and no

reportable material shortcoming in the design or operation of control systems was observed.

## 19. RISK MANAGEMENT

Risk Management Policy establishes a structured and disciplined approach to Risk Management including the development of a risk register to guide decisions on risk related issues. The Policy was revised in July, 2015 wherein a total of 54 key risks had been identified along-with their mitigation measures and recorded in the risk register. The Risk Management Committee comprising Independent and Functional Directors has oversight on all the risks assumed by the Company. Risk co-ordinators for each of the risks are identified, who are responsible for timely action to manage the risks, which may have detrimental effect on the business of the Company. Implementation of risk management policy has resulted in increased focus on corporate governance and managing the risks during construction and operation of power stations/projects. Company has also improved the compliances relating to legal and regulatory frameworks with periodic compliance audit of its various locations.

## 20. PROCUREMENT FROM MICRO & SMALL ENTERPRISES

In compliance to Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012, annual procurement plan including items to be procured from Micro & Small Enterprises (MSEs) are uploaded on NHPC's website for the benefits of MSEs. Your Company has designated a Nodal Officer for co-ordination & implementation of the policy.

NHPC is also extending the benefits to MSEs like exemption from tender fees, earnest money deposit, purchase preference and interest on delayed payments.

During the Financial Year 2016-17, your Company has procured products and services from MSEs, which constitute 34.69% of the total annual procurement value, against the mandate of 20% set by Ministry of Micro, Small and Medium Enterprises, Govt. of India. The total annual procurement value doesn't include items/equipments/services procured from Original Equipment Manufacturers (OEMs) and/or not manufactured/ provided by MSEs.

NHPC had also organized eight vendor development programmes in co-ordination with Ministry of Micro, Small and Medium Enterprises, Govt. of India at various NHPC's power stations/projects/units to encourage participation of Micro and Small Enterprises.

## 21. IMPLEMENTATION OF OFFICIAL LANGUAGE

Your Company had complied the provisions of the Official Languages Act, 1963 and relevant rules during the year 2016-17.

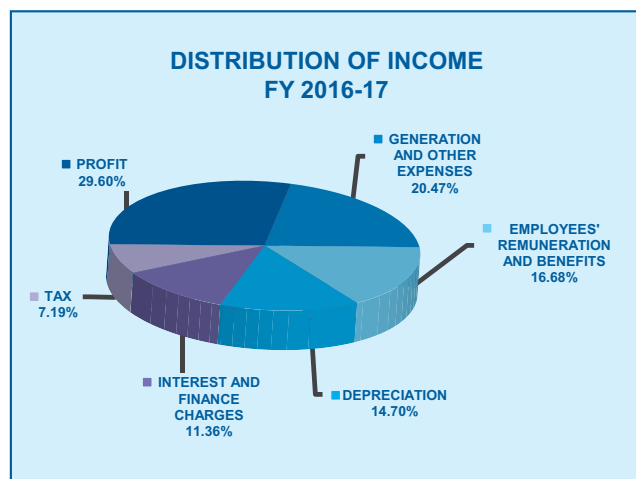
NHPC had organized various programmes for its employees to encourage the use of official language Hindi like Hindi fortnight, All India Rajbhasha Sammelan, Hindi competitions, Hindi Pustak Pathan Saptah, Hindi Kavi Sammelan etc. during the Financial Year 2016-17.



Hindi workshops and departmental computer workshops were regularly organized in the Company. Rajbhasha magazines titled 'Rajbhasha Jyoti' and 'Nagar Saurabh' were also published to encourage the use of Hindi.

The Parliamentary Committee on Official Language carried out the inspection of TLDP-IV (Darjeeling, West Bengal) and Rangit (Gangtok, Sikkim) Power Stations on 17<sup>th</sup> June, 2016 and 20<sup>th</sup> June, 2016 respectively. The efforts made by the Company in the progressive use of Hindi were appreciated. Further, Rajbhasha inspections were carried out in various departments of the Corporate Office and at power stations/projects/regional offices by senior executives of the Company.

Your directors are pleased to inform that Company has received "Rajbhasha Kirti Puraskar" for outstanding work in implementation of Rajbhasha for the seventh time. This is the highest award given by the Govt. of India in the field for implementation of Official Language.



## 22. SPORTS AND OTHER ACTIVITIES

NHPC Sports Policy was approved by the Board of Directors of your Company during the Financial Year 2016-17. The policy aims to regulate sports related activities/issues, such as general administration, recruitment of sports persons, scholarship to sports persons, provision of sports accessories etc.

Teams from NHPC had participated in various other Inter CPSU sports tournaments organized under the aegis of Power Sports Control Board, Ministry of Power during the Financial Year 2016-17. 19<sup>th</sup> Inter CPSU Table Tennis Tournament was also successfully hosted by your Company at its Chamera-I Power Station, Himachal Pradesh from 12<sup>th</sup> to 15<sup>th</sup> February, 2017.

Your Company had also coordinated the painting competitions at Schools, State and National level in the States of Jammu and Kashmir, Manipur, Sikkim, Arunachal Pradesh and Madhya Pradesh.

During the year, your Company has participated in various National & International exhibitions to showcase its activities.

## 23. RIGHT TO INFORMATION

In compliance to the provisions of the Right to Information Act, 2005 (RTI), NHPC has placed various documents/records on its website i.e. [www.nhpcindia.com](http://www.nhpcindia.com) during the Financial Year 2016-17. Your Company has designated senior officers as Central Public Information Officer (CPIO), Appellate Authority, Transparency Officer at Corporate Office and Assistant Public Information Officers (APIOs) at power stations/projects/regional offices/units to implement the provisions of RTI Act.

During the Financial Year 2016-17, 541 (185 online) applications and 71 (30 online) first appeals were received under RTI Act, out of which 538 (99.45%) applications and 71 first appeals (100%) were replied/disposed-off. Further, 10 appeals were filed by the applicants before the Central Information Commission (CIC), which were also disposed-off.

## 24. INVESTOR EDUCATION AND PROTECTION FUND (IEPF) DETAILS

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, details of unpaid and unclaimed amounts lying with the Company are available on the Company's web site link: <http://www.nhpcindia.com/Default.aspx?id=278&lg=eng&> and also on the website of Ministry of Corporate Affairs. The information relating to transfer of unclaimed /unpaid amounts to Investor Education and Protection Fund is given in the Corporate Governance Report.

## 25. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the Financial Year 2016-17, the Company has not entered into any material transaction with any of its related parties. The Company's major related party transactions are generally with its subsidiaries and associates for providing consultancy services, leasing out of properties and manpower services. All the contracts / arrangements / transactions entered into with related parties were on arm's length basis, intended to further the Company's interest. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

Attention of the members is also drawn to para no. 8 of note no. 34 of the financial statements, which sets out related party disclosures as per Ind AS-24

## 26. VIGIL MECHANISM

Your Company had adopted a Whistle Blower Policy, as part of vigil mechanism to provide appropriate avenues to the directors, employees, vendors and contractors to bring instances of unethical/improper conduct to the knowledge of management. The provisions of this policy are in line with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A senior officer has been designated for effective implementation of the policy and dealing with the complaints registered under the policy. During the Financial Year 2016-17, no complaint was reported under the policy. No person was denied access to the Audit Committee on the issues pertaining to the Whistle Blower Policy.

## 27. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

In line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, 'Internal Complaints Committees' have been constituted at various locations of the Company for the redressal of complaint(s) against sexual harassment of women employees. The committee at Corporate Office of the Company is being headed by a senior woman officer and includes representative from an NGO, as one of its members. Your Company has also prohibited sexual harassment of women by incorporating it as misconduct under "NHPC (Conduct, Discipline and Appeal) Rules".

During the Financial Year 2016-17, the Company did not receive any complaint of sexual harassment.

## 28. DEBENTURE TRUSTEES

In compliance to the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of Debenture Trustees appointed by the Company, for different series of Bonds issued by the Company, from time to time, is provided elsewhere in this report.

## 29. STATUTORY AND OTHER INFORMATION

Information required to be furnished as per the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, DPE's Guidelines on Corporate Governance for CPSEs etc. is annexed to this report as follows:

Particulars	Annexure
Report on Corporate Governance	I
Certificate from Practicing Company Secretary regarding compliance to conditions of Corporate Governance	II
Management Discussion and Analysis Report	III
Conservation of energy, technology absorption and foreign exchange earnings and outgo	IV
Business Responsibility Report	V
Annual Report on CSR Activities	VI
Extract of Annual Return	VII
Dividend Distribution Policy	VIII

## 30. AUDITORS' REPORT

### 30.1 Secretarial Audit

The Board has appointed M/s P. P. Agarwal & Co., Company Secretaries, Delhi, to conduct Secretarial Audit of the Company for the Financial Year 2016-17. The report of Secretarial Auditor is given at **Annexure-IX**. The qualification/observation in Secretarial Auditor's Report and reply thereto is as under:

SR. No.	Qualification/Observation	Management reply
1.	The composition of the Board of Directors is not in compliance with Section 149(1) of the Companies Act, 2013, the Regulation 17(1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Para 3.1.4 of the DPE Guidelines on Corporate Governance, as the Company does not have requisite number of Independent directors on its Board.	As per Article 34 of the Articles of Association of the Company read with Ministry of Corporate Affairs notification dated 5 <sup>th</sup> June, 2015, the Independent Directors on the Board of the Company are to be appointed by the President of India. The matter regarding appointment of Independent Directors is regularly being pursued with the Administrative Ministry i.e. Ministry of Power.

### 30.2 Statutory Auditors

The following Joint Statutory Auditors of your Company were appointed by the Comptroller and Auditor General of India for the Financial Year 2016-17:

1. M/s S.N. Dhawan & Co. LLP, New Delhi,
2. M/s Ray and Ray, Kolkata and
3. M/s Gupta Gupta & Associates, Jammu

The Joint Statutory Auditors have audited the financial statements of the Company for the Financial Year 2016-17. The report of Joint Statutory Auditors is without any qualification. Further, no instance of fraud has been reported by the Auditors under Section 143(12) of the Companies Act, 2013.

The standalone financial statements of the Company along-with report of the Statutory Auditors are given at **Annexure-X**. The consolidated financial statements of the Company along-with the Statutory Auditors' Report are given at **Annexure-XI**.

### 30.3 Review of accounts by the Comptroller & Auditor General of India (C&AG)

The comments of the Comptroller and Auditor General of India (C&AG) on the financial statements of the Company for the Financial Year 2016-17 in pursuant to Section 143 of the Companies Act, 2013 are self-explanatory and are given at **Annexure-XII**.

### 30.4 Cost Audit

As per the requirement of Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting records are being maintained by all power stations of your Company. The following firms of Cost Accountants were appointed to conduct audit of cost accounting records of power stations for the Financial Year 2016-17 under Section 148 of the Companies Act, 2013:

Name of the Firm	Name of Power Station
M/s. H. Tara & Co., New Delhi (Lead Auditor)	Dulhasti and Sewa-II
M/s. V. P. Gupta & Co., Noida	Chamera-I, Tanakpur and Dhauliganga
M/s. SKR & Associates, Jaipur	Salal, Chutak and Nimmo Bazgo
M/s Jugal K Puri & Associates, New Delhi	Bairasiul, Chamera-II and Chamera-III
M/s. N K Jain & Associates, New Delhi	Uri-I, Uri-II and Parbati-III
M/s S P Bhattacharyya & Co., Kolkata	Rangit, Teesta-V and TLDP-III
M/s Musib & Co, New Delhi	Loktak, TLDP-IV and Wind Power Project, Jaisalmer

The consolidated Cost Audit Report in XBRL format for the Financial Year ended 31<sup>st</sup> March, 2016 was filed with the Central Government on 9<sup>th</sup> September, 2016 within the statutory period. The Cost Audit Report for the Financial Year ended 31<sup>st</sup> March, 2017 shall be filed within the prescribed time period.

### 31. PARTICULARS OF LOANS & GUARANTEES GIVEN, INVESTMENTS MADE AND SECURITIES PROVIDED

Particulars of loans & guarantees given, investments made and securities provided are given in the standalone financial statements (please refer to Note No. 6 and 16 of the standalone financial statements).

Further, Section 186 of the Companies Act, 2013 (except sub-section 1) regarding loans made, guarantees given or securities provided is not applicable to the Companies engaged in the business of providing infrastructure facilities.

### 32. PARTICULARS OF EMPLOYEES

As per notification dated 5<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from the provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included as part of Directors' Report.

### 33. BOARD AND COMMITTEES OF THE BOARD

Your Company has Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee, Committee on Corporate Social Responsibility & Sustainability and other board level committees. The details of composition of these Committees along with number of meetings of the Board and its Committees are given in the Corporate Governance Report, which forms part of this report.

### 34. PERFORMANCE EVALUATION OF THE DIRECTORS AND THE BOARD

Ministry of Corporate Affairs vide its notification dated 5<sup>th</sup> June, 2015 has exempted/amended certain provisions of the Companies Act, 2013 for the Government Companies. As per the said notification, the Nomination & Remuneration Committee is not required to formulate remuneration policy, criteria for the appointment of directors and their performance evaluation in certain cases i.e. in case performance of directors is evaluated

by the Administrative Ministry.

Policy on Performance Evaluation of Board, Board level Committees and Independent Directors of the Company was approved by the Board. Accordingly, an annual performance evaluation process of Board, Board level Committees and Independent Directors of the Company for the year 2015-16 was carried out during year 2016-17. The performance evaluation process for the year 2016-17 is in process.

As regards policy on remuneration of Key Managerial Personnel and other employees of the Company, their pay structure, allowances and other benefits are governed by relevant DPE Guidelines. Annual performance evaluation of senior management personnel of the Company is being done as per the "Performance Appraisal-Recording and Custody" rules of the Company read with relevant guidelines of Department of Public Enterprises, Govt. of India.

### 35. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis; and
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 36. DIVIDEND DISTRIBUTION POLICY

Your Company has formulated a Dividend Distribution Policy duly approved by the Board of Directors and the same is annexed with this report.

### 37. GENERAL

No disclosure or reporting in respect of the following items is required, as there was no transaction on these items during the year under report:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

3. Remuneration or commission received by Chairman & Managing Director or the Functional Directors of the Company from any of its subsidiaries.
4. Significant or material orders passed by the regulators or courts or tribunals, which impact the going concern status and Company's operations in future.
5. Occurrence of any material changes and commitments after the close of the Financial Year till the date of this report, which affect the financial position of the Company.
6. Details related to public deposits as required under Chapter V of the Act, except to the extent explanation given in the annexure to the Auditors' Report.

### 38. WEBSITE LINK FOR VARIOUS POLICIES OF THE COMPANY

Website links for the information required to be hosted on the website of the Company i.e. [www.nhpcindia.com](http://www.nhpcindia.com) as per the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 etc. are as follows:

Particulars	Website Link
Policy on Related Party Transactions	<a href="http://www.nhpcindia.com/writereaddata/Images/pdf/Policy-Related-Party-Transaction.pdf">http://www.nhpcindia.com/writereaddata/Images/pdf/Policy-Related-Party-Transaction.pdf</a>
Corporate Social Responsibility & Sustainability Policy	<a href="http://www.nhpcindia.com/writereaddata/Images/pdf/CSR_Policy_Final.pdf">http://www.nhpcindia.com/writereaddata/Images/pdf/CSR_Policy_Final.pdf</a>
Policy on Material Subsidiaries	<a href="http://www.nhpcindia.com/writereaddata/Images/pdf/Policy-Material-Subsidiary.pdf">http://www.nhpcindia.com/writereaddata/Images/pdf/Policy-Material-Subsidiary.pdf</a>
Whistle Blower Policy	<a href="http://www.nhpcindia.com/writereaddata/Images/pdf/wbp.pdf">http://www.nhpcindia.com/writereaddata/Images/pdf/wbp.pdf</a>
Familiarization programme for Directors	<a href="http://www.nhpcindia.com/writereaddata/Images/pdf/FP-InDirectors2016-17.pdf">http://www.nhpcindia.com/writereaddata/Images/pdf/FP-InDirectors2016-17.pdf</a>
Dividend Distribution Policy	<a href="http://www.nhpcindia.com/writereaddata/Images/pdf/Dividend-Policy-21062017.pdf">http://www.nhpcindia.com/writereaddata/Images/pdf/Dividend-Policy-21062017.pdf</a>

### 39. BOARD OF DIRECTORS

#### 39.1 Functional Directors

Shri Ratish Kumar, Director (Projects) has been assigned the additional charge to the post of Chairman & Managing Director of the Company with effect from 1<sup>st</sup> August, 2017, consequent upon the retirement of Shri K. M. Singh from the post of Chairman & Managing Director on attaining the age of superannuation on 31<sup>st</sup> July, 2017.

Shri Mahesh Kumar Mittal, Director (Finance) joined the Board as an Additional Director on 1<sup>st</sup> March, 2017, consequent upon the retirement of Shri Jayant Kumar, then Director (Finance) and Chief Financial Officer (CFO), on attaining the age of superannuation on 28<sup>th</sup> February, 2017. Further, the Board in its meeting held on 17<sup>th</sup> April, 2017 appointed Shri Mittal as CFO of the Company.

Shri Nikhil Kumar Jain, Director (Personnel) joined the Board as an Additional Director on 7<sup>th</sup> February, 2017, consequent upon the retirement of then Director

(Personnel), Shri R. S. Mina on attaining the age of superannuation on 31<sup>st</sup> January, 2017.

The details of remuneration paid to Directors during the Financial Year 2016-17 have been provided in the corporate governance report.

#### 39.2 Independent Directors

Shri Farooq Khan, Independent Director resigned from the directorship of the Company on 17<sup>th</sup> August, 2016 due to his appointment as Administrator, Union Territory of Lakshadweep. Accordingly, addendum to the notice of last AGM regarding withdrawal of item pertaining to his appointment as an Independent Director was issued on 5<sup>th</sup> September, 2016 and published in newspapers.

All the Independent Directors as on 31<sup>st</sup> March, 2017 have declared that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board wishes to place on record its deep appreciations for the valuable contribution and guidance given by Shri K. M. Singh, Shri Jayant Kumar, Shri R. S. Mina and Shri Farooq Khan during their tenure as Directors.

### 40. ACKNOWLEDGMENT

The Board of Directors of your Company acknowledge with deep sense of appreciation, the co-operation and guidance received from the Govt. of India, particularly the Ministry of Power, Ministry of New & Renewable Energy, Ministry of Finance, Ministry of Environment, Forests & Climate Change, Department of Public Enterprises, Central Electricity Regulatory Commission, Central Electricity Authority, State Governments and their Ministries/Departments.

The Board of Directors also conveys their gratitude to the Shareholders, Bankers, Financial Institutions and Lenders for the confidence reposed by them in the Company.

The Board places its special appreciation to our valued customers, State Electricity Boards & Distribution Companies and other valuable clients of our consultancy assignments.

We also acknowledge the constructive suggestions received from the Office of Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditor and Cost Auditors.

The Board of Directors express their deep sense of appreciation to all the employees, whose outstanding professionalism, commitment and initiative, has made the organization's growth and success possible and continues to drive its progress.

**For and on behalf of the Board of Directors**



**(Ratish Kumar)**  
**Chairman and Managing Director**  
**DIN 06852735**

**Date: 11<sup>th</sup> August, 2017**  
**Place: Faridabad**





*Shri Balraj Joshi, Chairman & Managing Director (Centre) alongwith other members of NHPC Board including Independent Directors and senior officers from NHPC at the 41<sup>st</sup> Annual General Meeting of NHPC held at Faridabad on 27.09.2017.*

## REPORT ON CORPORATE GOVERNANCE

### Annexure-I

#### 1. Company's philosophy on Corporate Governance

NHPC has an established framework of corporate governance, which emphasizes on commitment towards ethical and efficient conduct of affairs of the Company. It helps in maximizing the value for all its stakeholders at large and to build an environment of trust and confidence among various constituents.

At NHPC, management is taking all possible steps to fulfil its commitment in a judicious, fair and transparent manner.

During the year, NHPC adhered to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, besides the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by Department of Public Enterprises (DPE), Government of India.

#### 2. Board of Directors

**(i) Composition & category of Directors:** NHPC Limited is a Government Company under the provisions of the Companies Act, 2013.

In terms of the Articles of Association of the Company, the strength of the Board shall not be less than four and not more than fifteen Directors, provided that the number of Independent Directors in any case shall not be less than fifty percent of the actual strength of the Board.

During the Financial Year 2016-17, the Company had broadly complied the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except regulation 17(1) i.e. at least fifty percent of the Board should comprise of Independent Directors. The non-compliance is due to non-appointment of Independent Directors by the Government of India.

As on 31<sup>st</sup> March, 2017, the Board consists of ten Directors comprising five Functional Directors including Chairman and Managing Director, two Government Nominee Directors and three Independent Directors.

Pursuant to the orders issued by the Ministry of Power, Govt. of India, the Board of Directors has appointed Shri Nikhil Kumar Jain, Director (Personnel) and Shri Mahesh Kumar Mittal, Director (Finance) as additional directors of the Company w.e.f. 7<sup>th</sup> February, 2017 and 1<sup>st</sup> March, 2017 respectively. On attaining the age of superannuation, Shri R.S. Mina, then Director (Personnel) and Shri Jayant Kumar, then Director (Finance) ceased to be Directors of the Company on 31<sup>st</sup> January, 2017 and 28<sup>th</sup> February, 2017 respectively.

Shri Farooq Khan, then Independent Director ceased to be Director of the Company due to his resignation from the Board w.e.f. 17<sup>th</sup> August, 2016.

The details of directors who were appointed or have retired during the year are included in the Directors' Report.

The composition of the Board of Directors as on 31<sup>st</sup> March, 2017 is given in **Table 1:**

**Table 1: Composition of the Board of Directors as on 31<sup>st</sup> March, 2017**

Particulars	Required Board structure	Actual strength as on 31.03.2017
Chairman and Managing Director	1	1
Functional Directors	4	4
Government Nominee Directors	2	2
Independent Directors	7	3
<b>Total</b>	<b>14</b>	<b>10</b>

The name of the Directors, their attendance at Board Meetings during the year, attendance at the last Annual General Meeting (AGM), no. of Shares, the number of other directorships and board committee membership(s)/Chairpersonship(s) held by them during the Financial Year 2016-17 are set out in **Table 2:**

**Table 2:**

Name of Director (Shri/Smt)	Board Meetings held and attended during the year	Attendance at last AGM (22 <sup>nd</sup> September, 2016)	No. of Shares held by the directors	Details of directorships in other Companies	Details of committee membership(s) and committee chairpersonship(s)*
<b>Functional Directors</b>					
K.M. Singh, Chairman & Managing Director	10/10	YES	NIL	a) NHDC Limited b) Loktak Downstream Hydroelectric Corporation Limited.	NIL
R. S. Mina, Director (Personnel) <sup>1</sup>	8/8	YES	N.A. <sup>1</sup>	N.A.	N.A.
Jayant Kumar, Director (Finance) <sup>2</sup>	10/10	YES	N.A. <sup>2</sup>	N.A.	N.A.
Ratish Kumar, Director (Projects)	9/10	YES	15986	Bundelkhand Saur Urja Limited	NIL
Balraj Joshi, Director (Technical)	9/10	YES	11891	Chenab Valley Power Projects Private Limited	NIL
Nikhil Kumar Jain, Director (Personnel) <sup>3</sup>	2/2	N.A.	NIL	NIL	NIL
Mahesh Kumar Mittal, Director (Finance) <sup>4</sup>	0/0	N.A.	NIL	a) PTC India Limited b) Chenab Valley Power Projects Private Limited	NIL
<b>Government Nominee Directors</b>					
Krishna Tyagi, Chief Controller of Accounts, Ministry of Power	10/10	YES	NIL	NIL	Member-Audit Committee, NHPC Limited
Archana Agrawal, Joint Secretary (Hydro), Ministry of Power	8/10	NO	NIL	SJVN Limited	NIL
<b>Independent Directors</b>					
Satya Prakash Mangal	8/10	YES	1500	a) Addwings Rail & Infra Solutions Private Limited b) SPMC Global Advisory Services Private Limited c) Raunaq EPC International Ltd. d) NHDC Limited	a) Member-Audit Committee, Raunaq EPC International Limited b) Member-Stakeholders' Relationship Committee, NHPC Limited c) Chairperson-Audit Committee, NHPC Limited d) Chairperson-Audit Committee, NHDC Limited
Kanika T. Bhal	9/10	YES	NIL	NIL	a) Member-Audit Committee, NHPC Limited b) Chairperson-Stakeholders' Relationship Committee, NHPC Limited
Arun Kumar	8/10	NO	NIL	NIL	Member-Audit Committee, NHPC Limited
Farooq Khan <sup>5</sup>	3/4	N.A.	NIL	N.A.	N.A.

\* Membership(s)/Chairpersonship(s) of the Audit Committee and Stakeholders' Relationship Committee have been considered.

1. Shri R. S. Mina ceased to be a director w.e.f. 31<sup>st</sup> January, 2017 and was holding 26680 shares of the Company on the date of his retirement.
2. Shri Jayant Kumar ceased to be a director w.e.f. 28<sup>th</sup> February, 2017 and was not holding any shares of the Company as on the date of his retirement.
3. Shri Nikhil Kumar Jain joined the Board on 7<sup>th</sup> February, 2017 in place of Shri R.S. Mina.
4. Shri Mahesh Kumar Mittal joined the Board on 1<sup>st</sup> March, 2017 in place of Shri Jayant Kumar.
5. Shri Farooq Khan ceased to be a director w.e.f. 17<sup>th</sup> August, 2016.

**Notes:**

- None of the directors of the Company holds office of director at any point of time in more than ten (10) public companies. Further, none of the directors of the Company is a member in more than ten (10) committees or a chairperson of more than five (5) committees across all the companies in which he is a director.
- The directors of the Company do not have any inter-se relationships.
- None of the directors is serving as an independent director in more than three listed Companies.
- Company has not issued any convertible instrument till date.

**(ii) Number of Board Meetings held and dates on which held:**

Ten meetings of the Board of Directors were held during the Financial Year 2016-17. The maximum time interval between any two meetings did not exceed 120 days. Details of the board meetings held during the Financial Year 2016-17 are given in **Table 3**.

**Table 3: Board meetings held during the Financial Year 2016-17**

S. No.	Board Meeting Number	Board Meeting Date	Board Strength	No. of Directors Present
1.	393	26 <sup>th</sup> April, 2016	11	11
2.	394	28 <sup>th</sup> May, 2016	11	10
3.	395	22 <sup>nd</sup> July, 2016	11	9
4.	396	12 <sup>th</sup> August, 2016	11	11
5.	397	14 <sup>th</sup> October, 2016	10	9
6.	398	18 <sup>th</sup> November, 2016	10	9
7.	399	22 <sup>nd</sup> December, 2016	10	8
8.	400	12 <sup>th</sup> January, 2017	10	9
9.	401	7 <sup>th</sup> February, 2017	10	10
10.	402	28 <sup>th</sup> February, 2017	10	8

**(iii) Age limit and tenure of directors:** The age limit for the functional directors is sixty years. The functional directors are generally appointed for a period of five years from the date of taking over the charge till the date of superannuation of the incumbent, or until further orders from the Government of India, whichever event occurs earlier.

Nominee Directors representing Ministry of Power, Government of India, continue on the Board at the discretion of the nominating authority or on ceasing to be officials of the Ministry of Power, Govt. of India.

Independent Directors are appointed by the Ministry of Power, Government of India usually for a tenure of three years.

**(iv) Resume of Directors:** The brief resume of Directors retiring by rotation and additional directors seeking appointment at the Annual General Meeting is appended to the notice calling the Annual General Meeting. In addition to above, brief profiles of all the Directors are provided elsewhere in the Annual Report.

**(v) Board Meetings, Committee Meetings and Procedures:**

**(A) Decision-making process:** The Company has laid down a set of guidelines for the meetings of the Board of Directors to professionalize its corporate affairs. These guidelines helps in an informed and efficient decision-making at the meetings of the Board and its Committees.

**(B) Scheduling and selection of agenda items for Board/Committee meetings:**

- Meetings of the Board/Committee of Directors are convened by giving appropriate notice with the approval of the Chairperson of the Board/Committee. Detailed agenda notes, management reports and other explanatory statements are circulated in advance amongst the members to facilitate meaningful, informed and focused decision making. Whenever urgent issues are required to be addressed, meetings are called at a shorter notice or agenda notes are placed on table or resolutions passed through circulation.
- Whenever it is not possible to attach a document to the agenda notes due to exceptional circumstances or to maintain secrecy, the document(s) relating thereto are placed on the table during the meeting.
- Agenda papers are circulated after obtaining the approval of Chairman and Managing Director.
- The meetings are generally held at the Company offices situated in Faridabad and New Delhi.
- As and when required, presentations are made before Board/Committee(s) on the matters related to finance, operations, human resources, etc.
- Members of the Board have complete access to the information pertaining to the Company. Board/Committee members are also free to recommend any issue, which they may consider important for inclusion in the agenda. As and when necessary, senior management officials are called during the meeting to provide additional inputs on the matters being discussed by the Board/Committee.

**(C) Recording of the Minutes of the Board/Committee Meetings:** The draft minutes of the proceedings



related to each Board/Committee Meetings are duly circulated to its members for their comments within fifteen days of the conclusion of the Meeting. The Directors communicate their comments on the draft minutes within seven days from the date of circulation thereof. A statement of comments received from Directors are placed before the Chairman & Managing Director/Chairperson of respective Committees for consideration and approval thereof. The approved minutes of proceedings of each Board/Committee Meeting are duly recorded in the minutes book within thirty days of the conclusion of the meeting.

- (D) **Follow-up Mechanism:** Based on the guidelines laid down, an action-taken report on the decisions taken at the Board/Committee is prepared and placed before the respective Board/Committee for information. It helps in effective reporting on follow-up and review of decisions.
- (E) **Compliance of laws etc.:** It is our endeavor to ensure compliance of all applicable provisions of the Companies Act, SEBI Regulations & Guidelines and other statutory requirements under different laws. The Board of Directors review the legal compliance report from time to time. Further, to strengthen compliance management of laws, a team of officers from Law Division and Company Secretariat visited various projects/power stations of the Company during Financial Year 2016-17 to conduct compliance audit. The compliance audit report along with replies to observations in audit report are also being regularly placed before the board.

The following agenda items are usually presented to the Board of Directors for its consideration:

- Annual operating plans, budgets and related updates.
- Capital budgets and related updates.
- Quarterly/annual financial results of the Company.
- Minutes of meetings of audit committee and other committees of the Board.
- Minutes of board meetings of subsidiary companies.
- Statement of all significant transactions and arrangements entered into by subsidiary companies.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems at different locations/units.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Major investments, formation of subsidiaries, joint ventures and strategic alliances.
- Quarterly information with respect to purchases/works/contracts awarded on nomination basis.
- Quarterly report on compliance of various laws.
- Disclosure of interest by directors about their directorships.
- Significant capital investment proposals or award of large contracts.
- Action taken report on matters desired by the Board.
- Status of arbitration cases.
- Changes in significant accounting policies and practices along with reasons thereof.
- Any other information required to be presented to the Board either for information or for approval as per the requirement of applicable laws.

(vi) **Code of conduct:**

The code of business conduct and ethics for board members and senior management personnel was complied with by all concerned during the Financial Year 2016-17.

**Declaration under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance.**

All the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct & Ethics for Board Members and Senior Management Personnel respectively for the Financial Year ending 31<sup>st</sup> March, 2017.



(K. M. Singh)

Chairman & Managing Director  
 DIN: 02223301

Date: 8<sup>th</sup> June, 2017  
 Place: Faridabad

**(vii) Fraud Prevention and Detection Policy:**

A "Fraud Prevention and Detection Policy" has been framed to provide system for detection and prevention of fraud, its reporting on suspicion or on detection and fair dealing on matters pertaining to fraud. HR-Incharge of each location i.e. Projects/Power Stations/Regions/LOs have been designated as Nodal Officers under the Policy.

**(viii) Training of Board Members:**

The Company has a training policy for its Board Members which aims at building leadership qualities, providing a platform to share the knowledge, skills and experience. The policy attempts to provide exposure through training on Corporate Governance, model code of conduct and business ethics, as applicable to the directors and other relevant issues. The policy provides an opportunity to Board level functionaries to upgrade their knowledge in the business model of the Company including risk profile of the business of the Company, to ensure that they discharge their responsibilities in an effective manner.

Whenever a new Director is appointed on the Board, formal induction and orientation with respect to the Company's activities is given through necessary documents, brochures and reports to help them in familiarizing with company's procedures, practices and risk profile.

Details of familiarization programmes imparted to independent directors is available on the website at the link:

<http://www.nhpcindia.com/writereaddata/Images/pdf/FP-InDirectors2016-17.pdf>

**(ix) Code for Prevention of Insider Trading in Securities of NHPC Limited:** In compliance to the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, NHPC Limited has formulated and implemented Code of Conduct to Regulate, Monitor and Reporting Trading by Insiders and Code for Fair Disclosure Practices for Prevention of Insider Trading in Securities of NHPC Limited. Under the Code, trading window remains closed for designated persons as and when price sensitive information is about to be placed before the Board.

### 3. Committees of the Board of Directors

The Board has constituted Mandatory and Non-Mandatory Committees to review various aspects of business. The following Committees have been constituted by the Board:

**Mandatory Committees**

1. Audit Committee.
2. Stakeholders' Relationship Committee.
3. Nomination & Remuneration Committee.
4. Committee on Corporate Social Responsibility (CSR) and Sustainability.
5. Risk Management Committee.

**Non-Mandatory Committees**

6. Committee of Directors for Allotment and Post-allotment Activities of NHPC Securities.
7. Committee on Management Controls.
8. Committee of Directors – Appellate Authority.

**Details of members, meetings held, terms of reference etc. of each of the above committees are as under:**

#### 3.1 Audit Committee

The composition, quorum, terms of reference, etc. of the Audit Committee is in line with the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance issued by Department of Public Enterprises, Govt. of India.

As on 31<sup>st</sup> March, 2017, the Audit Committee comprised the following members:

i)	Shri Satya Prakash Mangal	Independent Director	Chairperson
ii)	Prof. Arun Kumar	Independent Director	Member
iii)	Prof. Kanika T. Bhal	Independent Director	Member
iv)	Smt. Krishna Tyagi	Govt. Nominee Director	Member

### Meetings and Attendance:

The Committee met six times during the Financial Year on 25<sup>th</sup> April, 2016, 28<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 17<sup>th</sup> November, 2016, 31<sup>st</sup> January, 2017 and 6<sup>th</sup> February, 2017. Details of the Audit Committee Meetings attended by members are given in **Table 4.**

**Table 4: Audit Committee Meetings**

S. No.	Members of the Committee during 2016-17	Meetings held during respective tenure of members	Meetings attended
1.	Shri Satya Prakash Mangal	6	6
2.	Shri Farooq Khan*	3	3
3.	Shri Ratish Kumar**	3	3
4.	Prof. Kanika T. Bhal	4	3
5.	Prof. Arun Kumar	3	2
6.	Smt. Krishna Tyagi	3	2

\*Shri Farooq Khan ceased to be Director on the board w.e.f. 17<sup>th</sup> August, 2016.

\*\* Shri Ratish Kumar ceased to be a member of the committee w.e.f. 14<sup>th</sup> October, 2016.

Director (Finance), Director (Technical) and Head of Internal Audit department were also invited to the meetings of Audit Committee. Statutory Auditors and Cost Auditors were generally invited to the meetings of Audit Committee. Senior officers were also invited as and when required to provide necessary inputs to the committee.

Shri Satya Prakash Mangal, Independent Director chaired all the meetings held during the Financial Year 2016-17. The time interval between any two Audit Committee meetings had not exceeded one hundred and twenty days during the Financial Year 2016-17. Director (Finance), Director (Projects) and head of internal audit department were present almost in all meetings held during the year, as invitees. The Company Secretary is secretary to the Committee. The Chairperson of the Audit Committee was present in the last Annual General Meeting of the Company to answer the shareholders' queries.

### Terms of reference:

The terms of reference of the Audit Committee are as per the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidelines on Corporate Governance issued by Department of Public Enterprises, which *inter-alia* includes:

- 1 Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2 Recommending fixation of audit fees to the Board.
- 3 Approval of payment to auditors for any other services rendered by the Statutory Auditors.
- 4 Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the board's report;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements related to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Modified opinion(s) in the draft audit report.
- 5 Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- 6 Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- 7 Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 8 Discussion with Internal Auditors and/or Auditors of any significant findings and follow-up thereon.

- 9 Reviewing the findings of any internal investigations by internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- 10 Discussions with Statutory Auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
- 11 To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 12 To review functioning of the Whistle Blower Mechanism.
- 13 To review the follow-up action on audit observations of the Comptroller & Auditor General of India (C&AG) audit.
- 14 To review the follow-up action taken on the recommendations of Parliament's Committee on Public Undertakings (COPU).
- 15 Provide an open avenue of communication between the Independent Auditors, Internal Auditor and the Board of Directors.
- 16 Approval or any subsequent modification of transactions of the Company with related parties.
- 17 Review with the Independent Auditor the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
- 18 Consider and review the following with Independent Auditor and management:
  - The adequacy of internal controls, including Computerized Information System Controls and Security; and
  - Related findings and recommendations of the Independent Auditor and Internal Auditor, together with management responses.
- 19 Consider and review the following with management, Internal Auditor and Independent Auditor:
  - Significant findings during the year, including the status of previous audit recommendations; and
  - Any difficulties encountered during audit work, including any restrictions on the scope of activities or access to required information.
- 20 Review and monitor the auditor's independence and performance and effectiveness of audit process.
- 21 Scrutiny of inter-corporate loans and investments.
- 22 Valuation of undertakings or assets of the Company, wherever it is necessary.
- 23 Evaluation of internal financial controls and risk management systems.
- 24 Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue and making appropriate recommendations to the Board to take up steps in this matter.
- 25 Recommending to the Board for the appointment and remuneration of the cost auditors of the company.
- 26 Review of:
  - i) Management discussion and analysis of financial conditions and results of operations.
  - ii) Management letter/letters of internal control weaknesses, issued by the statutory auditors.
  - iii) Internal Audit Reports relating to internal control weaknesses.
- 27 Review of appointment and removal of the Chief Internal Auditor.
28. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee pursuant to the provisions of the Companies Act, 2013, SEBI (LODR) and Corporate Governance Guidelines issued by DPE.



### 3.2 Stakeholders' Relationship Committee

During the year Shri Jayant Kumar, Member of the Stakeholders' Relationship Committee retired consequent upon attaining the age of superannuation. Prior to his retirement, the Stakeholders' Relationship Committee consists of the following.

i)	Prof. Kanika T. Bhal	Independent Director	Chairperson
ii)	Shri Satya Prakash Mangal	Independent Director	Member
iii)	Shri Jayant Kumar	Director (Finance)	Member

The Committee met once on 12<sup>th</sup> January, 2017 in which all the members were present. Subsequently, the Board of Directors of NHPC in its meeting held on 17<sup>th</sup> April, 2017 reconstituted the Stakeholders' Relationship Committee with following Directors as its members:

i)	Prof. Kanika T. Bhal	Independent Director	Member
ii)	Shri Satya Prakash Mangal	Independent Director	Member
iii)	Shri Mahesh Kumar Mittal	Director (Finance)	Member

#### Terms of Reference:

- The Committee shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends.
- Carrying out any other function, as required by the provisions of the Companies Act, 2013, SEBI (LODR) and Corporate Governance Guidelines issued by DPE.

#### Name and Designation of Compliance Officer:

Shri Vijay Gupta, Company Secretary is the Compliance Officer in terms of Regulation 6 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Shareholders'/Bondholders' Grievances:

During the Financial Year ended on 31<sup>st</sup> March, 2017, Company had attended shareholders'/bondholders' grievances expeditiously except for the cases constrained by disputes or legal impediments. The details of complaints received and resolved during the year are given in **Table 5**.

**Table 5: Shareholders'/Bondholders' Complaints**

Description	Opening balance as on 1 <sup>st</sup> April, 2016	Received during the year ended on 31 <sup>st</sup> March, 2017	Resolved during the year ended on 31 <sup>st</sup> March, 2017	Pending as on 31 <sup>st</sup> March, 2017
<b>SHAREHOLDERS' COMPLAINTS</b>				
Non-receipt of refund orders	NIL	98	98	NIL
Non-receipt of dividend warrants	NIL	2960	2960	NIL
SEBI complaints	NIL	40	39	1
Stock exchange complaints	NIL	14	14	NIL
Consumer forum/court cases	2	1	NIL	3
Advocate notices	NIL	NIL	NIL	NIL
<b>TOTAL</b>	<b>2</b>	<b>3113</b>	<b>3111</b>	<b>4*</b>
<b>BONDHOLDERS' COMPLAINTS</b>				
Non-Receipt of Refund Order	0	1	1	0
Non-Receipt of TDS Certificate	0	1	1	0
Non-Receipt of Electronic Credit	0	1	1	0
Non-Receipt of Interest Warrants	0	67	67	0
Non-Receipt of Bonds/Securities.	0	96	96	0
<b>TOTAL</b>	<b>0</b>	<b>166</b>	<b>166</b>	<b>0</b>

\*Shareholders' complaints shown pending as on 31<sup>st</sup> March, 2017 are related to SEBI Complaints and cases pending before consumer forum/court cases.

### **SEBI Complaints Redress System (SCORES) – Online Portal of SEBI for lodging complaints against Listed Companies**

Securities and Exchange Board of India (SEBI) has a web based complaints redressal system 'SCORES', which enables a shareholder to lodge his/her grievances against the company and check its status. On registration of a complaint, a unique complaint registration number is allotted for tracking and future reference. The concerned entity (intermediary or listed company) uploads action taken report on the complaints electronically. The concerned entity and the complainant can also seek and/or provide clarifications online from each other. SEBI disposes the complaints, if it is satisfied that the complaint has been adequately redressed.

An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge his complaint(s) in writing.

During the Financial Year 2016-17, shareholders' complaints received through SCORES have been promptly attended and action taken reports on these complaints as received from Registrar and Transfer Agent were submitted to the SEBI through SCORES.

#### **Number of pending share transfers:**

No share transfer request was pending as on 31<sup>st</sup> March, 2017.

During the Financial Year ended 31<sup>st</sup> March, 2017, share transfers have been affected within the time prescribed by the stock exchanges and a certificate to this effect duly signed by a practicing company secretary was furnished to stock exchanges.

### **3.3 Nomination & Remuneration Committee**

NHPC being a Central Public Sector Enterprise, the appointment, tenure and remuneration of its directors are decided by the President of India. As per the DPE Guidelines on Corporate Governance and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Nomination & Remuneration Committee was constituted to decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the prescribed limits. The Nomination & Remuneration Committee comprised the following members as on 31<sup>st</sup> March, 2017.

i)	Prof. Kanika T. Bhal	Independent Director	Chairperson
ii)	Smt. Krishna Tyagi	Government Nominee Director	Member
iii)	Prof. Arun Kumar	Independent Director	Member

Director (Finance) and Director (Personnel) are invitees to the meetings of the Committee.

#### **Meetings and Attendance:**

The committee met thrice during the Financial Year on 5<sup>th</sup> June, 2016, 14<sup>th</sup> October, 2016 and 12<sup>th</sup> January, 2017. Details of the meetings of the Nomination & Remuneration Committee attended by the members are given in [Table 6](#).

**Table 6: Meetings of the Nomination & Remuneration Committee**

S. No.	Members of the Committee during 2016-17	Meetings held during respective tenure of members	Meetings attended
1.	Prof. Kanika T. Bhal	3	3
2.	Smt. Krishna Tyagi	3	3
3.	Prof. Arun Kumar	3	3

#### **Terms of Reference:**

1. To formulate the criteria for determining positive attributes and independence of a Director.
2. To recommend distribution of the annual bonus/Performance Related Pay (PRP) and policy for its distribution across the Board and below Board level employees including key managerial personnel.
3. To formulate criteria for the evaluation of independent directors and the board.
4. To devise a policy on board diversity.
5. To identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the board their appointment and removal.
6. To examine and recommend other allowances and perks, etc. to the Board of Directors for approval.

7. Carrying out any other function as may be required under the provisions of the Companies Act, 2013, listing agreement/ SEBI (LODR) and Corporate Governance Guidelines issued by DPE.

#### Performance Evaluation Criteria of Board members including Independent Directors

- A. Each of the directors is required to assign the rating on different parameters for the evaluation of board, independent directors and committees of the Board of Directors.
- B. The rating is to be assigned on a scale of five for the purpose of evaluation of performance as under:

#### Rating Scale

Scale	Performance
5	Exceptionally Good
4	Good
3	Satisfactory
2	Needs Improvement
1	Unacceptable

- C. The Nomination & Remuneration Committee shall receive the Evaluation Forms in sealed cover and summarize the results. The Chairperson of the Nomination & Remuneration Committee may have discussions with individual director where clarification or interpretation is required.
- D. The Chairperson of the Nomination & Remuneration Committee shall prepare a report for the consideration of Nomination & Remuneration Committee on the basis of evaluation rating received from members of the Board. The Committee shall review the result and submit its recommendation for the consideration of Board.
- E. The Board shall consider the recommendations of the Nomination & Remuneration Committee and issue the necessary directions.

### 3.4 Committee on Corporate Social Responsibility (CSR) and Sustainability

As on 31<sup>st</sup> March, 2017, the Committee on Corporate Social Responsibility (CSR) and Sustainability comprised the following members:

i)	Prof. Arun Kumar	Independent Director	Chairperson
ii)	Shri Mahesh Kumar Mittal	Director (Finance)	Member
iii)	Shri Balraj Joshi	Director (Technical)	Member

#### Meetings and Attendance:

The Committee met four times during the Financial Year on 18<sup>th</sup> July, 2016, 29<sup>th</sup> August, 2016, 6<sup>th</sup> January, 2017 and 21<sup>st</sup> March, 2017. Details of the meetings of the Committee on Corporate Social Responsibility (CSR) and Sustainability attended by the members are given in [Table 7](#).

**Table 7: Meetings of the Committee on Corporate Social Responsibility (CSR) and Sustainability**

S. No.	Members of the Committee during 2016 -17	Meetings held during respective tenure of members	Meetings attended
1.	Prof. Arun Kumar	4	4
2.	Shri Jayant Kumar*	3	3
3.	Shri Balraj Joshi	4	4
4.	Shri Mahesh Kumar Mittal**	1	1

\* Shri Jayant Kumar ceased to be a Director w.e.f. 28<sup>th</sup> February, 2017.

\*\* Shri Mahesh Kumar Mittal appointed as the member of the committee w.e.f. 8<sup>th</sup> March, 2017.

### 3.5 Risk Management Committee

As on 31<sup>st</sup> March, 2017, the Risk Management Committee comprised the following members:

i)	Prof. Arun Kumar	Independent Director	Chairperson
ii)	Prof. Kanika T. Bhal	Independent Director	Member
iii)	Shri Satya Prakash Mangal	Independent Director	Member
iv)	Shri Balraj Joshi	Director (Technical)	Member
v)	Shri Ratish Kumar	Director (Projects)	Ex-officio Member

### Meetings and Attendance:

The committee met twice during the Financial Year on 22<sup>nd</sup> July, 2016 and 17<sup>th</sup> December, 2016. Details of the meeting of the Risk Management Committee attended by the members are given in **Table 8**.

**Table 8: Meeting of the Risk Management Committee**

S. No.	Members of the Committee during 2016 -17	Meetings held during respective tenure of members	Meetings attended
1	Prof. Arun Kumar	2	2
2	Prof. Kanika T. Bhal	2	2
3	Shri Satya Prakash Mangal	2	2
4	Shri Balraj Joshi	2	2
5	Shri Ratish Kumar*	0	0

\*Shri Ratish Kumar being Director (Projects) was appointed as the ex-officio member of the committee w.e.f. 22<sup>nd</sup> December, 2016.

### Terms of Reference:

- To assist the Board in corporate governance by overseeing the responsibilities relating to the identification, evaluation and mitigation of operational, strategic and external environment risks.
- To formulate, review and monitor the risk policies/plans and associated practices of the company.
- To approve and review risk disclosure statements in any public documents or disclosures.
- Carrying out any other function as required by the provisions of the Companies Act, 2013, listing agreement/SEBI (LODR) and Corporate Governance Guidelines issued by DPE.

### 3.6 Committee of Directors for Allotment and Post-Allotment Activities of NHPC Securities

As on 31<sup>st</sup> March, 2017, the committee comprised the following members:

i)	Shri Balraj Joshi	Director (Technical)	Ex-Officio Member and Chairperson
ii)	Shri Nikhil Kumar Jain	Director (Personnel)	Ex-Officio Member
iii)	Shri Mahesh Kumar Mittal	Director (Finance)	Ex-Officio Member

### Meetings and Attendance:

The committee met eleven times during the Financial Year. Details of the meetings of the Committee of Directors for Allotment and Post-Allotment Activities of NHPC Securities attended by members are given in **Table 9**.

**Table 9: Meetings of the Committee of Directors for Allotment and Post-Allotment Activities of NHPC Securities**

S. No.	Members of the Committee during 2016 -17	Meetings held during respective tenure of members	Meetings attended
1	Shri R. S. Mina*	10	10
2	Shri Balraj Joshi**	11	10
3	Shri Jayant Kumar <sup>§</sup>	10	7
4	Shri Nikhil Kumar Jain <sup>§§</sup>	1	1
5	Shri Mahesh Kumar Mittal <sup>#</sup>	1	1

\* Shri R.S. Mina ceased to be a director w.e.f. 31<sup>st</sup> January, 2017.

\*\* Shri Balraj Joshi was appointed as member of the committee w.e.f. 26<sup>th</sup> April, 2016.

§ Shri Jayant Kumar ceased to be a Director w.e.f. 28<sup>th</sup> February, 2017.

§§ Shri Nikhil Kumar Jain being Director (Personnel) was appointed as ex-officio member of the committee w.e.f. 28<sup>th</sup> February, 2017.

# Shri Mahesh Kumar Mittal being Director (Finance) joined as ex-officio member of the committee w.e.f. 1<sup>st</sup> March, 2017.

### Terms of Reference:

- Issue of certificate(s) relating to securities;
- Transfer and transmission of securities;
- Re-materialization of securities certificate(s);
- Issue of duplicate certificate(s) relating to securities; and
- Consolidation/splitting of NHPC's securities.



### 3.7 Committee on Management Controls

As on 31<sup>st</sup> March, 2017, the Committee on Management Controls comprised the following members:

i)	Shri Satya Prakash Mangal	Independent Director	Chairperson
ii)	Prof. Arun Kumar	Independent Director	Member
iii)	Shri Ratish Kumar	Director (Projects)	Ex-officio Member
iv)	Shri Balraj Joshi	Director (Technical)	Ex-officio Member
v)	Shri Mahesh Kumar Mittal	Director (Finance)	Ex-officio Member

#### Meetings and Attendance:

The committee met five times during the Financial Year on 18<sup>th</sup> July, 2016, 12<sup>th</sup> August, 2016, 17<sup>th</sup> November, 2016, 30<sup>th</sup> January, 2017 and 3<sup>rd</sup> March, 2017. Details of the meetings of the Committee on Management Controls of NHPC attended by members are given in **Table 10**.

**Table 10: Meetings of the Committee on Management Controls**

S. No.	Members of the Committee during 2016 -17	Meetings held during respective tenure of members	Meetings attended
1	Shri Satya Prakash Mangal	5	5
2	Prof. Arun Kumar	5	5
3	Shri Farooq Khan*	2	1
4	Shri Balraj Joshi**#	5	4
5	Shri Jayant Kumar#	2	2
6	Shri Ratish Kumar#	3	3
7	Shri Mahesh Kumar Mittal\$	1	1

\*Shri Farooq Khan ceased to be the director on the board w.e.f. 17<sup>th</sup> August, 2016.

\*\*Member since 26<sup>th</sup> April, 2016.

#Appointed as member of the committee in ex-officio capacity w.e.f. 14<sup>th</sup> October, 2016.

\$Shri Mahesh Kumar Mittal joined the committee w.e.f. 1<sup>st</sup> March, 2017 consequent upon the retirement of Shri Jayant Kumar, then Director (Finance).

#### Terms of reference:

The Committee shall establish transparent and effective system of internal monitoring. This committee *inter-alia*, reviews the management control systems, significant deviations in project implementation and construction, operation & maintenance budgets, claims of the contractors etc.

### 3.8 Committee of Directors – Appellate Authority

As on 31<sup>st</sup> March, 2017, the Committee comprised the following members:

i)	Shri Arun Kumar	Independent Director	Member
ii)	Prof. Kanika T. Bhal	Independent Director	Member
iii)	Shri Nikhil Kumar Jain*	Director (Personnel)	Ex-officio Member

\* Shri Nikhil Kumar Jain being Director (Personnel) was appointed as ex-officio member of the committee w.e.f. 28<sup>th</sup> February, 2017.

#### Meetings and Attendance:

The Committee met once during the Financial Year on 12<sup>th</sup> August, 2016. Details of the meetings of the Committee of Directors – Appellate Authority attended by members are given in **Table 11**.

**Table 11: Meetings of the Committee of Directors – Appellate Authority**

S. No.	Members of the Committee during 2016 -17	Meetings held during respective tenure of members	Meetings attended
1	Shri R. S. Mina*	1	1
2	Shri Farooq Khan**	1	1
3	Prof. Kanika T. Bhal	1	1

\* Shri R.S. Mina ceased to be director w.e.f. 31<sup>st</sup> January, 2017.

\*\*Shri Farooq Khan ceased to be director w.e.f. 17<sup>th</sup> August, 2016.

#### Terms of reference:

The Committee is to act as an appellate authority for the cases placed before it in terms of Conduct, Discipline and Appeal Rules.

### 3.9 Functional Authority

Apart from the above standing committees, the Board of Directors in its 401<sup>st</sup> meeting held on 7<sup>th</sup> February, 2017 constituted a committee for all the activities related to buy-back of shares with the following members:

i)	Chairman & Managing Director	Ex-officio Member
ii)	Director (Finance)	Ex-officio Member
iii)	Director (Projects)	Ex-officio Member

Buyback of shares was completed on 27.03.2017. Accordingly, Functional Authority was dissolved.

#### Meetings and Attendance:

During its tenure, the Committee met thrice on 8<sup>th</sup> February, 2017, 23<sup>rd</sup> March, 2017 and 28<sup>th</sup> March, 2017. Details of the meetings of the Committee of Functional Authority attended by members are given in **Table 12**.

**Table 12: Meetings of the Functional Authority**

S. No.	Members of the Committee during 2016-17	Designation	Meetings held during respective tenure of members	Meetings attended
1	Shri K. M. Singh	Chairman & Managing Director	3	3
2	Shri Jayant Kumar*	Director (Finance)	1	1
3	Shri Ratish Kumar	Director (Projects)	3	3
4	Shri Mahesh Kumar Mittal**	Director (Finance)	2	2

\* Shri Jayant Kumar ceased to be Director on the board w.e.f. 28<sup>th</sup> February, 2017.

\*\* Shri Mahesh Kumar Mittal being Director (Finance) joined the committee in his ex-officio capacity w.e.f. 1<sup>st</sup> March, 2017.

### 4. Meeting of Independent Directors

Pursuant to the requirements of Schedule IV of the Companies Act, 2013 read with Department of Public Enterprises Office Memorandum No.16 (4)/2012-GM dated 20<sup>th</sup> June, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, separate meetings of Independent Directors were held on 26<sup>th</sup> April, 2016 and 28<sup>th</sup> March, 2017 during the Financial Year 2016-17 under the Chairmanship of Shri Farooq Khan and Shri Arun Kumar respectively.

### 5. Remuneration of Directors

The remuneration payable to Functional Directors including Chairman & Managing Director is decided by the Government of India. As per DPE Guidelines on Corporate Governance, Government Nominee Directors are not being paid any remuneration or sitting fees from the Company. As per the Companies Act, 2013 and DPE Guidelines on Corporate Governance, the Board of Directors of the Company is empowered to determine the sitting fee payable to Independent Directors within the ceiling prescribed under the Companies Act, 2013.

Accordingly, the Board has fixed an amount of ₹ 20,000/- per meeting as sitting fees to Independent directors for attending meetings of the Board or Committees thereof.

Details of remuneration of functional Directors of the Company for the Financial Year 2016-17 are given in **Table 13**.

**Table 13: Remuneration of Functional Directors for the Financial Year 2016-17**

(Amount in ₹)					
Name of Director	Designation	Salary	Benefits*	Performance Related Pay (PRP)** for the Financial Year 2014-15	Total
Shri K.M. Singh	Chairman and Managing Director	25,62,744	8,30,798	3,10,918	37,04,460
Shri Balraj Joshi	Director (Technical)	24,83,442	15,01,705	3,92,448	43,77,595
Shri R. S. Mina	Ex- Director (Personnel)	27,01,804	46,53,646	12,49,480	86,04,930
Shri Nikhil Kumar Jain	Director (Personnel)	3,71,485	78,355	0	4,49,840
Shri Jayant Kumar	Ex-Director (Finance)	21,94,801	48,68,442	5,01,832	75,65,075
Shri Mahesh Kumar Mittal	Director (Finance)	2,32,174	44,809	0	2,76,983
Shri Ratish Kumar	Director (Projects)	28,52,142	5,35,328	5,18,190	39,05,660

\* Benefits include medical reimbursement, leave encashment, lease rent, Employee Provident Fund (Matching Contribution), Social Security Scheme (Matching Contribution), Pension Contributory Fund (Matching Contribution) and perquisites value of assets, advance, vehicle, accommodation, recovery on account of vehicle and House Rent Recovery.

\*\*Performance Related Pay (PRP) for the year 2015-16, will be paid in the Financial Year 2017-18 or thereafter as per DPE Guidelines.

**Note:**

1. The salary shown above is related to respective tenure of Directors. However, the Performance Related Pay for the Financial Year 2014-15 shown against each of them is as per the respective position held by them during 2014-15.
2. During the year, Shri J. K. Sharma, Ex-Director (Projects) and Shri D. P. Bhargava, Ex-Director (Technical) were paid ₹ 9,69,354/- and ₹ 39,76,837/- respectively for their dues related to previous year(s).

The Company had not given any stock options during the Financial Year 2016-17. Further, Service conditions of the functional directors/directors are governed as per the terms & conditions issued by the Govt. of India.

Details of sitting fee paid to Independent Directors for the Financial Year 2016-17 are given in **Table 14**.

**Table 14: Details of sitting fees paid to Independent Directors for the Financial Year 2016-17.**

(Amount in ₹)

Name of Independent Director	Sitting Fees*		Total
	Board Meetings	Committee Meetings	
Shri Satya Prakash Mangal	1,60,000	3,00,000	4,60,000
Prof. Kanika T. Bhal	1,80,000	2,20,000	4,00,000
Prof. Arun Kumar	1,60,000	3,40,000	5,00,000
Shri Farooq Khan	60,000	1,00,000	1,60,000

\* In addition to sitting fee, Independent Directors are also getting reimbursement of boarding/lodging/conveyance expenses for attending meetings.

**Note:**

The amount of remuneration to directors is based on actual payments during the Financial Year 2016-17 irrespective of the year to which it pertains.

Except as mentioned above, there was no pecuniary relationship or transaction with non-executive directors vis-vis the Company during the Financial Year 2016-17.

Criteria of making payment to non-executive directors is available on the website of the Company at:

<http://www.nhpcindia.com/writereaddata/Images/pdf/TnC-Apptmt-%20Independent-Directors.pdf>

## 6. Subsidiary Companies

- (i) **NHDC LIMITED:** NHDC Limited was promoted as a Joint Venture between NHPC Limited and the Government of Madhya Pradesh with equity shareholding of 51% and 49% respectively.

NHDC Limited is a material non-listed indian subsidiary of NHPC Limited as per Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per DPE Guidelines on Corporate Governance. In accordance to said regulations, Shri Satya Prakash Mangal, Independent Director of NHPC Limited, is on the Board of Directors of NHDC Limited.

- (ii) **LOKTAK DOWNSTREAM HYDROELECTRIC CORPORATION LIMITED:** Loktak Downstream Hydroelectric Corporation Limited (LDHCL) was incorporated on 23<sup>rd</sup> October, 2009. The Company was promoted as a Joint Venture between NHPC Limited and the Government of Manipur with equity participation of 74% and 26% respectively.

The Company is a non-listed indian subsidiary of NHPC Limited as per Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (iii) **BUNDELKHAND SAUR URJA LIMITED:** Bundelkhand Saur Urja Limited (BSUL) was promoted as a Joint Venture Company between NHPC Limited and Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA) to implement a 50MW Solar Power Project in Uttar Pradesh. The Company was incorporated on 2<sup>nd</sup> February, 2015. As per the promoters' agreement, the equity participation of NHPC shall not be less than 74% and of UPNEDA will not be more than 26% of the total share capital of the Company.

The Company is a non-listed indian subsidiary of NHPC Limited as per Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

More information about the subsidiary companies is available in the directors' report.

During the year, the minutes of the meetings of the Board of Directors of these subsidiaries were placed time to time before the Board of Directors of NHPC Limited for its information. The Board of NHPC was also apprised at periodical intervals about the significant transactions and arrangements entered into by these subsidiaries.

## 7. General Meetings

### Annual General Meeting

Date, time and location and special resolution passed at the last three Annual General Meetings are given in **Table 15**.

**Table 15: Annual General Meetings**

Financial Year	Date	Time	Location	Special Resolution Passed
2015-16	22.09.2016	11:00 A.M.	MCF Auditorium, Faridabad, Haryana	Authorization to board to issue secured/unsecured redeemable non-convertible debentures/bonds aggregating upto ₹ 4500 crore through private placement.
2014-15	23.09.2015	10:30 A.M.	MCF Auditorium, Faridabad, Haryana	Authorization to board to issue secured/unsecured redeemable non-convertible debentures/bonds aggregating upto ₹ 2500 crore through private placement.
2013-14	26.09.2014	3:00 P.M.	MCF Auditorium, Faridabad, Haryana	-

No Special Resolution was passed through Postal Ballot during 2016-17. No special resolution is proposed to be passed through Postal Ballot during the Financial Year 2017-18.

## 8. Disclosures

### (i) Related Party Transactions:

During the Financial Year 2016-17, the Company has not entered into any material transaction with any of its related parties. The policy on related party transactions as approved by the Board can be accessed on the Company's website at the link: <http://www.nhpcindia.com/writereaddata/Images/pdf/Policy-Related-Party-Transaction.pdf>

### (ii) Disclosure Requirements as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance: The Company has complied all the statutory requirements of the regulations and guidelines prescribed by SEBI including regulations from 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except as mentioned in paragraph 2(i) of this Report. The Company has also complied all the requirements of the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by Department of Public Enterprises (DPE), Government of India except as mentioned in Paragraph 2(i) of this Report, which requires that at least half of the Board shall comprise of Independent Directors.

During the preceding 3 years, no penalty was imposed and/or stricture was passed on the Company by any Stock Exchange or SEBI or any other statutory authority, on any matter related to the capital market, operations or guidelines issued by the Government.

However, Company had received a notice for fine of ₹ 50,000/- for non-compliance with the requirement of Clause 49(II)(A)(1) of Listing Agreement – regarding appointment of Woman Director by BSE Limited on 10<sup>th</sup> April, 2015. The Company had requested the Exchange to waive off the fine on the ground that NHPC is a Central Public Sector Enterprises (CPSE), therefore appointment of Directors is being made by President of India as per Articles of Association of the Company. Smt. Krishna Tyagi was appointed on the Board of the Company on 8<sup>th</sup> July, 2015.

The periodic results and other communications are regularly published on Company's official website ([www.nhpcindia.com](http://www.nhpcindia.com)). Information on adoption of the non-mandatory requirements as prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in **Annexure-A**.

No presidential directives were issued to the Company during Financial Year 2016-17 and the preceding three Financial Years.

**Accounting Treatment:** In the views of the Management, all applicable accounting standards are being followed while preparation of Financial Statements. However, where compliance could not be followed in strict sense, it has been indicated in the notes to accounts forming part of financial statements.



- (iii) **Whistle Blower Policy:** NHPC has a well defined Whistle Blower Policy for reporting the instances of unethical/improper conduct and taking suitable steps to investigate and correct the same. No person was denied access to the Audit Committee during the Financial Year 2016-17. In addition to this, a policy to prevent frauds has also been adopted by the Company for reporting on frauds or suspected frauds, involving employees as well as representatives of vendors, suppliers, contractors, consultants, service providers or any other party doing any type of business with NHPC. The mechanism for prevention of frauds is also included in the Policy.

During the Financial Year 2016-17, no complaint has been reported under Whistle Blower Policy.

- (iv) **Items of expenditure debited in books of accounts, which are not for the purposes of the business:**

NIL

- (v) **Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management:**

NIL

- (vi) **Details of administrative and office expenses as a percentage of total expenses vis-à-vis financial expenses and reasons for increase:**

(figures in %)

Details	2016-17	2015-16	Reason for increase
Administrative expenses* as a percentage of total expenses	14.59	18.98	Main reason for variance in Administrative expenses is due to decrease in Project Expenses by ₹ 318 crore in Financial Year 2016-17.
Administrative expenses* as a percentage of financial expenses	81.16	101.18	

\* Administrative expenses includes office expenses

- (vii) As on 31<sup>st</sup> March, 2017, NHPC has no commodity price risk or foreign exchange risk and hedging activities except as disclosed vide note no. 33 to the financial statements.

- (viii) **Policy for determining material subsidiaries is available on the website at the following link:**

<http://www.nhpcindia.com/writereaddata/Images/pdf/Policy-Material-Subsidiary.pdf>

- (ix) **Policy on dealing with Related Party Transactions is available on the website at the following link:**

<http://www.nhpcindia.com/writereaddata/Images/pdf/Policy-Related-Party-Transaction.pdf>

## 9. CEO/CFO Compliance Certification

In terms of Regulation 17 (8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a compliance certificate duly signed by Shri K.M.Singh, then Chairman & Managing Director and Shri Mahesh Kumar Mittal, Director (Finance) was placed before the Board of Directors at the meeting held on 30<sup>th</sup> May, 2017 and is annexed to the Corporate Governance Report as **Annexure-B**.

## 10. Means of Communication

Periodical financial results of the Company are announced within the time specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. These results are published in the national and local dailies. The Company does not send periodical results to its shareholders, however these are placed at the Company's official website ([www.nhpcindia.com](http://www.nhpcindia.com)). The Company has also issued official press releases on significant corporate decisions and activities are also available on the Company's website.

Details of publication of audited/unaudited financial results of the Company are given in **Table 16**.

**Table 16: Audited/unaudited financial results**

Newspapers	Date of publication of results for the period ended			
	30.06.2016	30.09.2016	31.12.2016	31.03.2017
Financial Express (English)-All Editions	-	19.11.2016	-	-
The Times of India (English)-Delhi/Gurgaon	-	19.11.2016	-	31.05.2017
Navbharat Times (Hindi)-Delhi/NCR	-	19.11.2016	-	-
Hindustan Times (English)-Delhi	-	19.11.2016	-	-
MINT (English)-Delhi	-	19.11.2016	-	-
Jansatta (Hindi)-Delhi	13.08.2016	-	08.02.2017	-
Economic Times (English)-Delhi	-	19.11.2016	-	-
Economic Times (English)-All Editions	-	-	-	31.05.2017
Economic Times (Hindi)-Delhi	-	-	-	31.05.2017
The Indian Express (English)-All Editions	12.08.2016/ 13.08.2016	-	08.02.2017	-
Hindu Business Line (English)-All Editions	-	19.11.2016	-	-
The Pioneer (English)-Delhi	-	19.11.2016	-	-
Dainik Bhaskar (Hindi)-Delhi	-	19.11.2016	-	-

Presentations to institutional investors and/or analysts are being made regularly which are also available on the Company's website.

## 11. Information for Shareholders

### (i) Annual General Meeting

Date: 27<sup>th</sup> September, 2017

Time: 11:00 A.M.

Venue: Jal Tarang Auditorium, NHPC Office Complex, Sector-33, Faridabad, Haryana - 121 003

### (ii) Financial calendar for Financial Year 2017-18

Particulars	Date
Accounting period	1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018
Unaudited Financial Results for the first three quarters	Board Meeting to be held within forty five days from the end of each quarter. Financial results will be intimated to Stock Exchanges within stipulated time of the conclusion of Board Meeting.
Fourth quarter results/ annual audited financial results for the year ending on 31 <sup>st</sup> March, 2018	Board Meeting to be held on or before 30 <sup>th</sup> May, 2018. Financial results will be intimated to Stock Exchanges within stipulated time of the conclusion of Board Meeting.
AGM – 2018	September, 2018 (Tentative)

### (iii) Book Closure

The register of members and share transfer books of the Company will remain closed from 15<sup>th</sup> September, 2017 to 27<sup>th</sup> September, 2017 (both days inclusive).

### (iv) Payment of Dividend

The Company had paid an interim dividend of ₹ 1.70 per equity share in January, 2017. In addition to above, the Board of Directors of the Company has recommended a final dividend of ₹ 0.10 per equity share for the Financial Year 2016-17. Accordingly, the total dividend for the year comes to ₹ 1.80 per equity share, if the final dividend approved by the shareholders in General Meeting.

In respect of physical shares, the final dividend will be paid to the members or their mandates whose names appear in the Register of Members of the Company after giving effect to all valid share transfer requests lodged with the

Company or M/s. Karvy Computershare Private Limited, Registrar and Share Transfer Agent (R&TA) on or before 14<sup>th</sup> September, 2017. In respect of dematerialized shares, the final dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership provided by National Securities Depository Limited and Central Depository Services (India) Limited respectively as at the close of business hours on 14<sup>th</sup> September, 2017.

**(v) Dividend History**

Financial Year	Total amount of dividend declared (₹ in crore)	Date of AGM in which dividend was declared	Date of payment
2009-10	676.54	22.09.2010	01.10.2010
2010-11	738.04	19.09.2011	28.09.2011
2011-12	861.05	17.09.2012	26.09.2012
2012-13	738.04	16.09.2013	25.09.2013
2013-14	332.13	26.09.2014	07.10.2014
2014-15	664.27 (including interim dividend of ₹ 221.43 crore)	23.09.2015	12.02.2015 & 03.10.2015
2015-16	1660.60 (including interim dividend of ₹ 1018.50 crore)	22.09.2016	02.03.2016 & 03.10.2016
2016-17	1882.02 Interim Dividend	N.A.	27.01.2017

**(vi) Listing on Stock Exchanges**

NHPC equity shares are listed on the following stock exchanges:

BSE Limited	National Stock Exchange of India Limited
<b>Address:</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 <b>Scrip Code:</b> 533098 <b>ISIN :</b> INE848E01016	<b>Address:</b> Exchange Plaza, Plot No. C/1, G Block, Bandra (East), Mumbai - 400 051 <b>Scrip Code:</b> NHPCEQ <b>ISIN :</b> INE848E01016

The annual listing fee for the Financial Year 2017-18 has been paid to both National Stock Exchange of India Limited and BSE Limited before 30<sup>th</sup> April, 2017.

**(vii) Market Price Data and performance in comparison to indices**

**BSE Sensex and NHPC Share Price**

SENSEX				NHPC SHARE PRICE AT BSE			
Month	High	Low	Closing	Month	High (₹)	Low (₹)	Closing (₹)
Apr-16	26100.54	24523.20	25606.62	Apr-16	24.25	20.60	20.65
May-16	26837.20	25057.93	26667.96	May-16	23.85	20.45	23.25
Jun-16	27105.41	25911.33	26999.72	Jun-16	25.60	23.00	25.15
Jul-16	28240.20	27034.14	28051.86	Jul-16	26.20	24.75	25.25
Aug-16	28532.25	27627.97	28452.17	Aug-16	28.20	23.95	28.05
Sep-16	29077.28	27716.78	27865.96	Sep-16	28.20	24.10	25.05
Oct-16	28477.65	27488.30	27930.21	Oct-16	27.00	24.70	26.80
Nov-16	28029.80	25717.93	26652.81	Nov-16	28.35	24.00	28.00
Dec-16	26803.76	25753.74	26626.46	Dec-16	28.35	25.60	26.55
Jan-17	27980.39	26447.06	27655.96	Jan-17	30.60	26.35	28.95
Feb-17	29065.31	27590.10	28743.32	Feb-17	31.75	28.75	30.40
Mar-17	29824.62	28716.21	29620.50	Mar-17	32.20	29.55	32.05

**NSE NIFTY and NHPC Share Price**

NIFTY				NHPC SHARE PRICE AT NSE			
Month	High	Low	Closing	Month	High (₹)	Low (₹)	Closing (₹)
Apr-16	7992.00	7516.85	7849.80	Apr-16	24.25	20.65	20.65
May-16	8213.60	7678.35	8160.10	May-16	23.95	20.45	23.30
Jun-16	8308.15	7927.05	8287.75	Jun-16	25.65	22.95	25.20
Jul-16	8674.70	8287.55	8638.50	Jul-16	26.30	24.80	25.30
Aug-16	8819.20	8518.15	8786.20	Aug-16	28.30	23.90	28.15
Sep-16	8968.70	8555.20	8611.15	Sep-16	28.20	24.15	25.00
Oct-16	8806.95	8506.15	8625.70	Oct-16	27.15	24.70	26.75
Nov-16	8669.60	7916.40	8224.50	Nov-16	28.35	24.00	28.05
Dec-16	8274.95	7893.80	8185.80	Dec-16	28.40	25.65	26.45
Jan-17	8672.70	8133.80	8561.30	Jan-17	30.80	26.25	28.95
Feb-17	8982.15	8537.50	8879.60	Feb-17	31.70	28.75	30.50
Mar-17	9218.40	8860.10	9173.75	Mar-17	32.35	29.50	32.20

**(viii) Registrar & Share Transfer Agent**

M/s Karvy Computershare Private Limited,  
 Karvy Selenium Tower B, Plot 31-32,  
 Gachibowli Financial District, Nanakramguda,  
 Hyderabad – 500 032.  
 Tel No.: 040-67162222  
 Toll Free No: 1800 345 4001  
 Fax No.: 040 23420814  
 E-mail ID: einward.ris@karvy.com

**(ix) Share Transfer System**

The share transfer system consists of activities like receipt of share certificates along with transfer deed from transferees, its verification, preparation of Memorandum of Transfers, etc. Share transfers are approved/ratified by a Committee of Directors for Allotment and Post-Allotment Activities of NHPC securities. Share transfer activities are being carried out by M/s Karvy Computershare Private Limited, Share Transfer Agent of the Company.

Pursuant to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half yearly basis from Practicing Company Secretary confirming due compliance of share transfer formalities by the Company through its share transfer agent have been submitted to stock exchanges within one month from the end of half of the Financial Year.

**(x) Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund (IEPF)**

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, details of unpaid and unclaimed amounts lying with the Company are available on the Company's web site link: <http://www.nhpcindia.com/Default.aspx?id=278&lg=eng&> and also on the website of Ministry of Corporate Affairs. During the Financial Year 2016-17, an amount of ₹ 1,16,64,290 has been transferred to Investor Education and Protection Fund (IEPF), in respect of IPO application money remained unclaimed since August, 2009. Further, during the Financial Year 2017-18, the unpaid and unclaimed dividend amount pertaining to the Financial Year 2009-10 and all shares in respect of which dividend has not been claimed for seven consecutive years or more are due for transfer/transmission by the Company to IEPF in accordance with provisions of the Companies Act, 2013 and rules thereto. Shareholders/beneficial owners are requested to submit the claim to R&TA without any delay or they may contact Shri Saroj Kumar Roy, Manager (Finance) & Nodal Officer for IEPF at NHPC Office Complex, 4<sup>th</sup> Floor, Jyoti Sadan, Sector-33, Faridabad, Haryana-121 003 for any query related to IEPF.



**(xi) Distribution of shareholding**

Shares held by different categories of shareholders and according to the size of holdings as on 31<sup>st</sup> March, 2017 are given below:

**According to size**
**(a) Distribution of shareholding according to size and percentage of holding as on 31<sup>st</sup> March, 2017:**

Category (Amount in ₹)	Number of shareholders	%* of share holders	Total shares	%* of shares
1-5,000	5,09,377	62.93	10,83,34,814	1.06
5,001-10,000	2,13,872	26.42	16,00,16,445	1.56
10,001-20,000	47,603	5.88	7,10,52,117	0.69
20,001-30,000	14,802	1.83	3,77,77,619	0.37
30,001-40,000	6,054	0.75	2,16,46,950	0.21
40,001-50,000	4,950	0.61	2,33,99,345	0.23
50,001-1,00,000	7,624	0.94	5,58,15,027	0.54
1,00,001 and above	5,203	0.64	9,78,12,78,202	95.34
<b>Total</b>	<b>8,09,485</b>	<b>100</b>	<b>10,25,93,20,519</b>	<b>100</b>

\* % rounded off to 2 decimal places

**(b) Shareholding Pattern on the basis of ownership as on 31<sup>st</sup> March, 2017**

Category	As on 31 <sup>st</sup> March, 2017		As on 31 <sup>st</sup> March, 2016		Change (%*) Increase / (Decrease)
	Total shares	%* to equity	Total shares	%* to equity	
Government of India	7,64,34,06,901	74.50	9,51,62,09,722	85.96	(11.46)
Foreign Institutional Investors	5,14,54,839	0.50	17,01,09,933	1.54	(1.04)
Resident Individuals & HUF	59,97,03,033	5.84	68,89,22,519	6.22	(0.38)
Banks, Financial Institutions, Insurance Companies and NBFC	1,03,09,64,999	10.05	48,11,55,791	4.34	5.71
Bodies Corporates	49,81,55,823	4.85	6,94,81,348	0.63	4.22
Mutual Funds	11,44,48,829	1.12	62,04,586	0.05	1.07
NRI and Overseas Corporate Bodies	1,29,86,500	0.13	1,51,45,824	0.14	(0.01)
<b>Others</b>					
Clearing Members, Trusts, Foreign Portfolio Investors and Foreign Nationals	30,81,99,595	3.01	12,34,38,773	1.12	1.89
<b>Total</b>	<b>10,25,93,20,519</b>	<b>100</b>	<b>11,07,06,68,496</b>	<b>100</b>	<b>-</b>

\* % rounded off to 2 decimal places

**(c) Major Shareholders as on 31<sup>st</sup> March, 2017**

Details of shareholders holding more than one per cent of the Paid-up Share Capital of the Company as on 31<sup>st</sup> March, 2017 are given below:

Name of shareholder	No. of shares	% to paid-up capital	Category
President of India	7,64,34,06,901	74.50	Central Govt.
Life Insurance Corporation of India	90,61,83,502	8.83	Insurance Company
Power Finance Corporation Ltd	26,05,42,051	2.54	Central Public Sector Enterprise (CPSE)
Rural Electrification Corporation Ltd	18,40,11,865	1.79	Central Public Sector Enterprise (CPSE)

**(d) Top Ten Shareholders as on 31<sup>st</sup> March, 2017**

Details of top ten shareholders of NHPC Limited as on 31<sup>st</sup> March, 2017 are given below:

S. No.	Name of shareholder	Total shares	%* to Equity
1.	President of India	7,64,34,06,901	74.50
2.	Life Insurance Corporation of India	90,61,83,502	8.83
3.	Power Finance Corporation Ltd	26,05,42,051	2.54
4.	Rural Electrification Corporation Ltd	18,40,11,865	1.79
5.	HDFC Trustee Company Limited - HDFC Tax Saver Fund	4,18,08,989	0.41
6.	HDFC Trustee Company Limited - HDFC Prudence Fund	3,50,07,776	0.34
7.	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund	3,43,75,723	0.34
8.	UCO Bank	3,31,54,836	0.32
9.	Vanguard Total International Stock Index Fund	2,64,95,193	0.26
10.	Goldman Sachs (Singapore) Pte	1,70,77,751	0.17
	<b>Total</b>	<b>9,18,20,64,587</b>	<b>89.50</b>

\* % rounded off to 2 decimal places.

**(xii) Dematerialization of Shares and Liquidity**

The shares of the Company are in compulsory dematerialized segment and are available for trading under systems of both the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Share Capital Audit Report regarding reconciliation of the total issued capital, listed capital and capital held by depositories in a dematerialized form with respect to the Equity Share Capital of the Company was obtained from the Practicing Company Secretary for each quarter during the year and submitted to the Stock Exchanges within the stipulated time.

**No. of shares held in dematerialized and physical mode as on 31<sup>st</sup> March, 2017**

	Total Shares	% to Equity
Shares in dematerialized form with NSDL	10,04,50,05,904	97.91
Shares in dematerialized form with CDSL	21,41,60,398	2.09
Physical	1,54,217	0.00
<b>Total</b>	<b>10,25,93,20,519</b>	<b>100</b>

The names and addresses of the depositories are as under:

- National Securities Depository Limited**  
Trade World, A-Wing, 4<sup>th</sup> & 5<sup>th</sup> Floors,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013
- Central Depository Services (India) Limited**  
Phiroze Jeejeebhoy Towers,  
17<sup>th</sup> Floor, Dalal Street, Fort, Mumbai – 400 001

**(xiii) Demat Suspense Account**

Details of shares in the suspense account opened and maintained after Initial Public Offering of Equity Shares of NHPC Limited as on 31<sup>st</sup> March, 2017 is given in **Table 17**.

**Table 17: Shares in suspense account**

Description	No. of Cases	No. of Shares
Aggregate number of shareholders and outstanding shares in the suspense account at the beginning of the year	353	1,33,800
Number of shareholders who approached the Company for transfer of shares from the suspense account during the year	8	3,243
Number of shareholders to whom shares were transferred from the suspense account during the year	8	3,243
Aggregate number of shareholders and outstanding shares in the suspense account at the end of the year	345	1,30,557

Note: Voting rights on these shares remained frozen till the rightful owners of such shares claim them. Further, these shares will be transmitted to IEPF in terms of Companies Act, 2013.

**(xiv) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity:**

NHPC Limited has not issued any GDRs/ADRs/warrants or any convertible instruments which has likely impact on equity.

**(xv) Location of NHPC Plants:**

Bairasiul	NHPC Limited, Surangani, Distt. Chamba, Himachal Pradesh – 176 317
Loktak	NHPC Limited, P.O. Loktak, Komkeirap, Manipur- 795 124
Salal	NHPC Limited, P.O. Jyotipuram, Via Reasi, Distt. Reasi, Jammu & Kashmir - 182 312
Tanakpur	NHPC Limited, P.O. T.P.S. Campus, Banbassa, Distt. Champawat, Uttarakhand – 262 310
Chamera-I	NHPC Limited, Khairi, Distt. Chamba, Himachal Pradesh – 176 325
Uri-I	NHPC Limited, Gingle, P.O. Mohra, Distt. Baramulla, Jammu & Kashmir- 193 122
Rangit	NHPC Limited, P.O. Rangit Nagar, South Sikkim - 737 111
Chamera-II	NHPC Limited, Karian, Distt. Chamba, Himachal Pradesh –176 310
Dhauliganga-I	NHPC Limited, Post Box No.1, Tapovan, Dharchula, Distt. Pithoragarh, Uttarakhand - 262 545
Dulhasti	NHPC Limited, Chenab Nagar, Sector-II, Kishtwar, Distt. Kishtwar, Jammu & Kashmir - 182 206
Teesta-V	NHPC Limited, P.O. Singtam, East Sikkim - 737 134
Sewa-II	NHPC Limited, Mashka, Distt. Kathua (J&K)
Chamera-III	NHPC Limited, Village Dharwala, PO – 9, Distt. – Chamba, Himachal Pradesh – 176 311
Chutak	NHPC Limited, P.O. Minji, Distt. Kargil (Ladakh), J & K – 194 103
Teesta Low Dam Project – III	NHPC Limited, Rambh Bazar, P.O. Reang, Distt. Darjeeling (W.B.), PIN – 734 321
Nimmo Bazgo	NHPC Limited, ALCHI, Distt. Leh (Ladakh), J & K, PIN 194 101
Uri II	NHPC Office cum residential complex, Nowpora, Uri, Distt. Baramulla, (J & K), PIN 193 122
Parbati-III	NHPC Limited, Village Behali, P. O. Larji, Distt. Kullu (H.P.), PIN 175 122
TLDP-IV	NHPC Limited, Kalijhora, P.O. Kalijhora Bazar, Distt. Darjeeling (W.B.) PIN 734 320
Jaisalmer Wind Power Project	NHPC Limited, Village Lakhmana, District Jaisalmer, Rajasthan

**(xvi) Green Initiatives In Corporate Governance**

In line with the 'Green Initiative' since the last three years, the Company has effected electronic delivery of Notice of Annual General Meeting and Annual Report to those Members who's e-mail IDs were registered with the respective

Depository Participants and downloaded from the depositories viz. National Securities Depository Limited/Central Depository Services (India) Limited. The Companies Act, 2013 and the underlying rules as well as Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, permit the dissemination of financial statements and annual report in electronic mode to the Members.

**(xvii) Address for Correspondence:**

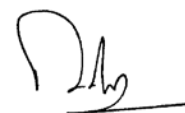
Shri Vijay Gupta, Compliance Officer,  
 5<sup>th</sup> Floor, Neer Shakti Sadan, NHPC Office Complex,  
 Sector – 33, Faridabad,  
 Haryana – 121 003  
 E-mail: companysecretary@nhpc.nic.in

The phone numbers and e-mail addresses for communication are given below:

	Telephone Number	Fax No.
Registered Office	0129-2588110	0129-2277941
Investor Relation Cell	0129-2250437	-
E-mail ID	investorcellnhpc@gmail.com	
Shri Anuj Kapoor, Chief Investor Relations Officer	0129-2270603	-
E-mail ID	anujkapoor@nhpc.nic.in	

As per Circular of the Securities and Exchange Board of India dated 22.01.2007, exclusive e-mail address for redressal of Investor Complaints is companysecretary@nhpc.nic.in

**For and on behalf of the Board of Directors**



**(Ratish Kumar)**  
**Chairman and Managing Director**  
**DIN 06852735**

**Date: 11<sup>th</sup> August, 2017**

**Place: Faridabad**

**ANNEXURE-A**

**Non-Mandatory Requirements:** Besides the mandatory requirements as mentioned in the preceding pages, the status of compliance with non-mandatory requirements of the SEBI (LODR) is as under:

- 1. The Board:** The Company is headed by Chairman and Managing Director. No Independent Director has been appointed for the period exceeding, in aggregate of 9 years, on the Board of the Company.
- 2. Shareholders' Rights:** A half-yearly declaration of financial performance, including a summary of significant events during the last six months is not sent individually to every shareholder. However, periodic financial results are made available on the Company's official website. Periodic financial results are published in the leading newspapers as mentioned under the heading 'means of communication' in this Report.
- 3. Audit Qualifications:** It is always company's endeavor to present unqualified financial statements.
- 4. Separate posts of Chairman and CEO:** The power to appoint Chairman & Managing Director vests with the President of India pursuant to Article 34 of the Articles of Association of the Company.
- 5. Reporting of Internal Auditor:** Shri Vijay Kumar, ED (Finance) is the Internal Auditor of the Company. As per organization structure of the Company, Shri Vijay Kumar is reporting to Director (Finance) of the Company.



**ANNEXURE-B**
**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) COMPLIANCE CERTIFICATION PURSUANT TO REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,  
**The Board of Directors,**  
**NHPC Limited,**  
**Faridabad**

- a. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2017 and that to the best of our knowledge and belief
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period ended 31<sup>st</sup> March, 2017 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee
  - i. significant changes in internal control over financial reporting during the year ended 31<sup>st</sup> March, 2017;
  - ii. significant changes in accounting policies during the year ended 31<sup>st</sup> March, 2017 and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

**(Mahesh Kumar Mittal)**  
**Director (Finance)**  
**DIN 02889021**  
**Place: New Delhi**  
**Date: 30<sup>th</sup> May, 2017**

Sd/-

**(K. M. SINGH)**  
**Chairman and Managing Director**  
**DIN: 02223301**

**Annexure-II**
**CERTIFICATE ON CORPORATE GOVERNANCE**

**The Members,**  
**NHPC Limited.**

We have examined the compliance of conditions of Corporate Governance by NHPC Limited for the year ended 31<sup>st</sup> March, 2017, as prescribed in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations, 2015') and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India ('DPE Guidelines').

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015 and DPE Guidelines **except Regulation 17(1) (b) of SEBI (LODR) Regulations, 2015 and Para 3.1.4 of the DPE Guidelines on Corporate Governance relating to the condition of at least half of the Board to comprise of Independent directors.**

We further state that such compliance certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **P. P. Agarwal & Co.**  
**Company Secretaries**  
 U. C. No. S2012DE174200

Sd/-

**Pramod P. Agarwal**  
 Prop.

Place: New Delhi  
 Date: 6<sup>th</sup> July, 2017

FCS No.: 4955  
 CoP. No.: 10566



*Senior officers of Ministry of Power and NHPC with documents after signing of Memorandum of Understanding (MOU) between NHPC and Ministry of Power, Government of India for the year 2017-18 at New Delhi on 20.06.2017.*

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Annexure-III

### 1. INDUSTRY STRUCTURE AND DEVELOPMENT

Electricity is one of the most critical components for the infrastructure development of a country, affecting economic growth and well-being of the people at large. India has witnessed a strong growth in power sector since independence. The total installed capacity of all the power stations of India as on 31.03.2017 was 3,26,848.53 MW with the contribution of 2,18,329.88 MW, 44,478.42 MW, 57,260.23 MW and 6,780 MW from Thermal, Hydro, Renewable Energy Sources and Nuclear power respectively<sup>1</sup>.

Hydro-electric power is one of the most widely used forms of energy. Our country is endowed with an enormous hydro power potential and ranks fifth in the world in terms of usable potential. Considering the growing need for power of the Country and technical superiority of Hydro-power, future of India's hydropower generation looks promising and the role of your Company prominent.

Your Company is a Miniratna Schedule –'A' Enterprise with an authorized share capital of ₹ 15,000 crore and investment base of over ₹ 52,300 crore. NHPC has developed power plants in the country to generate hydro power. During the Financial Year 2016-17, your Company had generated 23,275 MUs of electricity (including 18.2 MUs generation from Wind Power Project, Jaisalmer and deemed generation of 326.8 MUs from Chutak & Nimmo Bazgo Power Stations).

#### (i) Hydropower Potential in India

The re-assessment studies of hydro-electric potential of the country were completed by the Central Electricity Authority in 1987. According to the study, the hydro power potential in terms of installed capacity is estimated at 1,48,701 MW out of which 1,45,320 MW of the potential consists of hydro-electric schemes having installed capacity above 25 MW.

#### (ii) CERC Regulations

Central Electricity Regulatory Commission (CERC) issues various regulations from time to time for determination of tariff and dispatch of electricity under the provisions of Electricity Act, 2003. CERC has determined project-wise tariff for power stations of your Company under CERC (Terms & Condition) Regulations, 2014.

Your Directors are pleased to inform that the Company has submitted tariff petitions for all 19 hydro power stations for the period 2014-19, out of which tariff orders for 14 power stations and interim tariff orders for remaining 5 new power stations viz. Sewa-II, Chamara-III, Parbati-III, TLDP-III and TLDP-IV have been issued. The final tariff orders for these new power stations will be issued after the submission of Revised Cost Estimate (RCE) duly approved by Government of India. CERC has also issued orders relating to renovation & modernization of Bairasiul Power Station (3 X 60 MW), Himachal Pradesh.

<sup>1</sup> Source: Central Electricity Authority

CERC has recently notified that the generating companies are not required to file application for interim truing up for additional capital expenditure and such applications be filed at the end of tariff period only. However, the generating company may approach CERC for interim truing up only in those cases where the variation is more than 30% of the Annual Fixed Charges.

#### (iii) Strategic Diversification

NHPC is one of the India's leading hydro power generation company, having 15% of the total hydro installed capacity of the Country. It is also at the initial stages of development of renewable and thermal energy. During the year 2016-17, NHPC has commissioned its first 50 MW wind power project in Jaisalmer, Rajasthan and is also in the process of establishing a 50 MW Solar Power Project at Dindigul / Theni District of Tamilnadu.

NHPC has signed a Memorandum of Understanding (MoU) with Government of Kerala for the development of a 72 MW ( $\pm 10\%$ ) capacity of wind power project at Agali site, Palakkad District in the State of Kerala. Further, an in-principle allotment of 12.5 MW wind power plant in Andhra Pradesh has also been received.

### 2. SWOT ANALYSIS

#### (i) STRENGTHS

- **Established track record in implementing hydro-electric projects & experienced manpower**

Your Company possesses rich experience and expertise in implementation of hydro-electric projects. It has a competent and committed workforce. Its executives have extensive experience in the industry with capabilities and expertise in conceptualization, construction, commissioning and operation of hydro power projects. Their skills, industry knowledge and operating experience provides significant competitive advantage to the Company.

- **Capabilities from concept to commissioning including in-house design & engineering**

NHPC has a full-fledged design division dedicated to cater the design and engineering requirements of its projects. The in-house design team with extensive experience in hydro power sector, gives it an added advantage over other hydro power companies in providing support through consultancy assignments. Its engineering capabilities ranges from the stage of conceptualization till the commissioning of projects.

- **Extensive experience in construction and operation**

Over the years, Company has gained experience in the construction and operation of hydro power projects in remote/non-penetrative areas and geo-technically sensitive Himalayan terrain. Almost all of its projects are situated in remote hilly areas with

various challenges like logistical supply, climatic and technological hindrances. With its strong team of competent, efficient and experienced professionals, it is capable of executing all types and sizes of hydro-electric projects by overcoming such obstacles. Your Company has successfully managed to develop and implement 22 power stations including two through its subsidiary company i.e. NHDC Limited.

- **Strong financial position**

NHPC is a Mini-Ratna Schedule 'A' CPSE with an authorized share capital of ₹15,000 crore and an investment base of over ₹ 52,300 crore. Standard & Poor's (S&P) has assigned international rating of BBB-/Stable and Moody's has assigned international rating of Baa3 (both equivalent to sovereign rating of India). India Ratings and Research Pvt. Limited (A Fitch Group Company) has assigned IND AAA/Stable rating for domestic borrowings. The strong financial position of the Company makes it competent enough to execute capital intensive large hydro-electric power projects.

- **Strong operating performance**

Presently, your Company has 22 Power Stations with an aggregate installed capacity of 6,691 MW under operation (including 2 power stations of 1,520 MW of NHDC Limited-subsidiary company of NHPC Limited). During the Financial Year 2016-17, your Company added 130 MW to its capacity by commissioning of its first wind power plant of 50 MW at Jaisalmer, Rajasthan and two units of 40 MW each of TLDP-IV Power Station (4 X 40MW). Thus, NHPC with its fleet of power stations is a flagship company in hydro power sector in India.

## (ii) WEAKNESSES

- **Time and cost overruns**

Most hydro-electric projects are generally located in hilly terrain, which are at the receiving end of devastating natural calamities like landslides, hill slope collapses, roadblocks etc. These calamities cause severe setbacks in construction schedule. In spite of extensive survey and investigation, geological uncertainties may have to be tackled especially in long tunnels such as Head Race Tunnel. Your Company with its rich experience and expertise coupled with state-of-the art technology has overcome such surprises, many a times in the past. However, frequent occurrences of these surprises results in time and cost over-run.

- **Dependence on few contractors**

Construction of hydro-electric power project requires manpower, machinery and substantial investment of money. There are very few contractors in India who can deliver especially in remote and difficult locations consistently, where accessibility is a major issue. The limited range of contractors who are able to perform in the sector increases our dependency on few contractors.

- **Changing business scenario**

Market scenario is changing very fast in today's world. As such coping with the fast changing business scenario poses a challenge.

- **High initial cost/ tariff**

Hydro-electric power projects require long gestation period and are capital intensive requiring large initial investment, resulting in high initial tariff. Further, cash flow and results of operations are subject to changes in accordance to CERC's tariff regulations.

- **Diversification to solar energy**

Company is having limited experience in solar energy and requires extensive land in plain areas, acquisition of which is difficult.

## (iii) OPPORTUNITIES

- **Untapped Hydro Potential**

The deteriorating hydro-thermal mix, increase in peaking shortages and frequency variations, have forced policy makers to turn their attention towards development of hydro power. India's huge untapped hydro potential, especially in the north eastern region, provides opportunity for hydro power development. Your Company has an opportunity for adding to its capacity, the untapped hydro potential in coming years.

- **NHPC's continued ability to complete the hydro projects**

The strength shown by NHPC over the years in its ability to complete the projects where most of other Companies have been generally failing, is a beacon of hope in the hydro sector. As a result, NHPC's forte in hydro projects construction is creating new space for its growth in the future.

- **Grid Balancing Requirement**

Government of India's present initiative for extensive renewable energy development particularly large scale development of solar power, hydro power would be required for grid balancing/stability. The present scenario would create opportunities for your Company to develop hydro power.

- **Diversification**

Your Company is exploring new opportunities for diversification to other areas of generation of power namely Thermal, Wind, Solar etc. Government of India has set a target for capacity addition of 1,75,000 MW in 5 years' time. Renewable energy and pumped storage schemes have immense opportunities for the development.

## (iv) THREATS

- **Complicated and time consuming clearance process**

Stringent norms and procedures for getting environment clearance, forest clearance and



clearance from National Board for Wild Life (wherever applicable) leads to delay in obtaining clearance of projects, which may affect its capacity addition programme. The process of land acquisition for infrastructure works, as well as for project's components including submergence is time consuming. As water is a state subject under the Constitution of India, many hydro-electric projects were delayed or abandoned because of inter-state water disputes. Likewise, the projects/power stations located near to international borders quite often become a point of reference for international disputes.

- **Law & order**

Some of the projects/power stations of your Company are located at sensitive border areas and at remote locations, which are witnessing law & order problem. Officials posted at those locations are prone to security threats.

- **Opposition to Hydro-power Projects**

Hydro-power Projects in India are also facing opposition by certain pressure groups. This has created an apprehension amongst the hydro developers as some of their projects are getting stalled on this account.

- **Rehabilitation & resettlement issues**

The resettlement and rehabilitation implementation process in a project relating to submergence area of Dam gets delayed due to differences over compensation package.

- **State hydro policies restricting entry of PSUs**

Several State hydro policies favours for payment of upfront premium, free power over & above the required free power etc. for allocation of hydro power projects to the developers. CPSUs are facing difficulties in getting these hydro projects, as they have to follow the norms of Govt. of India.

- **Difficulties in entering into Power Purchase Agreements (PPAs)**

The tariff for new hydro-electric projects is relatively higher due to high initial investment and is site specific. Beneficiaries prefer to purchase their additional power requirement on short term basis through power exchange or e-procurement rather than opting for long term/medium term PPAs. As such sale of energy from projects having higher tariff is getting difficult, in present day's power trading scenario. Due to above reasons, your Company is facing difficulties in dispatch of power from new projects through long term PPAs.

### 3. RISKS AND CONCERNS

Your Company has a well-defined risk management policy to provide overall framework for the risk management in the Company. In line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Board level Risk Management Committee has been constituted. The role of Risk Management Committee is to assist the Board in management of key risks, as well as aligning the strategic objectives with the organization's operations to achieve the intended outcomes. Risk Management Committee further ensures that appropriate systems are in place to manage the identified risks, so that organization's assets are suitably protected.

In order to achieve the above objectives, Risk Management Committee is assisted by Risk Assessment Committee comprising of Chief Risk Officer and other heads of key departments/regions who are of the level of Executive Directors. Risk Assessment Committee identifies the key risks, suggest mitigation measures and monitor/supervise the implementation of risk management policy. The heads of departments/ regions/ projects/ power stations implement and review the directions issued by Risk Assessment Committee on the identified risks and their mitigation measures.

Some of the key risks being faced by the Company, their impact and corresponding strategies undertaken for mitigation are discussed at [Table 1](#).

**Table 1: Key risks, their impact and corresponding strategies**

Risk description	Mitigation measures
Uncertain geological conditions could result in delays in project commissioning, time and cost overruns arising due to events such as disruptions in tunneling activity and difficult working conditions.	<ul style="list-style-type: none"> <li>• Detailed surveys/studies are being carried out by competent personnel/ consultants during the investigation stage, to address geological challenges anticipated while assessing the feasibility of project.</li> <li>• Comprehensive analysis is being carried out to ascertain the causes of adverse geological events and their resolutions.</li> </ul>
Delay in start of construction due to lack of adequate / timely clearances / approvals from the respective Ministries / Departments.	<ul style="list-style-type: none"> <li>• Various State Government departments such as environment and forests, which causes most of the delays are being sensitized about various issues relating to the project.</li> </ul>
Non-realization of outstanding dues from the beneficiaries.	<ul style="list-style-type: none"> <li>• Adequate penalty clauses are being incorporated in the ensuing Power Purchase Agreements.</li> </ul>



Risk description	Mitigation measures
Lack of investments for financing projects due to high gestation period of projects and lower returns.	<ul style="list-style-type: none"> <li>Availability of long-term finance at low cost from international sources, including Export Credit Agencies (ECAs) and through the use of credit enhancement mechanisms, such as the World Bank partial risk and partial credit guarantees are being tied up.</li> </ul>
Abandoning of projects midway due to: (i) Change in Government regulations (ii) Change in Government policies. (iii) Change in Government directives.	<ul style="list-style-type: none"> <li>Proactive liaisoning is being done with State Government Departments / Ministries through Relationship Management Committees.</li> </ul>
Delays in acquisition of land for various locations of the project such as Dam, power house, switch yard etc.	<ul style="list-style-type: none"> <li>Proactive liaisoning is being done with State Government departments through the Relationship Management Committee for land acquisition.</li> <li>Effective implementation of rehabilitation &amp; resettlement policies of NHPC and State Governments is ensured.</li> </ul>
Time and cost overrun due to unanticipated regulatory changes by Central/ State Government.	<ul style="list-style-type: none"> <li>Proactive liaisoning is being done with Central/ State Government to ensure that discussions take place prior to such regulatory changes.</li> </ul>
Non-adherence to CERC guidelines for tariff petition may lead to financial implications.	<ul style="list-style-type: none"> <li>The commercial team is ensuring that the tariff petitions are filed as per the CERC guidelines.</li> <li>The tariffs are internally reviewed at different levels to ensure that they are in line with the CERC guidelines.</li> </ul>

#### 4. OUTLOOK

Your Company has taken some very effective steps for its capacity addition to meet the annual demand for power and growth. It has adopted new technologies in the areas of Electrical and Civil Engineering for improvement in planning and investigation which will reduce delays in construction and problems of siltation.

Your Company has standalone installed capacity of 5,171 MW and is looking for expansion through diversification. During the Financial Year 2016-17, NHPC has commissioned its first wind power project of 50 MW in Jaisalmer, Rajasthan. In addition to above, NHPC is also in the process of establishing Solar and Wind Power Project in the State of Tamilnadu and Andhra Pradesh respectively.

#### 5. SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

Generation of electricity is the principal business activity of the Company. Other operations viz., contracts, project management and consultancy works do not form a reportable segment as per the Ind AS – 108 on “operating segment”. The Company is having a single geographical segment as all its power stations are located within the Country.

#### 6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an in-house internal audit department headed by a senior officer. The Board has appointed Shri Vijay Kumar, Executive Director (Finance) as the Internal

Auditor of the Company. The department has qualified and experienced workforce to carry out audit periodically as well as special audits.

The internal audit department reviews and evaluates the adequacy and effectiveness of internal control system through regular audits, system reviews and provides assurance for the compliance of delegation of powers, internal policies and procedures of the Company. Adequate internal control measures are in the form of various codes, manuals and procedures issued by the management covering all critical and important activities. A summary of audit observations and action taken reports are being submitted to Audit Committee and recommendations of it are duly complied with.

In compliance to Section 134 of the Companies Act, 2013, M/s Arora & Choudhary Associates were appointed for providing independent assurance on implementation of internal financial control in the Company for the Financial Year 2016-17. The firm in its report has acknowledged the effectiveness of prevailing internal control system in the Company.

#### 7. FINANCIAL DISCUSSION AND ANALYSIS

##### (i) RESULTS OF OPERATIONS

The financial statements for the period ended 31<sup>st</sup> March, 2017 has been prepared in accordance with the provisions of Ind-AS. While preparing these financial statements, the Company has also prepared the opening Ind-AS Balance Sheet as at 1<sup>st</sup> April, 2015 (the date of

transition to Ind-AS). Further, previous period financial statement for the period ended 31<sup>st</sup> March, 2016 have also been restated in accordance with Ind-AS provisions to make them comparable.

A detailed analysis of the Audited Financial Results of the Company for the Fiscal 2017 vis-à-vis Fiscal 2016 is given at **Table 2:-**

## Income

**Table 2: Income**

	(₹ in crore)	
	Fiscal 2017	Fiscal 2016
<b>Units of electricity generated (in million units)</b>	23275	23683
<b>Income</b>		
Gross sales of Energy	7,262.69	7,348.05
Less: Sales recognised as Income from operating lease	522.59	347.94
Less: Sales recognised as Income from Finance lease	206.35	213.20
Less: Sales recognised as lease receivable	123.23	82.34
Sales of Energy	6,410.52	6,704.57
Add: Income from Finance Lease	206.35	213.20
Add: Income from Operating Lease	522.59	347.94
Add: Revenue from Contracts, Project Management and Consultancy Works	52.07	34.22
Add: Other operating income	79.64	53.07
Revenue from operations	7,271.17	7,353.00
Add: Other Income	1,458.67	992.07
<b>Total</b>	<b>8,729.84</b>	<b>8,345.07</b>

The other operating income consists of Interest from Beneficiaries. Total income in Fiscal 2017 increased by 4.61% to ₹ 8,729.84 crore from ₹ 8,345.07 crore in Fiscal 2016, primarily due to increase in Late Payment Surcharge, increase in Interest from Beneficiary States, finalisation of Tariff in respect of some of the Power Stations for 2014-19 period, increase in incentives, increase in Dividend Income from Subsidiaries and increase in Operating Lease Income partially offset by decrease in interest on Fixed Deposits.

## Tariff

The charges for electricity are determined Power Station wise by the Central Electricity Regulatory Commission (CERC). The CERC vide its notification no. L-1/144/2013/ CERC dated 21<sup>st</sup> February, 2014 has issued Tariff Regulations for the tariff period 2014-19 and subsequent amendments from time to time.

Tariff is determined by reference to Annual Fixed Charges (AFC) in pursuance to notified regulations for the tariff period 2014-19, which comprises Return on Equity (ROE), Depreciation, Interest on Loan, Interest on Working Capital and Operation & Maintenance Expenses. ROE is grossed-up with reference to effective income tax rate, so as to recover income tax incidence. Recovery of capacity charges is dependent on the actual availability of machines for generating power. Capacity is determined with reference to the Normative Annual Plant Availability Factor (NAPAF) which has been prescribed for each power station based on the nature of the power station.

Incentives are given on achievement of Plant Availability Factor (PAF) greater than NAPAF as well as for generation of energy in excess of the design energy of the plant.

## Sale of Energy

Electricity is sold to bulk customers comprising, mainly of electricity utilities owned by State Governments/Private Distribution Companies pursuant to long-term Power Purchase Agreements. Central Electricity Regulatory Commission (CERC) Tariff notification for the period 2014-19 has been notified vide notification no. L-1/144/2013/ CERC dated 21<sup>st</sup> Feb. 2014. Pending approval of tariff for the period 2014-19 by Central Electricity Regulatory Commission (CERC), sales in respect of some of the Power Stations have been recognized provisionally as per tariff notified by CERC for the period 2009-14 and taking into account provision for truing up of capital cost of the Power Stations in line with CERC tariff regulations 2014.

The said regulations *inter-alia* provides that, for the purpose of filing of tariff petitions, the Return on Equity (ROE), a component of tariff, is to be grossed-up using effective tax rate of the respective Financial Year. For the purpose of recognizing Sales, ROE has been grossed up using effective tax rate for Financial Year 2016-17.

The sales also includes charges for deviation in generation with respect to schedule (payable or receivable) at rates linked to frequency prescribed in the CERC regulation to bring grid discipline, re-imbursement on account of Foreign Exchange Rate Variation (FERV) and reimbursement on account of Water Cess in respect of power stations situated in state of Jammu & Kashmir.

In Fiscal 2017, 23,275 MUs of electricity was generated from installed capacity of 5,171 MW as against 23,683 MUs from installed capacity of 5,041 MW in Fiscal 2016. Accordingly there was a decrease of 1.72% in the number of units generated. The average selling price (after adjustment of components of earlier year sales and free power to home state) was ₹ 3.56 per unit for 19,763 million units sold in Fiscal 2017 as against ₹ 3.56 per unit for 19,999 million units sold in Fiscal 2016.

Sale of energy decreased by 1.74% to ₹ 7,139.46 crore in Fiscal 2017 from ₹ 7,265.71 crore in Fiscal 2016 primarily due to less generation in Power Stations. Company's Plant Availability Factor (PAF) in Fiscal 2017 was 82.68% as compared to 81.60% in Fiscal 2016.

### Adjusted Sales of Energy

The revenue from sales of energy includes sales pertaining to earlier years but recognised in current year and excludes the sales of energy through five Power Stations, whose sale is now considered as Operating/ Finance Lease in terms of Ind-AS Provisions.

As per CERC Tariff Regulations, Exchange Rate Variation on interest payments and Loan repayments corresponding to the normative loans considered for tariff of stations/units is payable/recoverable to/from the beneficiaries on repayment of the loans and interest thereon. Pursuant to the opinion of Expert Advisory Committee of the ICAI, Foreign Exchange Rate Variation on restatement of foreign currency loans as at the Balance Sheet date, payable/recoverable to/from customers later-on on actual settlement, is accounted for by creating a deferred liability/asset in the accounts instead of adjusting the same in the statement of Profit & Loss.

For the purpose of year to year comparison, the impact of earlier year sales has been excluded from sales of energy in order to arrive at the adjusted sales of energy.

The revenue from sales of energy after such adjustments is given at **Table 3**:

**Table 3: Revenue from sales of energy after adjustments**

(₹ in crore)

	Fiscal 2017	Fiscal 2016
<b>Sales of Energy</b>	6,410.52	6,704.57
Add: Income from Finance Lease	206.35	213.20
Add: Income from Operating Lease	522.59	347.94
Net Sales (including lease income)	7,139.46	7,265.71
Less: Earlier year sales	105.87	140.01
Adjusted Sales of Energy	7,033.59	7,125.70

### Revenue from Contracts, Project Management and Consultancy Works

The revenue under this head includes revenue from assignments pertaining to Construction Contracts, Project Management & Consultancy Contracts. These assignments primarily include consultancy assignments in respect of Teesta Urja, Mangdechu Project of Royal Govt. of Bhutan, Kuri Gongri Bhutan, Chenab Valley Power Projects, Loktak Downstream Hydroelectric Corporation Limited, Rural Road and Rural Electrification Works. The income from contracts, project management and consultancy works increased by 52.16% from ₹ 34.22 crore in Fiscal 2016 to ₹ 52.07 crore in Fiscal 2017 due to increased activities in Fiscal 2017.

### Other Income

Other income in Fiscal 2017 was ₹ 1,458.67 crore i.e. an increase of 47.03% as against ₹ 992.07 crore in Fiscal 2016. Major components of Other Income are placed and discussed at **Table 4**:

**Table 4: Other Income**

(₹ in crore)

Other Income	Fiscal 2017	Fiscal 2016
Interest on securitised power bonds/long term advances/ Loan to Govt. of Arunachal Pradesh	43.63	58.57
Interest on Term Deposit	418.62	523.90
Dividend (mainly from NHDC-a Subsidiary Co.)	207.49	120.93
Late Payment Surcharge	526.75	24.07
Realisation from Insurance Company towards loss due to Business Interruption	111.80	89.99
Liability/ Provisions not required written back	44.87	41.53
Other miscellaneous income	105.51	133.08
<b>Total</b>	<b>1,458.67</b>	<b>992.07</b>

Interest on Term Deposit has decreased to ₹ 418.62 crore during Fiscal 2017 as against ₹ 523.90 crore during Fiscal 2016 due to reduction in surplus cash invested during the year for funding of Buy Back of Shares and higher Interim Dividend paid.

During Fiscal 2017, ₹ 207.49 crore was earned as Dividend from investments, mainly in subsidiary company (NHDC Ltd.), as against ₹ 120.93 crore during Fiscal 2016.

During Fiscal 2017, ₹ 440.32 crore received as arrears of late payment surcharge from one of the beneficiaries.

### Expenditure

**Table 5: Expenditure**

(₹ in crore)

Expenditure	Fiscal 2017	Fiscal 2016
Generation, Administration and Other Expenses	1,184.29	1,354.83
Water Cess	748.40	771.11
Employees ' Benefits Expense	1,574.92	1,158.36
Finance Cost	1,073.22	1,072.10
Depreciation & Amortization	1,388.40	1,359.07
<b>Total Expenditure</b>	<b>5,969.23</b>	<b>5,715.47</b>

Total expenditure increased by 4.44% to ₹ 5,969.23 crore in Fiscal 2017 from ₹ 5,715.47 crore in Fiscal 2016

mainly due to increase in Employees' Benefit Expense by ₹ 416.56 crore, Depreciation & Amortization by ₹ 29.33 crore partially offset by decrease in Generation Administration & Other Expenses by ₹170.54 crore, decrease in Water Cess by ₹ 22.71 crore. Our total expenditure as a percentage of total income was 68.38% in Fiscal 2017 as compared to 68.49% in Fiscal 2016.

#### **Generation, Administration and Other Expenses (excluding Water Cess)**

Generation, Administration and other expenses consist primarily of Repair & Maintenance of Buildings and Plant & Machinery, Security Expenses, Insurance Expenses, Electricity Charges, CSR, Other Administrative Overheads, Provisions etc. These expenses represent approximately 19.84% of the total expenditure in Fiscal 2017 as against 23.70% in Fiscal 2016. In absolute terms, these expenses decreased approximately by 12.59% to ₹ 1,184.29 crore in Fiscal 2017 from ₹ 1,354.83 crore in Fiscal 2016. The decrease of ₹170.54 crore in Generation, Administration and other expenses is primarily due to first time charging off of upto date expenditure incurred on Survey & Investigation of Kotlibhel IA and Bursar projects in Fiscal 2016, increase in expenditure on Repairs & Maintenance of Machinery & others at Power Stations, Security Expenses, Insurance Expenses, Interest to beneficiary states and expenditure on CSR activities etc. offset by decrease in rates & taxes, electricity expenses which were higher in Fiscal 2016.

In terms of expenses per unit of saleable energy, it has decreased to ₹ 0.60 in Fiscal 2017 as against ₹ 0.68 in Fiscal 2016.

#### **Water Cess**

Water Cess has decreased to ₹ 748.40 crore during Fiscal 2017 from ₹ 771.11 crore during Fiscal 2016 mainly on account of decreased power generation at Nimoo-Bazgo, Dulhasti, Salal, Sewa-II and Uri-I Power Stations.

#### **Employees' Benefits Expenses**

Employee benefit expenses include Salaries and Wages, Allowances, Incentives, Contribution to Provident Fund, contribution to Employees Defined Contribution Superannuation Scheme and expenses related to other employee welfare funds. These expenses account for 26.38% of our total expenditure in Fiscal 2017 as against 20.27% in Fiscal 2016. In absolute terms, the employee costs has increased by ₹ 416.56 crore in Fiscal 2017 mainly due to provisioning towards expected hike in Pay & Allowances and gratuity based on 3<sup>rd</sup> Pay Revision Committee, change in methodology for allocation of Corporate Office Management Expenses and Capitalisation of Teesta Low Dam - IV Power Station (TLDP-IV) & Wind Power Project Jaisalmer (WPPJ) during the year.

There were 8009 employees on the payroll as of 31<sup>st</sup> March, 2017, compared to 8654 employees as of

31<sup>st</sup> March, 2016. Of this, 4681 and 4981 employees were engaged in Operation & Maintenance areas of our business during Fiscal 2017 & 2016 respectively. Employee Benefit expenses increased by 35.96% to ₹ 1,574.92 crore in Fiscal 2017 from ₹ 1,158.36 crore in Fiscal 2016.

As a percentage of total income, employees' benefits expenses increased to 18.04% in Fiscal 2017 from 13.88% in Fiscal 2016.

#### **Depreciation & Amortization**

As per accounting policy of the Company, Depreciation is charged to the extent of 90% of the Cost of Assets following the rates and methodology notified by CERC vide notification dated 21.02.2014 on straight line method, except for some items on which depreciation is charged to the extent of 95% of the costs of the assets and at the rates derived as per Companies Act, 2013.

Depreciation cost increased by 2.16% to ₹ 1388.40 crore in Fiscal 2017 from ₹ 1359.07 crore in Fiscal 2016. The increase in Depreciation Expenses is primarily due to full year commissioning of Teesta Low Dam-IV and Wind Power Project, Jaisalmer during Fiscal 2017 and additional capitalization at power stations partially offset by decrease in respect of Chamara-II Power Station on application of methodology on completion of 12 years of power station as per CERC Regulations.

As a percentage of total income, depreciation decreased to 15.90% in Fiscal 2017 from 16.29% in Fiscal 2016.

#### **Finance Costs**

'Finance costs' consist of interest expense on bonds and term loans. In books of accounts, borrowings are denominated in Indian Rupees, including amount raised in foreign currencies, primarily Japanese Yen and Canadian Dollars. We also incur expenses on account of Guarantee Fees in connection with loans raised from Foreign Market.

Finance Cost increased by 0.10% to ₹ 1,073.22 crore in Fiscal 2017 from ₹ 1,072.10 crore in Fiscal 2016. The increase in Finance Cost is due to full year commissioning of Teesta Low Dam - IV Power Station (TLDP-IV) during Fiscal 2017 partially offset by decrease in interest on term loans due to repayment of loans and shifting of loans from higher rate of interest to lower rate of interest.

#### **Movements in Regulatory Deferral Account Balances (Regulatory Income)**

In line with the Guidance Note on "Accounting for Rate Regulated Activities" issued by the Institute of Chartered Accountants of India (ICAI) as well as keeping in view the provision of Ind AS 114 – Regulatory Deferral Accounts, 'Regulatory Assets' has been created and corresponding 'Regulatory Income' has been recognized for ₹ 713.99 crore against the borrowing cost and administrative and other cost incurred on Subansiri

Lower Project during the current Financial Year for ₹ 516.70 crore, provision created against wage revision due w.e.f. 01.01.2017 for ₹ 199.78 crore and Exchange Differences against monetary Items for ₹ (2.49) crore which have been charged to the Statement of Profit & Loss as per the relevant Accounting Standard. Rate regulated income is recognised in the books of accounts for the F.Y. 2016-17 on account of below mentioned three factors :

**(i) Creation of Regulatory Deferral Account balances against expenses incurred at Subansiri Lower Project**

Work at Subansiri Lower interrupted since 16.12.2011 is yet to resume. Impact on Income & Expenditure heads, due to non-capitalization of borrowing cost and administrative and other expense incurred/income earned in respect of this Project for Financial Year 2016-17 is given at **Table 6**:

**Table 6**

(₹ in crore)

Sr. No.	Particulars	Financial Year 2016-17
i)	Other Income	26.99
<b>A</b>	<b>Total Income</b>	<b>26.99</b>
i)	Generation, Administration and Other Expenses	78.68
ii)	Employee Benefits	92.74
iii)	Finance Cost	365.32
iv)	Depreciation & Amortisation Expenses	6.96
<b>B</b>	<b>Total Expenses</b>	<b>543.70</b>
<b>C</b>	<b>Profit Before Tax (A-B)</b>	<b>(516.71)</b>

**(ii) Creation of Regulatory Deferral Account balances in respect of expenditure recognised due to recommendations of 3<sup>rd</sup> PRC for Pay Revision of CPSUs**

Rate Regulated Income has also been created in respect of the items of expenditure arising due to pay revision w.e.f. 01.01.2017 in respect of Power Stations to the extent allowable as per Ind AS 114 read with Guidance Note of ICAI on Rate Regulated Activities and CERC Tariff Regulations 2014-19.

Accordingly, the Company has created regulatory assets for ₹ 199.78 crore towards expenses pertaining to wage revision as given at **Table 7:-**

**Table 7**

(₹ in crore)

Sr. No.	Particulars	Financial Year 2016-17
i)	Towards Expenses booked through Statement of Profit & Loss	199.78
	<b>Total</b>	<b>199.78</b>

**(iii) Regulatory Deferral Account balances in respect of exchange differences on Foreign Currency Monetary items**

Exchange differences arising on translation/ settlement of foreign currency monetary items to the extent charged to the Statement of Profit & Loss and further recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are being recognized as 'Regulatory Deferral Account balances' w.e.f. 01.04.2016. These balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries after Date of Commercial Operation (COD) of the Project.

Accordingly, the Company has created regulatory assets for ₹ (2.50) crore payable to beneficiaries in future periods.

**Profit before Tax (including Rate Regulated Income)**

Due to the reasons outlined above, our profit before tax increased by 9.25% to ₹ 3,474.60 crore in Fiscal 2017 from ₹ 3,180.50 crore in Fiscal 2016.

**Tax Expenses**

In Fiscal 2017, we provided ₹ 679.01 crore for tax expenses as compared to ₹ 750.61 crore in Fiscal 2016. The decrease in tax expenses in Fiscal 2017 is on account of decrease in current year taxes by ₹ 38.41 crore and decrease in earlier year tax adjustments by ₹ 93.32 crore which is partially offset by increase in deferred tax by ₹ 60.13 crore.

**Other Comprehensive Income (OCI)**

Other Comprehensive Income (OCI) which comprises Re-measurements of defined benefit plan and Fair value gain/loss in Equity & Debt Instruments in Fiscal 2017 was ₹ 7.67 crore i.e. an increase of 136.73% as against ₹ 3.24 crore in Fiscal 2016.

**Total Comprehensive Income (TCI)**

Total Comprehensive Income (TCI) i.e. total profit inclusive of OCI in Fiscal 2017 was ₹ 2,803.26 crore i.e. an increase of 15.21% as against ₹ 2,433.13 crore in Fiscal 2016.

**(ii) LIQUIDITY AND CAPITAL RESOURCES**

**Liquidity**

Both internal and external sources of liquidity are utilised for Working Capital requirement and funding of capital expenditure requirements. Generally long term borrowings are raised through term loans from banks/ financial institutions or issue of bonds either in Indian Rupees or foreign currencies. Cash and cash equivalents were ₹ 59.89 crore and ₹ 1,194.39 crore as of 31<sup>st</sup> March, 2017 and 2016 respectively, out of which ₹ 7.74 crore and ₹ 32.48 crore as of 31<sup>st</sup> March, 2017 and 2016 respectively were held for Rural Road and Rural Electrification works being executed by Company on behalf of other agencies, which were not freely available for the business of the Company.



## Cash Flows

**Table 8: Cash Flows**

(₹ in crore)

	Fiscal 2017	Fiscal 2016
Net cash inflow/(outflow) from operating activities	8,145.34	4,900.02
Net cash inflow/(outflow) from investing activities	(1,430.10)	(799.35)
Net cash inflow/(outflow) from financing activities	(7,849.74)	(3,091.97)

### Net Cash from Operations

In Fiscal 2017, the net cash from operating activities was ₹ 8,145.34 crore and Profit before Tax and after exceptional items was ₹ 2,760.61 crore. Net cash from operating activities has been arrived at after adjusting non-cash items mainly depreciation of ₹ 1,388.40 crore, interest expenses of ₹ 1,073.22 crore, ₹ 341.71 crore on account of expenditure towards Regulatory Deferral Account Balance, ₹ 119.68 crore towards provisions, ₹ 94.83 crore on account of tariff adjustment, ₹ 51.81 crore towards sales adjustment on a/c of FERV, ₹ 60.68 crore for deferred revenue on account of advance against depreciation, ₹ 44.92 crore on account of provisions/liabilities not required written back, ₹ 207.49 crore on account of dividend income, ₹ 4.05 crore towards exchange rate variation, ₹ 512.72 crore towards interest earned on Deposits/Investments and other non-operating items. Changes in Operating Assets & Liabilities had impact of cash inflow by ₹ 3,911.54 crore, which was due to the net effect of change in Inventories, Trade Receivables, Other Financial Assets, Loans and Advances and other Payables.

The net cash from operating activities was ₹ 4,900.02 crore in Fiscal 2016. We had net Profit Before Tax and after exceptional items of ₹ 2,629.60 crore in Fiscal 2016. Our net cash from operating activities had been arrived at after adjusting non-cash items mainly depreciation of ₹ 1359.07 crore, interest expenses of ₹ 1,072.10 crore, ₹ 390.94 crore towards provisions, ₹ 147.04 crore on account of expenditure towards regulatory deferral account balance, ₹ 109.78 crore on account of tariff adjustment, ₹ 64.65 crore towards sales adjustment on a/c of FERV, ₹ 50.17 crore for deferred revenue on account of advance against depreciation, ₹ 41.53 crore on account of provisions/liabilities not required written back, ₹ 120.93 crore on account of dividend income, ₹ 1.14 crore towards exchange rate variation, ₹ 603.77 crore towards interest earned on Deposits/Investments and other non-operating items. Changes in Operating Assets & Liabilities had impact of cash inflow by ₹ 619.81 crore, which was due to the net effect of change in Inventories, Trade Receivables, Other Financial Assets, Loans & Advances and other payables.

### Net Cash from Investing Activities

Our net cash used in investing activities was ₹ 1430.10 crore in Fiscal 2017. This mainly reflected expenditure on

Fixed Assets of ₹ 1496.41 crore, ₹ 341.71 crore towards regulatory deferral account balance and ₹ 365.72 crore towards Investments/Bonds partly offset by interest income on Deposits/Investments by ₹ 566.25 crore and an amount of ₹ 207.49 crore towards dividend income.

Our net cash used in investing activities was ₹ 799.35 crore in Fiscal 2016. This mainly reflected expenditure on Fixed Assets of ₹ 2061.40 crore, ₹ 147.04 crore towards Regulatory Deferral Account Balance partially offset by realization from Investments/Bonds by ₹ 651.01 crore and interest income on Deposits/Investments by ₹ 637.15 crore and an amount of ₹ 120.93 crore towards dividend income.

### Net Cash from Financing Activities

In Fiscal 2017, our net cash outflow on financing activities was ₹ 7,849.74 crore. We raised ₹ 2,502 crore from fresh domestic term loans & bonds and borrowings to the tune of ₹ 3,338.37 crore were repaid. Our cash outflow on account of buyback of equity shares was to the tune of ₹ 2,625.93 crore. The amount related to debt servicing was ₹ 1,391.09 crore. In Fiscal 2017, final dividend (including dividend tax) for Fiscal 2016 and interim dividend (including dividend tax) for Fiscal 2017 amounting to ₹ 731.19 crore and ₹ 2,265.16 crore respectively were paid.

In Fiscal 2016, our net cash outflow on financing activities was ₹ 3,091.97 crore. We raised ₹ 1,774.92 crore from fresh domestic term loans & bonds and borrowings to the tune of ₹ 1,671.09 crore were repaid. The amount related to debt servicing was ₹ 1,461.06 crore. In Fiscal 2016, we paid final dividend (including dividend tax) of ₹ 508.90 crore for Fiscal 2015 and Interim dividend for fiscal 2016 (including dividend tax) of ₹ 1,225.84 crore.

## (iii) BALANCE SHEET ITEMS

### Balance Sheet Highlights

#### Assets

**Table 9: Assets**

(₹ in crore)

Particulars	As of 31 <sup>st</sup> March	
	2017	2016
<b>Non-Current Assets</b>		
Net Fixed assets	38,327.34	37,882.61
Non-current Investments	2,100.32	1,683.01
Long-term loans and advances	360.96	342.60
Other Financial Assets	1,863.83	1,909.47
Non-current tax assets	73.68	65.78
Other non-current assets	1,125.74	1,327.45
<b>Current Assets</b>		
Current Investments	-	1.13
Inventories	91.64	84.00
Trade Receivables	1,492.90	1,554.44

Particulars	As of 31 <sup>st</sup> March	
	2017	2016
Cash & Bank Balances	1,533.14	5,876.75
Short Term Loans and Advances	26.88	58.33
Other Financial Assets	1,858.25	2,150.32
Current tax assets	55.93	-
Other Current Assets	492.17	279.55
<b>Total Assets</b>	<b>49,402.78</b>	<b>53,215.44</b>
Regulatory Deferral Account Debit Balances	2,904.32	2,181.28
<b>Total Assets and Regulatory Deferral Account Debit Balances</b>	<b>52,307.10</b>	<b>55,396.72</b>

### Financial Condition

#### Net worth

The net worth of the Company at the end of Fiscal 2017 decreased to ₹ 26,942.13 crore from ₹ 29,761.15 crore in the previous Fiscal registering a decrease of 9.47% mainly due to buy back of Shares and higher interim dividend paid during the year.

#### Net Fixed Assets

Our fixed assets consist of Land, Dams, Tunnels, Buildings, including Power House Buildings, Construction Equipments, Plant & Machinery, Office Equipment, Computers and Intangible Assets etc. Our Fixed Assets after Depreciation, defined as net Fixed Assets, were ₹ 38,327.34 crore and ₹ 37,882.61 crore as of 31<sup>st</sup> March, 2017 and 2016 respectively.

#### Investments (Current & Non-Current)

Investments are intended for long term and carried at cost which consist of Equity investments in Subsidiaries/ Joint Venture Companies, Govt. Securities & Bonds. Current maturities of long term investments are depicted separately under Current Assets. Our total investment was ₹ 2,100.32 crore and ₹ 1,684.14 crore as of 31<sup>st</sup> March, 2017 and 2016 respectively.

The increase in Investment is the net effect of increase in fair value of investment in equity and increase in investment in our Joint Venture Companies.

#### Loans (Current & Non-Current)

Loans include loans to our employees and to Govt. of Arunachal Pradesh. Loans as of 31<sup>st</sup> March, 2017 and of 31<sup>st</sup> March, 2016 were ₹ 387.84 crore and ₹ 400.93 crore respectively i.e. there is a decrease of 3.26 % over figures of previous Fiscal.

#### Other Financial Assets (Current & Non-Current)

The other financial assets as at 31<sup>st</sup> March, 2017 stood at ₹ 3,722.08 crore against ₹ 4,059.79 crore for the previous fiscal. i.e. there is a decrease of 8.32% over figures of previous Fiscal. Other Financial Assets include Lease rent receivable, interest accrued on loan to Government of Arunachal Pradesh, Interest income

accrued on Bank Deposits, claim recoverable from different agencies, Receivable from Subsidiaries/JVs, Receivable on account of unbilled revenue.

The decrease of 8.32% in Fiscal 2017 as compared to the figures in Fiscal 2016 is mainly due to decrease in Lease rent receivable, Interest income accrued on Bank Deposits and Receivable from Subsidiaries/JVs.

#### Tax Assets (Current & Non-Current)

Tax assets as of 31<sup>st</sup> March, 2017 and 2016 were ₹ 129.61 crore and ₹ 65.78 crore respectively i.e. there is an increase of 97.04 % over figures of previous Fiscal. Tax Assets include Advance Income Tax & Tax Deducted at Source.

#### Other Non-Current Assets

Other non-current assets mainly comprise deferred foreign currency fluctuation assets and capital advances. Our other non-current assets as of 31<sup>st</sup> March, 2017 and 2016 were ₹ 1,125.74 crore and ₹ 1,327.45 crore respectively. The decrease of 15.20% in Fiscal 2017 as compared to the figures in Fiscal 2016 is mainly due to decrease in capital advances and decrease in deferred foreign currency fluctuation assets.

#### Inventories

Inventories are valued at cost or Net Realisable Value whichever is lower. Our inventories were valued at ₹ 91.64 crore and ₹ 84.00 crore as of 31<sup>st</sup> March, 2017 and 2016 respectively.

#### Trade Receivables

These consist primarily of receivables against the sale of electricity excluding unbilled revenue. The Trade receivables (net of provision for doubtful debts) as of 31<sup>st</sup> March, 2017 and 2016 were ₹ 1,492.90 crore and ₹ 1,554.44 crore respectively. Decrease of 3.96% in trade receivables in Fiscal 2017 as compared to Fiscal 2016 is due to realisation of outstanding dues.

#### Cash and Bank Balances

Cash and Bank balances consist of cash surplus as of the Balance Sheet date in our current account and Short Term deposits and the unspent advances received from Government entities in respect of costs associated with the Pradhan Mantri Grameen Sadak Yojna Scheme in connection with the development of rural roads and the Rajiv Gandhi Grameen Vidyutikaran Yojana scheme relating to the establishment of Rural Electrification Infrastructure.

Cash and Cash equivalents as of 31<sup>st</sup> March, 2017 and 2016, respectively, were ₹ 59.89 crore and ₹ 1,194.39 crore. The decrease of ₹ 1,134.50 crore during Fiscal 2017 is net result of cash outflow on investing & financing activities by ₹ 1,430.10 crore & ₹ 7,849.74 crore respectively offset by cash inflow of ₹ 8,145.34 crore on account of operating activities.

Bank balances other than Cash and Cash equivalents as of 31<sup>st</sup> March, 2017 and 2016, respectively, were ₹ 1,473.25 crore and ₹ 4,682.36 crore. The decrease of ₹ 3,209.11 crore is mainly due to payment of higher Interim Dividend and Buy Back of Shares.

Our cash and bank balances included ₹ 250.22 crore (Previous Year ₹ 251.52 crore) held for Rural Road and Rural Electrification works being executed by Company on behalf of other agencies and also included unpaid dividend of ₹ 14.26 crore (Previous Year ₹ 10.06 crore) which were not freely available for the business of the Company.

#### Other Current Assets

Other Current Assets mainly comprises Deposit and Advances other than Capital Advances, Prepaid Expenditure and Deferred Foreign Currency Fluctuation Assets. Our other Current Assets, as of 31<sup>st</sup> March, 2017 and 2016 respectively were ₹ 492.17 crore and ₹ 279.55 crore, an increase of 76.06% in Fiscal 2017 as compared to the figures in Fiscal 2016.

#### Regulatory Deferral Account Debit Balances

In line with the Guidance Note on "Accounting for Rate Regulated Activities" issued by the Institute of Chartered Accountants of India as well as keeping in view the provisions of Ind-AS 114-Regulatory Deferral Accounts, 'Regulatory Assets' has been created and corresponding 'Regulatory Income' has been recognised for ₹ 516.71 crore against the borrowing cost and administrative and other cost incurred on Subansiri Lower Project during Fiscal 2017 which have been charged to the Statement of Profit & Loss as per the relevant Accounting Standard.

Regulatory Deferral Account balances has been created for ₹ 199.78 crore in respect of expenditure recognised due to recommendations of 3<sup>rd</sup> PRC for Pay Revision of CPSUs during the Fiscal 2017 which have been booked through Statement of Profit & Loss and ₹ 9.05 crore through Other Comprehensive Income as per the relevant Accounting Standard.

Regulatory Deferral Account balances has been created for ₹ (-) 2.50 crore in respect of exchange differences on Foreign Currency Monetary items during the Fiscal 2017 which have been charged to the Statement of Profit & Loss as per the relevant Accounting Standard.

Accordingly, 'Regulatory Deferral Account Debit balances' as on 31.03.2017 stand at ₹ 2,904.32 crore as against ₹ 2,181.28 crore as on 31.03.2016.

#### Liabilities and Provisions

**Table 10: Liabilities and Provisions**

(₹ in crore)

	As of 31 <sup>st</sup> March	
	2017	2016
<b>Non-Current Liabilities</b>		
Long Term Borrowings	17,245.64	18,181.08
Other Financial Liabilities	25.63	37.62
Long Term Provisions	486.93	408.20
Deferred Tax Liabilities	938.49	861.93

	As of 31 <sup>st</sup> March	
	2017	2016
Other non-current Liabilities	1,472.47	1,384.13
<b>Current Liabilities</b>		
Short Term Borrowings	302.50	0
Trade Payables	147.08	122.14
Other Financial Liabilities	2,500.99	2,599.93
Other Current Liabilities	755.29	670.84
Short Term Provisions	1,489.95	1,263.04
Current Tax Liabilities	0	106.66
<b>Total Liabilities and Provisions</b>	<b>25,364.97</b>	<b>25,635.57</b>

#### Long Term Borrowings

Long Term Borrowings comprised of Bonds, Secured Term Loans & Unsecured Foreign Currency Loans amounting to ₹ 8,493.28 crore, ₹ 4,478.81 crore and ₹ 4,273.55 crore in Fiscal 2017 as against ₹ 7,410.97 crore, ₹ 6,474.90 crore and ₹ 4,295.21 crore respectively in Fiscal 2016.

The Secured loans include borrowings from domestic banks and financial institutions along with corporate bonds raised in the capital markets that are secured against assets of the Company.

The decrease in Long Term Borrowing to the extent of 5.15% over previous fiscal is mainly on account of redemption and repayment of borrowings and increase in current maturities offset by issue of U, U1 and V Series bonds.

#### Other Financial Liabilities (Current & Non-Current)

The other financial liabilities as at 31<sup>st</sup> March, 2017 stood at ₹ 2,526.62 crore against ₹ 2,637.55 crore for the previous fiscal i.e. there is a decrease of 4.21 % over figures of previous fiscal.

The decrease in Other Financial Liabilities is the net effect of decrease in Liability against capital works/supplies, Term Loans, Deposits/ retention money partially offset by Increase in Interest accrued but not due on borrowings and Increase in current maturity amount of Bonds.

#### Provisions (Current & Non-Current)

Provisions include provision for Performance Related Pay, Superannuation/Pension fund, Provision towards employee benefits (actuarial valuation), Provision for Wage Revision, Provision for Committed Capital Expenditure and Other Provisions etc. Total provisions stood at ₹ 1,976.88 crore as at 31<sup>st</sup> March, 2017 as against ₹ 1,671.24 crore for previous fiscal.

#### Deferred Tax Liabilities

The Deferred Tax Liabilities as at 31<sup>st</sup> March, 2017 stood at ₹ 938.49 crore against ₹ 861.93 crore for the previous fiscal.

### Other Non-Current Liabilities

The Other Non-Current Liabilities as at 31<sup>st</sup> March, 2017 stood at ₹ 1,472.47 crore against ₹ 1,384.13 crore for the previous fiscal. Other Non-Current Liabilities include Income received in advance (Advance against Depreciation) and Grants in aid-from Government.

### Short Term Borrowings

The Short term borrowings as at 31<sup>st</sup> March, 2017 stood at ₹ 302.50 crore. Short term borrowings consist of borrowings from Banks against short term investments in the form of FDRs.

### Trade Payables

The Trade payables as at 31<sup>st</sup> March, 2017 stood at ₹ 147.08 crore against ₹ 122.14 crore for the previous fiscal i.e. there is an increase of 20.42 % over figures of previous fiscal.

### Other Current Liabilities

The other current liabilities as at 31<sup>st</sup> March, 2017 stood at ₹ 755.29 crore against ₹ 670.84 crore for the previous fiscal i.e. there is an increase of 12.59 % over figures of previous fiscal.

### Current Tax Liabilities

The current tax liabilities as at 31<sup>st</sup> March, 2017 stood at ₹ Nil crore against ₹106.66 crore for the previous fiscal.

## (iv) OFF-BALANCE SHEET ITEMS

### Contingent Liabilities

The following **Table 11** sets forth the components of our contingent liabilities as of Fiscal 2017 and 2016.

**Table 11: Contingent Liabilities**

(₹ in crore)

Particulars	Fiscal 2017	Fiscal 2016
Claims against the Company not acknowledged as debts in respect of:		
Capital Works	7,848.60	8,459.20
Land Compensation Cases	19.36	28.18
Disputed Tax matters and Other Items	957.94	838.29
<b>Total</b>	<b>8,825.90</b>	<b>9,325.67</b>

Contingent liabilities decreased by 5.36% from ₹ 9,325.67 crore as of 31<sup>st</sup> March, 2016 to ₹ 8,825.90 crore as of 31<sup>st</sup> March, 2017 mainly on account of decrease in contingent liabilities relating to Capital Works marginally offset by increase in contingent liabilities relating to disputed tax demands & Other Items.

## (v) BUSINESS AND FINANCIAL REVIEW OF SUBSIDIARIES/JOINT VENTURE COMPANIES

**Highlights of the subsidiaries and joint venture companies of NHPC are as under:-**

### NHDC Limited

NHDC Ltd. was incorporated on 01.08.2000 as a Joint Venture of NHPC Ltd. (51.08%) and Government of Madhya Pradesh (48.92%) having authorised share capital of ₹3,000 crore. NHDC has commissioned Indira Sagar Power Project (1,000 MW) and Omkareshwar Power Project (520 MW). The Total Income of the Company as of 31<sup>st</sup> March, 2017 and 2016, respectively was ₹ 1,559.64 and ₹ 1,216.76 crore. The Profit After Tax of the Company as of 31<sup>st</sup> March, 2017 and 2016, respectively was ₹ 931.28 crore and ₹ 638.87 crore. At present paid up share capital of the Company is ₹ 1,962.58 crore of which NHPC's contribution is ₹ 1,002.42 crore.

### Loktak Downstream Hydroelectric Corporation Limited

Loktak Downstream Hydroelectric Corporation Limited was incorporated on 23.10.2009 as a Joint Venture of NHPC Ltd. (74%) and Government of Manipur (26%) having authorized share capital of ₹ 230 crore. At present paid up share capital of the Company is ₹ 117.69 crore of which NHPC's contribution is ₹87.09 crore.

### Bundelkhand Saur Urja Limited

Bundelkhand Saur Urja Limited was incorporated on 02.02.2016, as a Joint Venture of NHPC Ltd. and Government of Uttar Pradesh, with NHPC's share not less than 74%. The authorized share capital of the Company is ₹ 10.00 crore. At present paid up share capital of the Company is ₹ 1.00 crore of which NHPC's contribution is ₹ 1.00 crore (99.99%).

### Chenab Valley Power Projects Private Limited

Chenab Valley Power Projects Private Limited was incorporated on 13.06.2011 as a Joint Venture of NHPC Ltd. (49.78%), Jammu & Kashmir State Power Development Corporation (JKSPDC) (49.78%) & PTC India Ltd. (0.44%) have authorized share capital of ₹ 1,500 crore for execution of PakalDul, Kiru & Kavar H.E. Projects with installed capacity of 2164MW in Chenab River Basin. At present paid up share capital of the Company is ₹ 924.08 crore of which NHPC's contribution is ₹ 460.00 crore.

### National High Power Test Laboratory Private Limited (NHPTLPL)

NHPTLPL was incorporated on 22.05.2009 as a Joint Venture Company of NHPC Ltd., NTPC Ltd., Power Grid Corporation of India Limited (Power Grid) and Damodar Valley Corporation (DVC) each having 25% of equity participation. During the Fiscal 2016, Central

Power Research Institute also entered into the Joint Venture thereby revising the equity participation to 20% of each Joint Venture partner. The Company has been incorporated to set up an Online High Power Test Laboratory for short-circuit test facility in the Country having Authorised Capital of ₹ 153 crore. As on 31<sup>st</sup> March, 2017, paid up share capital of the Company is ₹ 152.00 crore of which NHPC's contribution is ₹ 30.40 crore.

#### **Consolidated Financial Statements of NHPC Ltd, its Subsidiaries and Joint Venture Companies**

The Consolidated Financial Statements have been prepared in accordance with Ind-AS 110-'Consolidated Financial Statements and Ind-AS 28-'Investment in Associates & Joint Ventures' are included in this Annual Report.

**A brief summary of the results on a consolidated basis is given at Table 12:**

**Table 12: Summary of the results on a consolidated basis**

(₹ in crore)

Particulars	Fiscal 2017	Fiscal 2016
Total Income (excluding Exceptional Items)	10,126.91	9,446.43
Profit before Tax	4,533.44	3,916.17
Profit after Tax (After adjustment of Non-Controlling Interest)	3,029.42	2,601.73

### **8. MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS FRONT**

Your Company recognizes the importance of human capital for the success of its business. The Company endeavors to acquire the best talent in the Country from leading institutes and universities. It has been working towards nurturing and retaining talent. Job rotation and inter-location transfers through-out the organisation facilitate planned development of careers and broaden the outlook of employees. The industrial relations in the Company remained harmonious, peaceful and cordial during the year. Employees' participation has been ensured through information sharing with employees, seeking their support, suggestions and cooperation. The Company continues to align its HR strategies with organisational strategies.

#### **(i) TRAINING OF EMPLOYEES**

Your Company organizes various developmental programmes for employees to improve their behavioural and managerial skills and core competencies. These programmes helps employees to keep them updated with the latest developments and changes taking place in the areas of operations, technology, HR, finance and

other engineering aspects etc. The Company has set up four training centers at Tanakpur Power Station in Uttarakhand, Chamara-I Power Station in Himachal Pradesh, Salal and Uri Power Station in Jammu and Kashmir.

Your Company also organizes various training and development programmes regularly for its employees through premier management and engineering institutions. In addition to above, NHPC is regularly sponsoring its executives to acquire higher qualification and specialization to improve their productivity and effectiveness.

#### **(ii) EMPLOYEE STRENGTH**

The employee strength of the Company as on 31<sup>st</sup> March, 2017, was 8009 (3834 executives, 193 supervisors & 3982 workmen).

#### **(iii) WELFARE MEASURES FOR WOMEN EMPLOYEES**

The number and percentage of women employees as on 31.03.2017 is given at Table 13.

**Table 13: Particulars of women employees**

Total no. of employees as on 31.03.2017	No. of women employees	% of overall employee strength
8009	818	10.21

Steps taken for the welfare of women employees:

- Women employees are regularly nominated to various programmes/seminars on women empowerment and other issues related to women.
- Crèche facility for the infants of employees posted at Corporate Office has been provided.
- Internal Complaints Committee has been constituted to examine the grievances/complaints relating to sexual harassment reported by women employees.
- Child care leave is being provided to women employees for taking care of two children up to the age of 18 years (22 years in case of disabled child) for rearing or to look after any of their needs like examination, sickness etc.
- Maternity leave is being provided as per service rules.
- Women employees have option to declare parents/parents-in-law as dependents under medical rules.
- Relaxations are given to women employees in attendance timings at Corporate Office.
- Representation of women employees on selection board/committee constituted for promotion/recruitment of employees.
- WIPS (Women in Public Sector Forum) Cell has been constituted in Corporate Office.



**(iv) RESERVATION FOR SCHEDULED CASTE (SC), SCHEDULED TRIBE (ST) AND OTHER BACKWARD CLASSES (OBC)**

Your Company is taking care of socio-economic developments of weaker sections of the society including SC/ST/OBC at various projects/power stations situated in remote areas. Your Company has allocated budget for schools and colleges at various SC/ST/OBC populated locations of its projects/power stations.

As per the guidelines issued by DoPT from time to time, SC, ST and OBC candidates are provided reservation and relaxation in direct recruitment. The relaxed standard and reservation is also applicable for SC/ST employees while considering them for promotion. The Company holds periodical meetings with SC/ST employees to discuss their issues. A SC/ST/OBC Cell has been set up for the welfare of SCs/STs and OBCs under the direct control of separate Liaison Officers for SC/ST and OBC respectively.

Representation of SC/ST/OBC employees is given at **Table 14**.

**Table 14: Particulars of SC/ST/OBC employees**

Total no. of employees as on 31.03.2017	Representation					
	SC	% age	ST	% age	OBC	% age
8009	1120	13.98	481	6.00	1013	12.65

**(v) WELFARE MEASURES FOR EMPLOYEES WITH DISABILITIES:**

Representation of employees with disabilities is given at **Table 15**.

**Table 15: Particulars of employees with disabilities**

Total no. of employees as on 31.03.2017	physically challenged employees			% of physically challenged employees	
	VI	HI	OH	Total	% age
8009	11	0	119	130	1.62

VI=Visual Impaired, HI=Hearing Impaired, OH=Orthopedic Handicap

Steps taken for the welfare of employees with disabilities:  
 The reservation and relaxation has been provided to physically challenged candidates/employees in direct recruitment and promotions as per guidelines issued by DoPT/Ministry of Social Justice & Empowerment from time to time. In addition to above, following welfare schemes has also been extended to employees with disabilities:-

- Employees with disabilities, as well as employees who are care giver to dependent child are exempted from the rotational transfer and are provided preference in place of posting at the time of transfer/promotion.

- Financial assistance is provided to employees (who get physically handicapped while in service) for vocational training.
- Reimbursement is given to blind and orthopedically handicapped employees for monthly conveyance allowance.
- Reimbursement of expenses for purchase of hearing aid is given to hearing impaired employees/their dependents.
- Reimbursement of the cost of artificial limbs and interest free loan for it is being given to employees/their dependents.
- Restriction of age is not applicable in respect of physically/mentally retarded children for considering them as dependents.

**9. ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL ABSORPTION, RENEWABLE ENERGY DEVELOPMENTS & FOREIGN EXCHANGE CONSERVATION**

**(i) Environment Protection and Conservation:**

Your Company makes all-out efforts to create conditions, where economic growth and environmental preservation can become compatible in the long run. Environmental Impact Assessment (EIA) for NHPC projects is undertaken during investigation stage to identify probable impacts on environment. Based on the findings of EIA studies, Environmental Management Plans (EMP) are proposed and implemented to compensate the adverse impacts of the project by adopting measures like, compensatory afforestation, catchment area treatment, bio-diversity conservation, green belt development, fishery management, rejuvenation of dumping and quarry sites including resettlement & rehabilitation, etc.

The Company also conducts post-construction environment and social impact assessment studies to evaluate the effectiveness of the management plans implemented during the course of construction of the project. A new division namely **"Environment & Diversity Management Division"** has been created to look after such aspects. The roles and responsibilities of the division *inter-alia* include:

- To formulate Corporate Environment Policy in line with the directives issued by Ministry of Environment, Forest and Climate Change (MoEF & CC).
- To take up and monitor all issues related to environment clearance, forest clearance & compliance under Forest Rights Act, 2006 and wildlife clearance of projects.
- To address and manage social diversity issues of the projects.
- To address all issues related to R&R policy & Land Acquisition Act.
- To act as repository for all land related records/documents.

## (ii) Corporate Environment Policy (CEP)

Your Company has "Corporate Environment Policy" (CEP) which aims to address the environmental and social concerns for the sustainable development of conventional & non-conventional sources of energy. Major highlights of CEP are to integrate environmental considerations into planning, execution and operation of projects, to undertake the post-construction impact assessment studies and undertake unique voluntary initiatives beyond statutory obligations.

**Compliance under Corporate Environmental Policy:** Environment Management Cells have been constituted in 16 Projects / Power Stations of your Company, for effective implementation of Environmental Management Plans and Voluntary Initiatives. Various measures have been taken up under Voluntary Initiatives at many NHPC Projects / Power Stations for Waste Management, Water Conservation and Energy Conservation. Bi-annual Progress reports for various Projects / Power Stations for period ended March, 2016 and September, 2016 were submitted to MoEF & CC and its concerned Regional offices. These reports were also uploaded on the website of the Company.

## (iii) Renewable Energy Developments:

Your Company is diversifying its activities to explore renewable energy projects such as solar and wind power projects. The details of renewable energy projects are given in the Directors' Report.

## (iv) Foreign Exchange Conservation:

In accordance to "Make in India" policy of Government of India, your Company is making efforts to encourage the participation of local firms in the bidding process. It will not only help in conservation of foreign exchange but also growth of Indian industry at large. The provision for certain benefits to MSE's participation has been incorporated in bid conditions.

## (v) Technology Absorption:

Information regarding technology absorption has been included in the annexure to the Directors' Report.

## 10. CORPORATE SOCIAL RESPONSIBILITY

Your Company is conducting its business in a socially responsible way by maintaining highest level of organizational integrity and ethical behavior in conformity with expected standards of transparency in reporting and disclosing the performance in all spheres of its activities. CSR initiatives of your Company aim at addressing the social, economic and environmental

concerns of its stakeholders including those directly impacted by its operations and activities.

Your Company has a well-defined CSR and Sustainability Policy in line with the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and the guidelines on Corporate Social Responsibility and Sustainability issued by Department of Public Enterprises, Government of India. The Corporate Social Responsibility & Sustainability Policy of your Company is available at

[http://www.nhpcindia.com/writereaddata/Images/pdf/CSR\\_Policy\\_Final.pdf](http://www.nhpcindia.com/writereaddata/Images/pdf/CSR_Policy_Final.pdf)

As per Section 135 of the Companies Act, 2013, the 2% of average net profit for the preceding 3 Financial Years is to be spent on CSR activities. As against the required amount of ₹ 44.23 crore for the Financial Year 2016-17, the Company has spent ₹ 75.82 crore.

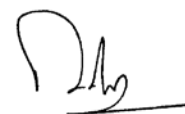
A separate report on CSR & sustainable development activities undertaken by your Company during the Financial Year 2016-17 is given at annexure to the Directors' Report.

## 11. CAUTIONARY STATEMENT

The views and forward-looking statements contained in this report are based on reasonable assumptions and subject to certain risks and uncertainties that could cause actual results to differ from those reflected in such statements.

Readers are requested to review and confirm with other information in this report and in the Company's periodic reports. The Company undertakes no obligation to publicly update or revise any of these forward-looking statements whether as a result of new information, future events or otherwise. The financial figures shown above are based on the audited results of the Company.

For and on behalf of the Board of Directors



(Ratish Kumar)  
 Chairman and Managing Director  
 DIN 06852735

Date: 11<sup>th</sup> August, 2017

Place: Faridabad

**Annexure-IV**
**DISCLOSURE REQUIRED UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014**
**A. CONSERVATION OF ENERGY**
**(i) Steps taken or impact on conservation of energy**

- **Energy Audit:**

Energy audit of seventeen power stations had been carried out in the past to re-assess the conservation of energy. Based on the recommendations of the audits, the energy savings of 8.22 MU/year has been achieved and a balance of 6.04 MU/year is expected to be achieved in near future.

- Phase II Office Building (Neer Shakti Sadan) at Corporate Office, Faridabad has been constructed in line with Energy Conservation Building Code. The building has been awarded 4 star (provisional) rating by GRIHA (Green Rating for Integrated Habitat Assessment) under green building concept.
- Existing light fittings at the offices are being replaced with energy efficient LED light fittings in a phased manner.

**(ii) Steps taken by the Company for utilizing alternate sources of energy**

- A 70 kWp grid synchronized solar power plant has been installed on the rooftop of Phase –II building (Neer Shakti Sadan) to meet part of the energy requirement for the office building.
- A 150 kWp grid synchronized solar power plant is being installed on the roof top of Phase-I office building (Jyoti Sadan) and canteen building.
- A 500 kWp grid synchronized solar power plant is being installed on the rooftop of buildings at NHPC Residential Complex.

In addition to above, solar power plants are being installed at various offices and residential complexes of the Company.

**(iii) Capital investment on energy conservation equipments**

NIL

**B. TECHNOLOGY ABSORPTION**
**(i) Efforts made towards technology absorption**

- Your Company has made efforts to use space technology for sedimentation study of Teesta-IV Hydroelectric Project.
- Your Company is also exploring the possibilities for underwater inspection of long tunnel through remotely operated vehicle.

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution**

- As efforts made towards technology absorption are in initial stages, benefits are expected to be derived after completion of studies and actual implementation.

(iii) Particulars of technology imported during the current year and last three years

S. No.	Details of Technology Imported	Year of import	Whether the technology has been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
1.	Installation of Q-eye radar at Subansiri River to measure the online discharge during the month of March, 2015.	2014-15	Yes	NA

(iv) Expenditure incurred on Research and Development :-

Expenditure incurred on Research and Development during the Financial Year 2016-17 was ₹ 4.91 crore which includes ₹ 4.43 crore incurred towards establishment expenses.

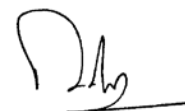
(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in crore)

S. No.	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
a)*	Value of imports calculated on CIF basis:		
i)	Capital Goods	26.43	4.33
ii)	Spare parts	-	-
b)*	Expenditure in Foreign Currency:		
i)	Interest	26.27	28.92
ii)	Other Misc. Matters	76.05	140.76
c)*	Value of spare parts and Components consumed in operating units:		
i)	Imported	-	0.63
ii)	Indigenous	19.44	37.35
d)*	Earnings in foreign currency:		
i)	Others	-	2.62

\* Accrual basis

For and on behalf of the Board of Directors



(Ratish Kumar)  
 Chairman and Managing Director  
 DIN 06852735

Date: 11<sup>th</sup> August, 2017  
 Place: Faridabad

## BUSINESS RESPONSIBILITY REPORT

Annexure- V

### Section A: General Information about the Company

- Corporate Identity Number (CIN) of the Company**  
L40101HR1975GOI032564
- Name of the Company**  
NHPC Limited
- Registered address**  
NHPC Office Complex, Sector-33, Faridabad, Haryana-121 003 (India)
- Website**  
www.nhpcindia.com
- E-mail id**  
brr@nhpc.nic.in
- Financial Year reported**  
2016-17
- Sector(s) that the Company is engaged in (industrial activity code-wise)**

*Group	Class	Sub-Class	Description
351	3510	35101	Electric power generation by hydroelectric power plants.
*As per classification under National Industrial Classification, Central Statistical Organization, Ministry of Statistics and Programme Implementation, Government of India, New Delhi.			

- List three key products/services that the Company manufactures/ provides (as in balance sheet).**
  - Energy (Hydro Power & Wind Power)
  - Consulting Services
- Total number of locations where business activity is undertaken by the Company**

#### 9.1. Number of International Locations (Provide details of major 5)

NHPC has business presence in Bhutan where it is providing consultancy services for Engineering and Design of Mangdechhu HE Project (720 MW) to Mangdechhu Hydroelectric Project Authority (MHPA) on nomination basis. The Detailed Project Report (DPR) of Chamkharchhu – 1 HE Project (770 MW) in Bhutan was prepared as a consultancy assignment for Department of Hydropower and Power System, Royal Government of Bhutan. As per Intergovernmental agreement signed between RGoB & GoI in 22.04.2014, the project is proposed to be executed in a Joint Venture mode between NHPC and DGPC (Govt. of Bhutan PSU) with equal share holding. Discussions are underway for JV formation.

#### 9.2. Number of National Location

We have 20 power stations and 3 construction projects in 7 states across the country.

State	Location/District	
	Under Operation	Under Construction
J&K	Baramulla (2), Kathua, Kargil, Leh, Reasi, Kishtwar	Bandipora
Himachal Pradesh	Chamba (4) and Kullu	Kullu
Uttarakhand	Champawat, Pithoragarh	-
West Bengal	Darjeeling (2)	-
Arunachal Pradesh	-	Lower Subansiri / Dhemaji (Assam)
Sikkim	East Sikkim, South Sikkim	-
Manipur	Bishnupur	-
Rajasthan	Jaisalmer	-

#### 10. Markets served by the Company – Local/State/ National/International

Electricity is sold to various national beneficiaries/ Discoms in the following States/UT.

Jammu & Kashmir	Rajasthan	Sikkim
Himachal Pradesh	Uttar Pradesh	Manipur
Punjab	Bihar	Mizoram
Chandigarh	Orissa	Tripura
Uttarakhand	West Bengal	Nagaland
Haryana	Assam	Jharkhand
Delhi	Arunachal Pradesh	

### Section B: Financial Details of the Company

- Paid up Capital (INR)**  
INR 10259.32 crore (as on 31.03.2017)
- Total Turnover (INR)**  
INR 7271.17 crore (during Financial Year 2016-17)
- Total profit after taxes (INR)**  
INR 2795.59 crore (during Financial Year 2016-17)
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**  
During Financial Year 2016-17, an expenditure of ₹ 75.82 crore has been incurred by NHPC on CSR activities, which is 3.43 % of Average net profit (as per Section 198 of Companies Act, 2013) of last 3 Financial Years.



**5. List of activities in which expenditure in 4 above has been incurred.**

- Education & Skill Development
- Healthcare & Sanitation
- Rural Development
- Environment
- Women Empowerment & Senior Citizen
- Swachh Bharat Abhiyan & Swachh Vidyalaya Abhiyan
- Capacity Building, Sports, Art & Culture and other initiatives.

**Section C: Other Details**

**1. Does the Company have any Subsidiary Company/Companies?**

Yes. Presently NHPC Limited has three Subsidiary Companies, namely:

- NHDC Limited
- Loktak Downstream Hydroelectric Corporation Limited
- Bundelkhand Saur Urja Limited

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

No. The subsidiary companies do not participate in any of the BR initiatives of the parent company.

**2. Principle-wise (as per NVGs) BR Policy/policies:-**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	N	Y	Y	Y	Y	Y
3	Does the policy confirm to any national/international standards? If yes, specify? (The policies are based on the NVG guidelines in addition to conformance to the spirit of international standards like ISO 9001, ISO 14001 and OHSAS 18001)	Y	Y	Y	Y	Y	Y	N	Y	N
4	Has the policy being approved by the Board? If yes, has it been signed by the MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?*	Y	Y	Y	Y	N	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	N	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	N	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	N	Y	Y	Y	Y	Y	Y	Y

\* CSR & sustainable development policy is available at: [www.nhpcindia.com/csr-policy.htm](http://www.nhpcindia.com/csr-policy.htm). Resettlement & Rehabilitation policy is available at: [www.nhpcindia.com/r-and-r-initiative.htm](http://www.nhpcindia.com/r-and-r-initiative.htm). Fraud Policy, Corporate Governance compliance, Whistle Blower Policy and Policy for Banning Business Dealings are available at: [www.nhpcindia.com/corporate-governance.htm](http://www.nhpcindia.com/corporate-governance.htm); Integrity pact available at [http://www.nhpcindia.com/writereaddata/images/pdf/ip\\_ip\\_program.pdf](http://www.nhpcindia.com/writereaddata/images/pdf/ip_ip_program.pdf); Code of Business Conduct and Ethics, Integrated Management System Certificate and NHPC Conduct, Discipline and Appeal Rules are available over the company intranet.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

None of the entities that the company does business with participate in its BR initiatives.

**Section D: BR Information**

**1. Details of Director/Directors responsible for BR**

**1.1. Details of the Director/Directors responsible for implementation of the BR policy/policies**

- DIN Number: 02889021
- Name: Mr. Mahesh Kumar Mittal
- Designation: Director (Finance)

**1.2. Details of the BR head**

- DIN Number: Not Applicable
- Name: Mr. A. K. Mishra
- Designation: ED (Planning)
- Telephone Number: (0129) 2271425
- Email Id: [arunkmishra@nhpc.nic.in](mailto:arunkmishra@nhpc.nic.in)

**2A. If answer to S. No. 1 against any principle, is 'No', please explain why:**

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles	Not Applicable								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

**3. Governance related to Business Responsibility**

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.  
The BR performance of the Company is assessed annually at the end of Financial Year.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
This is the fifth Business Responsibility Report. Similar to the last year, this would be published annually and will be part of the Annual Report. This report can be accessed at [www.nhpcindia.com/NHPC-annual-reports.htm](http://www.nhpcindia.com/NHPC-annual-reports.htm)

has a Code of Business Conduct and Ethics which is applicable to its Board Members and senior management personnel. In addition, the Company has a Policy to prevent fraud or suspected fraud. Whistle Blower Policy has also been adopted. Further, the Company has implemented an Integrity Pact for all the procurement works of the value of ₹ 1 crore and more, procurement of services of the value of ₹ 15 lakh and more and for procurement of goods of the value of ₹ 7lakh and more. In addition, NHPC also has policy and procedure in place for banning business dealings with bidders (i.e. Group / Joint Venture / Suppliers / Contractors) in the event of an unethical behaviour.

**2. How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management?**

We have received some stakeholder complaints during 2016-17 with regard to violation of the Corporate Governance norms and Code of Business Conduct and Ethics.

The numbers of shareholders complaints available are as follows:

Description	Opening Balance as on 01.04.2016	Received During the Financial Year 2016-17	Resolved During the Financial Year 2016-17	Pending as on 31 <sup>st</sup> March, 2017
Non-receipt of refund orders	0	98	98	0
Non-receipt of dividend warrants	0	2960	2960	0
SEBI Complaints	0	40	39	1
Stock exchange complaints	0	14	14	0
Consumer forum/ Court cases	2	1	0	3
<b>Total</b>	<b>2</b>	<b>3113</b>	<b>3111</b>	<b>4</b>

The Company has observed no complaints under its Whistle Blower Policy in 2016-17.

The Company has observed 1 case of Fraud under Fraud Policy for Banning Business Dealing with Bidders in respect of Contractor/ supplier during the F.Y. 2016-17, details of which are as under.

- M/s SKP Buildcon Pvt. Ltd. Ahmedabad has been banned for three years w.e.f. 3<sup>rd</sup> June, 2016 for business dealing with NHPC Ltd.

The numbers of Bondholder's complaints available are as follows:

Description	Opening balance as on 01.04.2016	Received during the Financial Year 2016-17	Resolved during the Financial Year 2016-17	Pending as on 31 <sup>st</sup> March, 2017
Non-receipt of refund orders	0	1	1	0
Non-receipt of TDS Certificate	0	1	1	0
Non-receipt of Electronic Credit	0	1	1	0
Non-receipt of Interest Warrants	0	67	67	0
Non-receipt of Bonds/ Securities	0	96	96	0
<b>Total</b>	<b>0</b>	<b>166</b>	<b>166</b>	<b>0</b>

## Principle 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Hydro power generation.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)**

Hydroelectric projects generate electricity by non-consumptive use of water so there is no reduction of resources. Hydropower is a renewable source of energy.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company emphasizes to establish good relationship with its vendors and include them in its growth story. The Company follows International Competitive Bidding (ICB) system for selecting agencies for executing the construction of Hydro Power Projects. The techno-commercial bids are examined in line with ICB practices, CVC guidelines and various other vendor practices like safe working conditions, implementation of labour laws, environment policies etc. The Company officials interact with all agency / agency's representatives on regular basis in a transparent manner.

However, it is difficult to ascertain the percentage of inputs sourced from these suppliers as different kinds of materials are being used by the Company.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Hydropower generation only requires non consumptive use of water as input. However, various contracts have been entered with locals around project for vehicle hiring, material handling, housekeeping, waste handling and horticulture etc. These Contracts have led entrepreneur development around project sites and have created indirect employment for local populace.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)**

Hydroelectric power generation does not produce any waste. Electricity which is the product of hydroelectric power plants is produced by non-consumptive use of water. Further, sound & optimal design practices are being followed to build safe & sustainable structures for our projects.

## Principle 3

1. **Please indicate the Total number of employees.**
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**
3. **Please indicate the Number of permanent women employees.**
4. **Please indicate the Number of permanent employees with disabilities.**
5. **Do you have an employee association that is recognized by management?**
6. **What percentage of your permanent employees is members of this recognized employee association?**
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year.**

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

1.	Total number of employees	8009 (as on 31.03.2017)
2.	Total number of employees hired on temporary/ contractual/ casual basis	NHPC does not directly employ contract employees.
3.	Total number of permanent women employees	818 (as on 31.03.2017)
4.	Total number of permanent employees with disabilities	130 (as on 31.03.2017)
5.	Employee Associations	No formal recognition has been extended to any association or union from the Corporate.
6.	Percentage Membership of permanent employees in employee association	Not Applicable
7.	Number of complaints relating to child labour, forced labour, involuntary labour in 2016-17 and pending, as of end 2016-17.	None received in this category and none pending.
	Number of complaints relating to sexual harassment in 2016-17 and pending, as of end 2016-17.	Complaint Filed: 0 Complaint Pending: 0
	Number of complaints relating to discriminatory employment in 2016-17 and pending, as of end 2016-17.	None received in this category and none pending.
8.	Percentage of employees who underwent safety and skill up-gradation training (as a percentage of respective total of each category) (2016-17)	
	Permanent employees	51.44%
	Permanent women employees	54.40%
	Temporary/contractual/casual	Not Applicable
	Employees with disabilities	46.26%

**Principle 4**

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes. We have mapped and identified internal and external stakeholders, including disadvantaged, vulnerable and marginalized stakeholders. Our stakeholders include-employees, customers, local communities, suppliers and contractors, investors and shareholders, government and regulators and peers and industry ecosystem.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Our disadvantaged and vulnerable stakeholders include differently-abled employees, girl / women, SC/ST communities and rural / project displaced communities in and around our projects.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

- Differently-abled employees: Company endeavours to make NHPC a workplace which is conducive to differently abled employees and employees with special needs. It aims to make these employees self confident through an array of events, forums and trainings specifically organised for their benefit.

- Girl / women and SC/ST communities: In the vicinity of project locations the Company provides scholarship to SC/ST & girl students for education and facilitating literacy programmes in rural areas.

**Principle 5**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

The Company commits to conduct its business in a socially and ethically responsible manner by conforming to all the requirements of SA 8000 standard. Currently, the "NHPC Conduct, Discipline and Appeal Rules" is applicable to our employees only, though we expect our stakeholders to adhere and uphold the standards contained therein. The "NHPC Conduct, Discipline and Appeal Rules" are meant to protect right or privilege of any employee, by or under any law for the time being in force, or by the terms and conditions of service or any agreement subsisting between such employee and the Company.

**2. How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?**

The number of complaints as available with Employee Grievance Redressal Cell is as under:

Opening balance on 01.04.2016	Received during the Financial Year 2016-17	Resolved during the Financial Year 2016-17	Closing balance as on 31.03.2017
01	15	15	01

The number of Public Grievances as per "Centralised Public Grievance Redressal & Monitoring System" linked with Ministry of Power is as under:

Opening balance on 01.04.2016	Received during the Financial Year 2016-17	Resolved during the Financial Year 2016-17	Closing balance as on 31.03.2017
10	108	106	12

#### Principle 6

##### 1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/ others

NHPC possesses Integrated Management System certificate, which covers quality, environment and occupational health & safety management system for its Corporate Office and projects/ power stations.

##### 2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the Company is in the business of hydropower generation, which is clean power and reduces green house gases compared to other conventional mode of power generation. It also enhances energy security of the country where there is deficit of energy and shortage to meet peak demand.

Besides this NHPC is an Integrated Management System (IMS) certified company which addresses the requirements of International Standards ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environment Management System) and OHSAS 18001:2007 (Occupational Health and Safety Assessment Series). IMS certification truly reflects its international acceptability for the efforts put in for carrying out the development in an environmentally congenial manner. NHPC has also formulated its Corporate Environment Policy which aims to address the environmental and social concerns for sustainable development of conventional & non-conventional sources of energy.

Few key areas of focus for NHPC in the field of Environmental Management are as under:

- Catchment Area Treatment (CAT)
- Compensatory Afforestation/ Voluntary Afforestation
- Green Belt Development & Landscaping
- Reservoir Rim Treatment
- Rejuvenation of Muck Dumping and Quarry sites
- Biodiversity Conservation
- Conservation and Management of Fishes

##### viii. Post Construction Impact Evaluation

The details of these key areas are available at [www.nhpcindia.com/key-areas.htm](http://www.nhpcindia.com/key-areas.htm)

##### 3. Does the company identify and assess potential environmental risks? Y/N

Yes, NHPC is committed to hydropower generation in a sustainable manner. Environmental Impact Assessment (EIA) is undertaken during Detailed Project Report (DPR) preparation stage to identify probable impacts (positive as well as negative) on environment. Based on the findings of the EIA, Environmental Management Plans (EMP) are proposed and implemented during project construction to minimize adverse impact.

##### 4. Does the company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed?

Yes. Two hydroelectric projects namely Nimmo Bazgo and Chutak located in the State of J&K have been registered by CDM Executive Board of United Nations Framework Convention on Climate Change (UNFCCC) during March, 2009 under the methodology ACM0002; Consolidated methodology for grid connected electricity generation from renewable sources. As of now these projects are not connected with Northern grid as originally proposed and are supplying electricity locally in the region. Due to above, the projects are no longer conforming to the applicability conditions of ACM0002 and thus will not generate any CERs under the existing registrations of the UNFCCC. Efforts are being made for post registration changes in respect of applicable methodology: Renewable energy power generation in isolated grids. NHPC is also in a process to register the 50 MW wind power project at Jaisalmer, Rajasthan under CDM.

##### 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Hydroelectric power generation is itself a renewable energy initiative. However, the Company has taken up additional initiatives on wind and solar power. A 50 MW Wind Power Project has been commissioned in Rajasthan. Solar Power Project is under tendering stage.

##### 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?

Yes. During the course of power generation from hydro project, no solid waste, liquid effluent or gaseous emissions are generated. In addition, there is no contamination of water during the process of Hydro power generation. However, river water quality is being regularly analyzed to assess any change in quality of river water after power generation which one within the permissible limits given by CPCB/SPCB.

##### 7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No such notices from CPCB/ SPCB were pending as on the end of the Financial Year 2016-17. However, 3



appeals in respect of Subansiri Lower Project, Teesta-IV & Dibang are pending before NGT.

#### Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.**

NHPC is a member of Standing Conference of Public Enterprises (SCOPE). SCOPE has basic objective of promoting "better understanding among the public about the individual & collective contribution of public sector".

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

We strongly campaign the cause of Governance and Administration for advancement of public good.

#### Principle 8

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, NHPC through its structured CSR initiatives/projects in the areas of healthcare and sanitation, education and skill development, rural development, environmental sustainability and women empowerment etc. is continually striving for sustainable development of its neighboring communities and society at large particularly in the remote areas of States like J&K, Himachal Pradesh, Sikkim, Uttarakhand, Arunachal Pradesh, Assam and Manipur.

These Programs promote excellence in Healthcare, Education, environmental Management, and Empowerment of marginalized and underprivileged sections / communities.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The Company's CSR Projects are implemented mostly through in-house teams, besides few programs in association with Non-Government Organization (NGO)/ Government Institutions.

3. **Have you done any impact assessment of your initiative?**

During Financial Year 2016-17, major CSR activities have been carried out by Subansiri Lower Project. For impact assessment of CSR initiatives an agreement (MOU) shall be signed between Subansiri Lower Project and Omeo Kumar Das Institute of Social Change and Development (OKDISCD), Guwahati, Assam for evaluation/ impact assessment of all the CSR Projects of Subansiri Lower Project for 3 years w.e.f. Financial Year 2017-18.

Evaluation/ Impact Assessment will be done on completion of each Financial Year and first evaluation/

impact assessment report shall be received by end of November, 2017.

4. **What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

Total amount spent on community development projects during Financial Year 2016-17 was ₹ 7,581.87 lakh. The details are as under:

Project	Amount (₹ in Lakh) for 2016-17
i. Education & Skill development	5036.39
ii. Healthcare	1530.55
iii. Rural Development	551.45
iv. Environment & Sustainability	60.29
v. Women Empowerment/ Senior Citizen	18.37
vi. Swachh Bharat/ Swachh Vidyalaya Abhiyan	253.09
vii. CSR Capacity Building, Sports, Art & Culture and Other Initiatives	131.73
<b>Total expenditure</b>	<b>7581.87</b>

The details of various Projects undertaken during the year are as under:

#### 1. Education & skill development

- a) Skill Development and Vocational Training Programs conforming to NSQF (National Skill Qualification Framework).
- b) Contribution towards setting up of Engineering Colleges at Bilaspur (HP) and at Takdah, Darjeeling (WB).
- c) Construction of Vivekanand Kendra Vidyalaya at Kolaptukar, Dollungmukh (Arunachal Pradesh)
- d) Improvement/ up gradation of ITIs /Schools in different parts of country.
- e) Construction & up-gradation of school buildings and labs and providing infrastructure in schools.
- f) Provided scholarship to students for higher education.

#### 2. Healthcare

- a) Deployment of Mobile Medical Units in Assam equipped with medical facilities, qualified doctors and medical attendants for providing basic health services in villages.
- b) Organizing a large number of medical camps, Cataract surgery camps and Vaccination programmes in surrounding areas of Projects/ Power Stations and distributed free medicines to economically weaker families/ individuals.

- c) Providing aids and assistive devices to differently abled persons.
- d) Provided assistance for Improvement of overall health conditions of the communities through up-gradation of Govt. Hospitals, Maternity Centres.
- e) Providing Ambulances, Medical equipment and other infrastructure facilities to Govt. Hospitals.

### 3. Rural Development

- a) Rural Development to augment basic infrastructure facilities like area electrification, Community Centre, water Supply Lines, Drains, Roads/ Paths, Irrigation canals etc.
- b) Construction activities of RCC Bridges/ Wooden Bridges, Cremation sheds, Rain shelters etc.
- c) Electrification of Hamlets in Alchi village (Leh).
- d) Development of Agriculture/ Apiculture, poly green houses for villagers, organic cultivation.
- e) Construction of cold storage for keeping and securing the agri products.
- f) Other infrastructure and community development as per local needs.

### 4. Environment & Sustainability

- a) Development of Bio-Diversity Park and herbal parks.
- b) Installation of Solar Street Lights. Providing LED Lights to conserve energy.
- c) Installation of Food processing units for preservation of local fruits.
- d) Restoration of canals for irrigation purpose.

### 5. Women Empowerment/ Senior Citizen

- a) Various skill development programs such as training in tailoring, knitting, sports and art were organised for empowerment of women.

### 6. Swachh Bharat/ Swachh Vidyalaya Abhiyan

- a) Safe Drinking Water facilities with bore well, filtration in public areas, community centers etc.
- b) Community drinking water facility with RO Plant.
- c) Basic Amenities / sanitation facilities in Market/ Public places.
- d) Construction/ Installation of toilets in Schools/ Public places.
- e) Construction/ Installation of Water Supply Lines and Sanitation in villages.
- f) Water Supply System for Schools.

### 7. Sports, Art & Culture / Other Initiatives

- a) Meeting with key stakeholder/ Impact assessment/ base line survey.

- b) Training to promote Rural Sports.
- c) Promotion of local Art & culture.

### 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, NHPC has taken steps to ensure that our community development initiatives are successfully adopted by the community. Proper need assessment of the local requirements in and around power stations/ projects is done by our experienced in-house team before carrying out community development initiatives. Monitoring and mentoring is done at appropriate interval during the implementation. Further, feedback on our initiatives is also collected from beneficiaries and media sources for further planning purpose.

### Principle 9

#### 1. What percentage of customer complaints/ consumer cases are pending as on the end of Financial Year.

No customer complaints received during Financial Year 2016-17. No cases from Financial Year 2015-16 remain pending.

#### 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

Not Applicable.

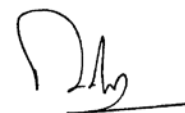
#### 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year?

No such case has been filed by any stakeholder.

#### 4. Did your company carry out any consumer survey/ consumer satisfaction trends?

NHPC is taking regular feedback from our beneficiaries which help us to serve our customers in a better and more effective way. We have received 96.30% feedback from our beneficiaries and most of the feedbacks are either 'Very Good' or 'Excellent'. We are also connected with beneficiary States through Regional Power Committees (RPCs). This is a common forum for regular interaction of stakeholders and for resolving of outstanding issues.

For and on behalf of the Board of Directors



(Ratish Kumar)  
 Chairman and Managing Director  
 DIN 06852735

Date: 11<sup>th</sup> August, 2017  
 Place: Faridabad

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

### 1. Brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

#### Introduction:

Your Company has formulated a CSR & Sustainability Policy in line with Section 135 of the Companies Act, 2013, Schedule VII of the Act and Companies (Corporate Social Responsibility Policy) Rules read with General Circulars issued on CSR by the Ministry of Corporate Affairs and the guidelines on Corporate Social Responsibility and Sustainability issued by Department of Public Enterprises (DPE).

#### Highlights of the Policy

- An amount specified under sub section (5) of Section 135 of the Companies Act, 2013, which is at present, at least two percent of the average net profit of the company made during three immediately preceding Financial Years, is kept as the annual budget for CSR & SD works during the year and approved by the Board of Directors.
- Preference to the local area around NHPC's Projects has been given by allocating at least 80% of the budget amount. However other locations may also be chosen based on the needs and as per the direction of Government of India on national schemes and campaign, wherein more than 20% amount of the CSR Budget may be spent, for the larger benefit of society / environment.
- The CSR initiatives includes programs on promoting education, vocational skills, health, sanitation, rural development, women empowerment, environmental up-gradation etc. in accordance with Schedule VII of the Companies Act, 2013. Expenditure on any other activity not in conformity with Schedule VII is not accounted towards CSR expenditure.
- Selection of CSR & Sustainability schemes is made so as to ensure maximum benefits to reach the poor/ backward & needy sections of the society and contribute to improve the quality of environment.

- Your Company is open to joining hands with the other CPSEs in planning, implementing and monitoring of Mega-Projects for optimal use of resources, synergy of expertise and capabilities for maximizing socio-economic or environmental impact.

#### Programmes covered under CSR:

The community development programs have been identified and formulated based on the specific needs and requirement of a particular location as Power Stations/Projects of your Company are located all over India under varying socio-economic conditions. To this effect, whole gamut of activities have been identified, which are to a great extent have been initiated in and around the Power Stations/Projects. These activities have been illustrated below:

#### I Education, Skill Development, Technology & Research:-

Your Company leads from the front when it comes to imparting education and skill development, especially to the poor and underprivileged sections of the society. Various Skill Development and Vocational Training Programs conforming to NSQF (National Skill Qualification Framework) have been initiated to improve quality of life of people living in the surrounding areas of various Projects/Power Stations. NHPC has made contribution towards setting up of Engineering Colleges at Bilaspur (HP) and at Takdah, Darjeeling (WB). NHPC has also constructed Vivekanand Kendra Vidyalaya at Kolaptukar, Dollungmukh (Arunachal Pradesh). NHPC is also contributing for the improvement/ up gradation of ITIs/Schools in different part of country. A total of 13 (Thirteen) ITIs have been adopted (seven in Jammu & Kashmir, four in Uttarakhand and two in Arunachal Pradesh) through Public Private Partnership (PPP)/ Vocational Training Improvement Program/ Centre of Excellence Scheme (COE). Besides above, scholarships to a large number of SC/ST & girl students studying in Govt. schools within the vicinity of Projects/ Power Stations/Townships have been provided. In addition, your Company is also providing support for improvement of infrastructure in schools.

As a part of its social responsibility, your Company has established two food processing centers at Alchi and Khalsti villages in Laddakh for processing and packaging of apricots, apples and tomatoes providing livelihood to 200 families.

## II Health:-

Health is a major issue that your Company is concerned about. Your Company has deployed 20 Mobile Medical Units under "SPANDAN" scheme in Assam equipped with medical facilities, qualified doctors and medical attendants. These MMUs are providing basic health services in villages. Your Company has organized a large number of medical camps, Cataract surgery camps and Vaccination Programmes in surrounding areas of Projects/Power Stations and distributed free medicines to economically weaker families/ individuals. Your company is also distributing aids and assistive devices to differently abled persons. Your Company is also providing Ambulances, Medical Equipment and other infrastructural support to Govt. Hospitals and health awareness camps round the year.

## III Rural Development:-

NHPC has taken up various Rural Development to augment basic infrastructure facilities like area electrification, Community Centre, Water Supply Lines, Drains, Roads/ Paths etc. as per the need and requirement of community. Your Company has also undertaken the construction activities of RCC Bridges/ Wooden Bridges, Cremation sheds, Rain shelters etc. Your company is also working in the field of educating and training farmers for development of Agriculture/ Apiculture, Organic cultivation and other advanced methods of farming.

## IV Environment & Sustainability:-

Your Company is committed to environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources, maintaining quality of air, water and soil. A number of CSR activities has been taken up for environment and sustainability like development of bio- diversity parks, establishment of food

processing plants, restoration of irrigation canals, plantation, installation of solar street lights etc.

## V Women Empowerment & Senior Citizen:-

Your Company has contributed towards numerous CSR activities designed for empowering the women and creation of facilities for senior citizens. Your Company has assisted in imparting skill development training to promote self-employment for women.

## VI Swachh Bharat Abhiyan/ Swachh Vidyalaya Abhiyan:-

A large number of public health and sanitation activities has been initiated by your company under Swachh Bharat Abhiyan which includes safe drinking water facilities in public area, community drinking water facility with RO Plant, basic amenities/sanitation facilities in market/ public area, Gram Swachhta Abhiyan, construction/ installation of water supply lines and sanitation in villages, construction of toilets in school/ public places, water supply system for schools etc.

## VII CSR Capacity Building and Other Activities: -

Your Company has also contributed towards training to promote rural and traditional sports. Your Company is creating social awareness by organizing various awareness programmes, meetings with the stakeholders. Traditional Rural Art & Culture are promoted in rural areas through providing infrastructure support.

The Corporate Social Responsibility & Sustainability Policy of your Company is available at following link:

[http://www.nhpcindia.com/writereaddata/Images/pdf/CSR\\_Policy\\_Final.pdf](http://www.nhpcindia.com/writereaddata/Images/pdf/CSR_Policy_Final.pdf)

## 2. The Composition of CSR Committee:-

The management structure of CSR & Sustainability activities is as follows:

A Board level Committee headed by an Independent Director has been constituted to allocate budget, review the progress and provide guidance on various CSR & Sustainability initiatives.

**The Composition of 'Committee of Directors on CSR & Sustainability' as on 31<sup>st</sup> March 2017 was as under-**

1.	Prof. Arun Kumar	Independent Director	Chairman
2.	Shri Balraj Joshi	Director (Technical)	Member
3.	Shri Mahesh Kumar Mittal	Director (Finance)	Member

**3. Average Net Profit of the company for last three Financial Years :-**

The details of net profit for preceding 3 Financial Years for the purpose of computation of CSR Budget as per Section 198 of Companies Act, 2013 are as under-

S. No.	Financial Year	Net Profit (in Crore)	Average Net Profit (in Crore)
1	2013-14	886.13	2,211.74
2	2014-15	2,708.12	
3	2015-16	3,040.97	

**4. Prescribed CSR Expenditure:**

₹ 44.23 crore (2% of average net profit for preceding 3 years)

**5. Details of CSR spent during the Financial Year:-**

**a. Total amount spent during the Financial Year 2016-17:**

₹ 7,581.87 Lakh

**b. Amount unspent, if any:**

NIL

**c. Manner in which the amount spent during the Financial Year is detailed below:**

S. No.	CSR project or activity identified	Sector	Location	Amount outlay (budget) project or program wise (₹ in Lakh)	Amount spent on the projects or programs (₹ in Lakh)	Cumulative expenditure upto the reporting period (₹ in Lakh)	Amount spent: Direct or through implementing agency
1.	Setting up of Hydro Engineering College at Bilaspur (HP). Construction of Engineering College at Takdah, Darjeeling (WB). Construction of Vivekanand Kendra Vidyalaya at Kolaptukar, Dollungmukh (Arunachal Pradesh). Employment Oriented Vocational Training for unemployed youth. Developmental/ up-gradation activities in ITIs. Scholarship to Students. Construction & Up-gradation of School Buildings and Labs. Providing Infrastructure in Schools. Organizing Skill Development Trainings / programs.	Education & Skill Development	Bilaspur in Himachal Pradesh, Takdah, Darjeeling in West Bengal, Dollungmukh in Arunachal Pradesh in addition to this other CSR & SD Activities are being undertaken in the vicinity of NHPC's Project/ Unit locations in Distt- Reasi, Baramula, Kishtwar, Leh (Ladakh), Kargil, Bandipora and Srinagar in Jammu & Kashmir, Distt-Kullu, Chamba and Mandi in Himachal Pradesh, Distt-Rangit (South Sikkim), Distt- Churachandpur (Manipur), Distt- Teesta (East Sikkim) Distt-Pithoragarh, Tehri Garhwal & Champawat in Uttarakhand, Distt-Darjeeling and Jalpaiguri in West Bengal, Distt-Dhemaji (Assam), Distt- Tawang, Papumpare and East Siang in Arunachal Pradesh.	5,722.97	5,036.39	5,036.39	Direct



S. No.	CSR project or activity identified	Sector	Location	Amount outlay (budget) project or program wise (₹ in Lakh)	Amount spent on the projects or programs (₹ in Lakh)	Cumulative expenditure upto the reporting period (₹ in Lakh)	Amount spent: Direct or through implementing agency
2.	<p>Deployment of Mobile Medical units.</p> <p>Arranging Medical Camps, Eye Check Up Camps, Cataract Surgery Camps, Vaccination Programs.</p> <p>Distribution of aids &amp; assistive devices to differently abled persons in partnership with "ALIMCO".</p> <p>Up gradation of Govt. Hospitals, Maternity Centers.</p> <p>Providing Ambulances, Medical Equipment and other infrastructure facilities to Govt. hospitals.</p>	Health & Sanitation	CSR & SD Activities are being undertaken in the vicinity of NHPC's Project/ Unit locations in Distt- Reasi, Baramula, Kishtwar, Leh (Ladakh), Kargil, Bandipora and Srinagar in Jammu & Kashmir, Distt -Kullu, Chamba and Mandi in Himachal Pradesh, Distt-Rangit (South Sikkim), Distt- Churachandpur (Manipur), Distt- Teesta (East Sikkim) Distt-Pithoragarh, Tehri Garhwal & Champawat in Uttarakhand, Distt-Darjeeling and Jalpaiguri in West Bengal, Distt-Dhemaji (Assam), Distt- Tawang, Papumpare and East Siang in Arunachal Pradesh.	1,248.05	1,530.55	1,530.55	Direct
3.	<p>Construction of Path Ways, Foot Bridges, Concrete Paths.</p> <p>Electrification of Hamlets in Alchi Village.</p> <p>Construction of Cold storage for keeping and securing the agri products.</p> <p>Construction &amp; Renovation of community halls.</p> <p>Construction of cremation sheds.</p> <p>Construction of Drains, Rain Shelters and Waiting sheds.</p> <p>Development of Agriculture/ Apiculture.</p> <p>Poly Green Houses for villagers.</p> <p>Arrangement of drinking water supply in villages.</p> <p>Organic Cultivation of Large Cardamom/ Distribution of large Cardamom seeds/ other measures for revival of agriculture and livelihood generation.</p> <p>Other infrastructure and community development activities as per local needs.</p>	Rural Development	CSR & SD Activities are being undertaken in the vicinity of NHPC's Project/ Unit locations in Distt- Reasi, Baramula, Kishtwar, Leh (Ladakh), Kargil, Bandipora and Srinagar in Jammu & Kashmir, Distt -Kullu, Chamba and Mandi in Himachal Pradesh, Distt-Rangit (South Sikkim), Distt- Churachandpur (Manipur), Distt- Teesta (East Sikkim) Distt-Pithoragarh, Tehri Garhwal & Champawat in Uttarakhand, Distt-Darjeeling and Jalpaiguri in West Bengal, Distt-Dhemaji (Assam), Distt- Tawang, Papumpare and East Siang in Arunachal Pradesh.	1,520.10	551.45	551.45	Direct

S. No.	CSR project or activity identified	Sector	Location	Amount outlay (budget) project or program wise (₹ in Lakh)	Amount spent on the projects or programs (₹ in Lakh)	Cumulative expenditure upto the reporting period (₹ in Lakh)	Amount spent: Direct or through implementing agency
4.	Development of Biodiversity Park and Herbal Parks Installation of food Processing Units for preservation of local fruits. Restoration of Canals for Irrigation purpose Installation of Solar Street Light. Providing LED Lights to conserve energy.	Environment & Sustainability	CSR & SD Activities are being undertaken in the vicinity of NHPC's Project/ Unit locations in Distt- Reasi, Baramula, Kishtwar, Leh (Ladakh), Kargil, Bandipora and Srinagar in Jammu & Kashmir, Distt-Kullu, Chamba and Mandi in Himachal Pradesh, Distt-Rangit (South Sikkim), Distt-Churachandpur (Manipur), Distt-Teesta (East Sikkim) Distt-Pithoragarh, Tehri Garhwal & Champawat in Uttarakhand, Distt-Darjeeling and Jalpaiguri in West Bengal, Distt- Dhemaji (Assam), Distt-Tawang, Papumpare and East Siang in Arunachal Pradesh, Distt- Faridabad, (Haryana).	159.00	60.29	60.29	Direct
5.	Skill Development Programs for Women Empowerment, Old Age homes for Senior Citizen.	Women Empowerment & Senior Citizen	CSR & SD Activities are being undertaken in the vicinity of NHPC's Project/ Unit locations in Distt- Reasi, Baramula, Kishtwar, Leh (Ladakh), Kargil, Bandipora and Srinagar in Jammu & Kashmir, Distt -Kullu, Chamba and Mandi in Himachal Pradesh, Distt-Rangit (South Sikkim), Distt- Churachandpur (Manipur), Distt- Teesta (East Sikkim) Distt-Pithoragarh, Tehri Garhwal & Champawat in Uttarakhand, Distt-Darjeeling and Jalpaiguri in West Bengal, Distt- Dhemaji (Assam), Distt-Tawang, Papumpare and East Siang in Arunachal Pradesh.	12.95	18.37	18.37	Direct
6.	Safe Drinking Water facilities with bore well, filtration in public areas, community centers etc. Community Drinking Water Facility with RO Plant. Basic Amenities/ Sanitation facilities in Market/ Public Area. Gram Swachhta Abhiyan. Construction of toilets in schools / public places. Construction/ Installation of Water Supply Lines and Sanitation in villages. Water Supply System for Schools.	Swachh Bharat Abhiyan/ Swachh Vidyalaya Abhiyan	Distt- Reasi, Baramula, Kishtwar, Leh (Ladakh), and Kargil in Jammu & Kashmir Distt-Kullu in Himachal Pradesh, Distt-Churachandpur in Manipur, Distt-Pithoragarh & Champawat in Uttarakhand Distt-Darjeeling and Jalpaiguri in West Bengal Distt-Dhemaji, Lakhimpur, Sonitpur, Nalbari, Darrang, Nagaon, Jorhat, Barpeta, Cachar, Sibsagar, Kamrup-Rural in Assam Distt- Tawang, Lower Dibang Valley, Papum Pare and West Siang in Arunachal Pradesh	2,077.98	253.09	253.09	Direct

S. No.	CSR project or activity identified	Sector	Location	Amount outlay (budget) project or program wise (₹ in Lakh)	Amount spent on the projects or programs (₹ in Lakh)	Cumulative expenditure upto the reporting period (₹ in Lakh)	Amount spent: Direct or through implementing agency
7.	Meeting with key Stakeholders/ Impact assessment/ Baseline survey. Training to promote Rural Sports. Promotion of local art and culture.	CSR capacity building, sports, art & culture and other activities	CSR & SD Activities are being undertaken in the vicinity of NHPC's Project/ Unit locations in Distt- Reasi, Baramula, Kishtwar, Leh (Ladakh), Kargil, Bandipora and Srinagar in Jammu & Kashmir, Distt -Kullu, Chamba and Mandi in Himachal Pradesh, Distt-Rangit (South Sikkim), Distt-Churachandpur (Manipur), Distt- Teesta (East Sikkim) Distt-Pithoragarh, Tehri Garhwal & Champawat in Uttarakhand, Distt-Darjeeling and Jalpaiguri in West Bengal, Distt- Dhemaji (Assam), Distt-Tawang, Papumpare and East Siang in Arunachal Pradesh, Distt- Faridabad, (Haryana).	201.85	131.73	131.73	Direct
<b>Total</b>				<b>10,943.00</b>	<b>7,581.87</b>	<b>7,581.87</b>	

**6. In case the company has failed to spend the two percent of the average net profit of the last three Financial Years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:-**

As per Section 135 of the Companies Act, 2013, the 2% of average net profit for the preceding 3 Financial Year amounts to ₹ **44.23 crore**. The Company has spent ₹ **75.82 crore** against the said provision.

As such, the spending on CSR activities comes to **3.43%** of average net profit of last 3 Financial Years. Hence, Company has fully utilized the budget allocation of Financial Year 2016-17.

**7 Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives under the Companies Act, 2013.**

Implementation and monitoring of CSR Policy is in compliance with CSR objectives under the Companies Act, 2013.

sd/-  
 (K. M. Singh)  
 Chairman & Managing Director,  
 NHPC Limited  
 DIN: 02223301

sd/-  
 (Arun Kumar)  
 Independent Director & Chairman,  
 Committee of Directors on CSR & Sustainability  
 DIN: 07346292



*Shri Balraj Joshi, Chairman & Managing Director and the then Director (Technical), Shri N.K. Jain, Director (Personnel) along with other NHPC employees participating in community yoga session on the occasion of 3<sup>rd</sup> International Yoga Day celebration by NHPC on 21.06.2017 at NHPC Residential Complex, Faridabad*

## EXTRACT OF ANNUAL REPORT

Annexure-VII

### FORM NO. MGT-9

#### EXTRACT OF ANNUAL RETURN

 As on the Financial Year ended on 31<sup>st</sup> March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

CIN	L40101HR1975GOI032564
Registration Date	7 <sup>th</sup> November, 1975
Name of the Company	NHPC Limited
Category/Sub-category of the Company	Public Company / Government Company / Limited by Shares
Address of the registered office and contact details	NHPC Office Complex, Sector- 33, Faridabad, Haryana – 121 003 Tel. No. 0129-2588110 / 2588500 Fax. No. 0129-2277941
Whether Listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Tel: 040-67162222 Toll Free No:1800 345 4001 Fax: 040-23420814

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are given below:

S. No.	Name and description of main products/services	NIC Code of the product/service*	% to total turnover of the Company <sup>#</sup>
1	Energy (Hydro Power) Electric power generation by Hydro-electric Power Plants	35101	99.28

\*As per classification under National Industrial Classification, Central Statistical Organization, Ministry of Statistics and Programme Implementation, Govt. of India

# On the basis of Gross Turnover

#### III. PARTICULARS OF SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the company	CIN	Subsidiary/ Associate	% of shares held	Applicable Section
1.	NHDC Limited NHDC Parisar, Near Hotel Lake View Ashoka, Shyamla Hills, Bhopal-462013, Madhya Pradesh	U31200MP2000GOI014337	Subsidiary	51.08%	2(87)
2.	Loktak Downstream Hydroelectric Corporation Limited Loktak Power Station, NHPC Limited, P. O. Loktak, Kom Keirap - 795114, Manipur	U40101MN2009GOI008249	Subsidiary	74%	2(87)
3.	Bundelkhand Saur Urja Limited TC-43/V, Vibhutikhand, Gomti Nagar, Lucknow - 226010, Uttar Pradesh	U40300UP2015GOI068632	Subsidiary	99.99%	2(87)



S. No	Name and address of the company	CIN	Subsidiary/ Associate	% of shares held	Applicable Section
4.	Chenab Valley Power Projects Private Limited, JKPCC Complex, Rail Head Complex, Panama Chowk, Jammu-180006 (J&K)	U40105JK2011PTC003321	Associate	49.78%	2(6)
5.	National High Power Test Laboratory Private Limited, NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi – 110003	U73100DL2009PTC190541	Associate	20.00%	2(6)

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	9,51,62,09,722	0	9,51,62,09,722	85.96	7,64,34,06,901	0	7,64,34,06,901	74.50	(11.46)
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	0	0	0	0	0	0	0	0
e) Banks/Fl	0	0	0	0	0	0	0	0	0
f) Others	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A) (1)</b>	<b>9,51,62,09,722</b>	<b>0</b>	<b>9,51,62,09,722</b>	<b>85.96</b>	<b>7,64,34,06,901</b>	<b>0</b>	<b>7,64,34,06,901</b>	<b>74.50</b>	<b>(11.46)</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0	0	0
e) Others	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>9,51,62,09,722</b>	<b>0</b>	<b>9,51,62,09,722</b>	<b>85.96</b>	<b>7,64,34,06,901</b>	<b>0</b>	<b>7,64,34,06,901</b>	<b>74.50</b>	<b>(11.46)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual funds/UTI	62,04,586	0	62,04,586	0.06	11,44,48,829	0	11,44,48,829	1.12	1.06
b) Banks/Fls	9,13,85,576	0	9,13,85,576	0.82	7,91,13,321	0	7,91,13,321	0.77	(0.05)
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f) Insurance Companies	38,93,80,953	0	38,93,80,953	3.52	95,11,72,168	0	95,11,72,168	9.27	5.75
g) Flls	28,70,76,272	0	28,70,76,272	2.59	35,39,32,824	0	35,39,32,824	3.45	0.86
h) Foreign Venture Capital funds	0	0	0	0.00	0	0	0	0.00	0
i) Others	0	0	0	0.00	0	0	0	0.00	0
<b>Sub-total (B) (1)</b>	<b>77,40,47,387</b>	<b>0</b>	<b>77,40,47,387</b>	<b>6.99</b>	<b>1,49,86,67,142</b>	<b>0</b>	<b>1,49,86,67,142</b>	<b>14.61</b>	<b>7.62</b>

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>2. Non Institutions</b>									
a) Bodies Corporate	6,94,81,348	0	6,94,81,348	0.63	49,81,55,823	0	49,81,55,823	4.85	4.22
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	53,02,14,478	1,52,582	53,03,67,060	4.79	46,72,05,811	1,46,642	46,73,52,453	4.56	(0.23)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15,85,55,459	0	15,85,55,459	1.43	13,23,50,580	0	13,23,50,580	1.29	(0.14)
c) Others									
(i) Clearing Members	35,85,542	0	35,85,542	0.03	28,30,858	0	28,30,858	0.03	0.00
(ii) Non Resident Indians	1,51,38,074	7,575	1,51,45,649	0.14	1,05,74,691	7,575	1,05,82,266	0.10	(0.04)
(iii) Non Resident Indians – Non-repatriation	0	0	0	0.00	24,04,059	0	24,04,059	0.02	0.02
(iv) Foreign Nationals	1,500	0	1,500	0.00	1,500	0	1,500	0.00	0.00
(v) Overseas Corporate Bodies	175	0	175	0.00	175	0	175	0.00	0.00
(vi) Trusts	28,85,392	0	28,85,392	0.03	28,89,252	0	28,89,252	0.03	0.00
(vii) Non-banking Financial Institutions	3,89,262	0	3,89,262	0.00	6,79,510	0	6,79,510	0.01	0.01
(viii) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0
<b>Sub-total (B)(2)</b>	<b>78,02,51,230</b>	<b>1,60,157</b>	<b>78,04,11,387</b>	<b>7.05</b>	<b>1,11,70,92,259</b>	<b>1,54,217</b>	<b>1,11,72,46,476</b>	<b>10.89</b>	<b>3.84</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1,55,42,98,617</b>	<b>1,60,157</b>	<b>1,55,44,58,774</b>	<b>14.04</b>	<b>2,61,57,59,401</b>	<b>1,54,217</b>	<b>2,61,59,13,618</b>	<b>25.50</b>	<b>11.46</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>11,07,05,08,339</b>	<b>1,60,157</b>	<b>11,07,06,68,496</b>	<b>100</b>	<b>10,25,91,66,302</b>	<b>1,54,217</b>	<b>10,25,93,20,519</b>	<b>100</b>	<b>0</b>

## (ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	President of India	9,51,62,09,722	85.96	0.00	7,64,34,06,901	74.50	0.00	(11.46)
	<b>Total</b>	<b>9,51,62,09,722</b>	<b>85.96</b>	<b>0.00</b>	<b>7,64,34,06,901</b>	<b>74.50</b>	<b>0.00</b>	<b>(11.46)</b>

**(iii) Change in Promoters' Shareholding**

S. No.	Particulars	Shareholding at the beginning of the year (As on 01.04.2016)		Transactions during the year			Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	% of total shares of the company	Date	Increase/Decrease	Reason	No. of shares	% of total shares of the company
1.	At the beginning of the year	9,51,62,09,722	85.96				9,51,62,09,722	85.96
2.	Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			28.04.2016	(1,25,76,27,941)	Offer for Sale	8,25,85,81,781	74.60
				21.11.2016	(1,02,96,420)	Offer for Sale-Employees	8,24,82,85,361	74.51
				27.03.2017	(60,48,78,460)	Buy-back of Shares	7,64,34,06,901	74.50
3.	At the end of the year	7,64,34,06,901	74.50				7,64,34,06,901	74.50

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

S. No.	Name of the Shareholder	Shareholding		Cumulative shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1.</b>	<b>LIFE INSURANCE CORPORATION OF INDIA*</b>				
	At the beginning of the year	34,46,34,628	3.11	34,46,34,628	3.11
	Bought during the year	58,67,20,920	5.30	93,13,55,548	8.41
	Sold during the year	2,51,72,046	0.23	90,61,83,502	8.18
	At the end of the year	90,61,83,502	8.83	90,61,83,502	8.83
<b>2.</b>	<b>UCO BANK*</b>				
	At the beginning of the year	3,31,54,836	0.30	3,31,54,836	0.30
	Bought during the year	0	0.00	3,31,54,836	0.30
	Sold during the year	0	0.00	3,31,54,836	0.30
	At the end of the year	3,31,54,836	0.32	3,31,54,836	0.32
<b>3.</b>	<b>VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGAURD INTERNATIONAL EQUITY INDEX FUND*</b>				
	At the beginning of the year	2,18,78,724	0.20	2,18,78,724	0.20
	Bought during the year	1,93,17,608	0.17	4,11,96,332	0.37
	Sold during the year	68,20,609	0.06	3,43,75,723	0.31
	At the end of the year	3,43,75,723	0.34	3,43,75,723	0.34
<b>4.</b>	<b>WISDOMTREE INDIA INVESTMENT PORTFOLIO INC@</b>				
	At the beginning of the year	1,50,34,795	0.14	1,50,34,795	0.14
	Bought during the year	14,70,721	0.01	1,65,05,516	0.15
	Sold during the year	40,07,900	0.04	1,24,97,616	0.11
	At the end of the year	1,24,97,616	0.12	1,24,97,616	0.12

S. No.	Name of the Shareholder	Shareholding		Cumulative shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>5.</b>	<b>SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA@</b>				
	At the beginning of the year	1,39,07,798	0.13	1,39,07,798	0.13
	Bought during the year	0	0.00	1,39,07,798	0.13
	Sold during the year	0	0.00	1,39,07,798	0.13
	At the end of the year	1,39,07,798	0.14	1,39,07,798	0.14
<b>6.</b>	<b>CORPORATION BANK@</b>				
	At the beginning of the year	1,38,42,251	0.13	1,38,42,251	0.13
	Bought during the year	0	0.00	1,38,42,251	0.13
	Sold during the year	1,60,000	0.01	1,36,82,251	0.12
	At the end of the year	1,36,82,251	0.13	1,36,82,251	0.13
<b>7.</b>	<b>VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND*</b>				
	At the beginning of the year	1,60,08,277	0.14	1,60,08,277	0.14
	Bought during the year	1,59,71,885	0.14	3,19,80,162	0.28
	Sold during the year	54,84,969	0.05	2,64,95,193	0.23
	At the end of the year	2,64,95,193	0.26	2,64,95,193	0.26
<b>8.</b>	<b>GOLDMAN SACHS (SINGAPORE) PTE*</b>				
	At the beginning of the year	3,54,27,088	0.32	3,54,27,088	0.32
	Bought during the year	2,26,59,392	0.20	5,80,86,480	0.52
	Sold during the year	4,10,08,729	0.37	1,70,77,751	0.15
	At the end of the year	1,70,77,751	0.17	1,70,77,751	0.17
<b>9.</b>	<b>HDFC TRUSTEE COMPANY LIMITED – HDFC PRUDENCE FUND#</b>				
	At the beginning of the year	0	0	0	0
	Bought during the year	3,74,50,894	0.34	3,74,50,894	0.34
	Sold during the year	24,43,118	0.02	3,50,07,776	0.32
	At the end of the year	3,50,07,776	0.34	3,50,07,776	0.34
<b>10.</b>	<b>PENSION RESERVES INVESTMENT TRUST FUND-PZENA INVESTMENT MANAGEMENT LLC*</b>				
	At the beginning of the year	1,48,81,775	0.13	1,48,81,775	0.13
	Bought during the year	16,02,422	0.01	1,64,84,197	0.14
	Sold during the year	0	0.00	1,64,84,197	0.14
	At the end of the year	1,64,84,197	0.16	1,64,84,197	0.16
<b>11.</b>	<b>MORGAN STANLEY ASIA SINGAPORE PTE@</b>				
	At the beginning of the year	1,26,38,305	0.11	1,26,38,305	0.11
	Bought during the year	68,94,483	0.06	1,95,32,788	0.17
	Sold during the year	1,95,32,788	0.17	0	0
	At the end of the year	0	0	0	0
<b>12.</b>	<b>RURAL ELECTRIFICATION CORPORATION LTD#</b>				
	At the beginning of the year	0	0	0	0
	Bought during the year	26,05,43,476	2.35	26,05,43,476	2.35
	Sold during the year	7,65,31,611	0.69	18,40,11,865	1.66
	At the end of the year	18,40,11,865	1.79	18,40,11,865	1.79

S. No.	Name of the Shareholder	Shareholding		Cumulative shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>13.</b>	<b>POWER FINANCE CORPORATION LTD<sup>#</sup></b>				
	At the beginning of the year	0	0	0	0
	Bought during the year	26,05,42,051	2.35	26,05,42,051	2.35
	Sold during the year	0	0.00	26,05,42,051	2.35
	At the end of the year	26,05,42,051	2.54	26,05,42,051	2.54
<b>14.</b>	<b>HDFC TRUSTEE COMPANY LIMITED- HDFC TAX SAVER FUND<sup>#</sup></b>				
	At the beginning of the year	0	0	0	0
	Bought during the year	4,47,26,750	0.40	4,47,26,750	0.40
	Sold during the year	29,17,761	0.03	4,18,08,989	0.37
	At the end of the year	4,18,08,989	0.41	4,18,08,989	0.41

\* denotes Top 10 shareholders on both 01.04.2016 and 31.03.2017.

@ denotes Top 10 shareholders only on 01.04.2016.

# denotes Top 10 shareholders only on 31.03.2017.

**Notes:**

- (1) The shares of the Company are traded on a daily basis and hence, the date wise increase/decrease in shareholding is not indicated.
- (2) Shareholding is consolidated based on Permanent Account Number (PAN) of the Shareholders.
- (3) Calculation of percentage at the beginning of the year, bought during the year and sold during the year is based on the number of equity shares of the Company before Buy-back i.e. 11,07,06,68,496. The calculation of percentage at the end of the year is based on the number of equity shares of the Company as on 31<sup>st</sup> March, 2017 after Buy-Back i.e. 10,25,93,20,519.

**(v) Shareholding of Directors and Key Managerial Personnel**

S. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning of the year (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the company
<b>A</b>	<b>DIRECTORS</b>							
1.	Shri K. M. Singh, Chairman & Managing Director	NIL	NA	Nil movement during the period			NIL	NA
2.	Shri Ratish Kumar, Director (Projects)	18,200	Negligible	01.04.2016	-	-	18,200	Negligible
				21.11.2016	9,680 -Offer For Sale	Purchase	27,880	Negligible
				28.11.2016	(10,200)	Sale	17,680	Negligible
				30.11.2016	(480)	Sale	17,200	Negligible
				27.03.2017	(1,214) - Buy-back	Sale	15,986	Negligible
		15,986	Negligible	31.03.2017	-	-	15,986	Negligible



S. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning of the year (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the company
3.	Shri Balraj Joshi, Director (Technical)	5,425	Negligible	01.04.2016	-	-	5,425	Negligible
				22.11.2016	9,680 - Offer For Sale	Purchase	15,105	Negligible
				27.03.2017	(3,214) - Buy-back	Sale	11,891	Negligible
		11,891	Negligible	31.03.2017	-	-	11,891	Negligible
4.	Shri Nikhil Kumar Jain, Director(Personnel) (became Director on 07.02.2017)	NIL	NA	Nil movement during the period			NIL	NA
5.	Shri Mahesh Kumar Mittal, Director(Finance) & CFO (became Director on 01.03.2017 and CFO on 17.04.2017)	NIL	NA	Nil movement during the period			NIL	NA
6.	Shri R.S. Mina, Director (Personnel) (Ceased to be director on 31.01.2017)	42,000	Negligible	01.04.2016	-	-	42,000	Negligible
				21.11.2016	9,680 - Offer For Sale	Purchase	51,680	Negligible
				25.11.2016	(25,000)	Sale	26,680	Negligible
		26,680	Negligible	31.01.2017	-	-	26,680	Negligible
7.	Shri Jayant Kumar, Director (Finance) & CFO (Ceased to be Director & CFO on 28.02.2017)	NIL	NA	01.04.2016	-	-	NIL	NA
				21.11.2016	9,680 - Offer For Sale	Purchase	9,680	Negligible
				25.11.2016	(9,680)	Sale	NIL	NA
		NIL	NA	28.02.2017	-	-	NIL	NA
8.	Shri Satya Prakash Mangal, Independent Director	1,500	Negligible	Nil movement during the period			1,500	Negligible
9.	Prof. Arun Kumar, Independent Director	NIL	NA	Nil movement during the period			NIL	NA
10.	Prof. Kanika T. Bhal, Independent Director	NIL	NA	Nil movement during the period			NIL	NA
11.	Shri Farooq Khan, Independent Director (ceased to be Director on 17.08.2016)	NIL	NA	Nil movement during the period			NIL	NA
12.	Smt. Archana Agrawal, Govt. Nominee Director	NIL	NA	Nil movement during the period			NIL	NA
13.	Smt. Krishna Tyagi, Govt. Nominee Director	NIL	NA	Nil movement during the period			NIL	NA

S. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning of the year (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the company
B	Key Managerial Personnel							
1.	Shri Vijay Gupta, Company Secretary	14,500	Negligible	01.04.2016	-	-	14,500	Negligible
				23.09.2016	(1,500)	Sale	13,000	Negligible
				28.10.2016	(4,500)	Sale	8,500	Negligible
				21.11.2016	9,670 - Offer For Sale	Purchase	18,170	Negligible
				28.11.2016	(1,000)	Sale	17,170	Negligible
				30.11.2016	(1,500)	Sale	15,670	Negligible
				27.03.2017	(4,439) - Buy-back	Sale	11,231	Negligible
		11,231	Negligible	31.03.2017	-	-	11,231	Negligible

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans**	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year (01.04.2016)</b>				
i) Principal Amount	15,437.27	4,705.16	0.00	20,142.43
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	351.60	25.63	0.00	377.23
<b>Total (i+ii+iii)</b>	<b>15,788.87</b>	<b>4,730.79</b>	<b>0.00</b>	<b>20,519.66</b>
<b>Change in Indebtedness during the Financial Year</b>				
Addition	2,135.00	1,591.50	0.00	3,726.50
Reduction*	3,124.31	1,149.38	0.00	4,273.69
<b>Net Change</b>	<b>(989.31)</b>	<b>442.12</b>	<b>0.00</b>	<b>(547.19)</b>
<b>Indebtedness at the end of the Financial Year (31.03.2017)</b>				
i) Principal Amount	14,447.96	5,147.28	0.00	19,595.24
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	392.98	35.58	0.00	428.56
<b>Total (i+ii+iii)</b>	<b>14,840.94</b>	<b>5,182.86</b>	<b>0.00</b>	<b>20,023.80</b>

\* Reduction in Unsecured Loan column includes ERV gain of ₹ 13,32,34,701 on foreign debt

\*\*Unsecured Loans includes foreign debts, short term loan and sub-ordinate debt

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director and Whole-time Directors

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of MD/WTD							Total Amount
		Shri K. M. Singh, Chairman and Managing Director	Shri Ratish Kumar, Director (Projects)	Shri Balraj Joshi, Director (Technical)	Shri Nikhil Kumar Jain, Director (Personnel) (became Director on 07.02.2017)	Shri Mahesh Kumar Mittal, Director (Finance) & CFO (became Director on 01.03.2017)	Shri R. S. Mina, Director (Personnel) (Ceased to be Director on 31.01.2017)	Shri Jayant Kumar, Director (Finance) & CFO (ceased to be Director on 28.02.2017)	
1.	Gross salary								
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961*	28,73,662	33,70,332	28,75,890	3,71,485	2,32,174	66,41,489	49,56,821	2,13,21,853
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4,13,070	1,20,158	4,81,331	4,821	2,700	5,92,599	6,66,241	22,80,920
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
5.	Others**	4,17,728	4,15,170	10,20,374	73,534	42,109	13,70,842	19,42,013	52,81,770
	<b>Total (A)</b>	<b>37,04,460</b>	<b>39,05,660</b>	<b>43,77,595</b>	<b>4,49,840</b>	<b>2,76,983</b>	<b>86,04,930</b>	<b>75,65,075</b>	<b>2,88,84,543</b>
	Ceiling as per the Act	Not Applicable being a Govt. Company (Ministry of Corporate Affairs' notification dated 05.06.2015)							

\* Salary under Section 17(1) of the Income Tax Act, 1961 includes Performance Related Pay (PRP) paid for the year 2014-15 as per respective position held by the directors during that period.

\*\* Others include lease rent, gratuity, leave encashment, medical reimbursement, EPF, Social Security Scheme & Pension Fund (Matching Contribution) etc. which were not included in point no. (1).

#### Note:

- (1) During the year, an amount of ₹ 39,76,837 was paid to Shri D. P. Bhargava, Ex-Director(Technical) for his dues related to previous year. Similarly, an amount of ₹ 9,69,354 was paid to Shri J. K. Sharma, Ex-Director (Projects) for his dues related to previous year(s).

**B. Remuneration to other directors:**

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	<b>Independent Directors</b>	<b>Shri Satya Prakash Mangal</b>	<b>Prof. Arun Kumar</b>	<b>Prof. Kanika T. Bhal</b>	<b>Shri Farooq Khan (ceased to be director on 17.08.2016)</b>	
	Fee for attending board/committee meetings	4,60,000	5,00,000	4,00,000	1,60,000	15,20,000
	Commission	NIL	NIL	NIL	NIL	NIL
	Others	NIL	NIL	NIL	NIL	NIL
	<b>Total(1)</b>	<b>4,60,000</b>	<b>5,00,000</b>	<b>4,00,000</b>	<b>1,60,000</b>	<b>15,20,000</b>
2.	<b>Nominee Directors</b>	<b>Smt. Krishna Tyagi</b>	<b>Smt. Archana Agrawal</b>			
	Fee for attending board/committee meetings	NIL	NIL	-	-	NIL
	Commission	NIL	NIL	-	-	NIL
	Others	NIL	NIL	-	-	NIL
	<b>Total(2)</b>	<b>NIL</b>	<b>NIL</b>	<b>-</b>	<b>-</b>	<b>NIL</b>
	<b>Total (B)=(1+2)</b>	<b>4,60,000</b>	<b>5,00,000</b>	<b>4,00,000</b>	<b>1,60,000</b>	<b>15,20,000</b>
	<b>Total Managerial Remuneration*</b>					<b>3,04,04,543</b>
	Overall Ceiling as per the Act	Not Applicable being a Govt. Company (Ministry of Corporate Affairs' notification dated 05.06.2015)				

**Note:**

- (1) The amount of remuneration to directors is based on actual payments during the year 2016-17 irrespective of the year to which it pertains.

\*Total remuneration to Managing Director, Whole-time Directors and other Directors (being the total of A and B)

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR AND WHOLE TIME DIRECTORS**

(Amount in ₹)

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO*	Company Secretary	CFO*	Total
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	30,78,851	-	30,78,851
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	2,19,655	-	2,19,655
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	NIL	-	-
2.	Stock Option	-	NIL	-	-
3.	Sweat Equity	-	NIL	-	-
4.	Commission	-	NIL	-	-
5.	Others**	-	4,35,800	-	4,35,800
	<b>Total</b>	<b>-</b>	<b>37,34,306</b>	<b>-</b>	<b>37,34,306</b>

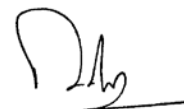
\*The post of CEO and CFO is being held by Chairman & Managing Director and Director (Finance) of the Company respectively.

\*\*Others include lease rent, gratuity, leave encashment, medical reimbursement, EPF, Social Security Scheme & Pension Fund (Matching Contribution) etc. which were not included in point no. (1).

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

For and on behalf of the Board of Directors



 (Ratish Kumar)  
 Chairman and Managing Director  
 DIN 06852735

 Date: 11<sup>th</sup> August, 2017

Place: Faridabad



## DIVIDEND DISTRIBUTION POLICY

### 1.0 Background:

SEBI vide its notification dated 08.07.2016 has inserted regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires the following:

1. The top five hundred listed entities based on market capitalisation (calculated as on 31<sup>st</sup> March of every Financial Year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.
2. The dividend distribution policy shall include the following parameters:
  - a. the circumstances under which the shareholders of the listed entities may or may not expect dividend;
  - b. the financial parameters that shall be considered while declaring dividend;
  - c. internal and external factors that shall be considered for declaration of dividend;
  - d. policy as to how the retained earnings shall be utilized; and
  - e. parameters that shall be adopted with regard to various classes of shares.

Keeping in view the above parameters, the Dividend Distribution Policy of the Company has been framed.

**2.0** This Policy shall be known as NHPC Dividend Distribution Policy (the "Policy").

**3.0** The Policy shall be effective from the date of its adoption by the Board i.e. 30.05.2017.

### 4.0 Policy Outline:

The basis of the policy framework is largely in line with the provisions of the Companies Act, guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises, SEBI (LODR) Regulations, 2015 and other guidelines, to the extent applicable in context with payment of dividend. The Policy shows the intent of the Company to share a portion of its profits to the owners of the Company.

### 5.0 Important terms:

- **Dividend:** Profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid – up on the shares held by them. In simple terms it refers to return on investment that shareholders get from the company's net profits.

- **Net Worth:** Aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium amount.
- **Profit After Tax (PAT):** The net amount earned by a business after all taxation related expenses have been deducted.
- **Retained Profit:** Profit generated by a business that are not distributed to shareholders as dividends but are either reinvested in the business or kept as a reserve for specific objectives (such as to pay off a debt or purchase a capital asset).
- **Dividend Payout ratio:** Percentage of business earning paid as dividends to shareholders. It indicates how well the firm's earning support dividend payments. Lower this percentage, more secure the dividend payment. Considering guidelines of DIPAM on Dividend, NHPC has to pay dividend of 5% of the net worth of the Company and accordingly the dividend pay-out ratio will remain approximately in the range of 60% - 80% of the net profit (PAT).
- **Dividend Yield:** A financial ratio that indicates how much a company pays out in dividends each year relative to its share price.
- **Price Earnings (PE) ratio:** It shows what the market is willing to pay for a stock based on its current earnings.
- **Price to Book (PB) ratio:** This ratio is used to compare a stock's market value to its book value.
- **Market Capitalization:** It means aggregate valuation of the company based on market price & total outstanding shares.

### 6.0 The Policy shall not apply to:

- Dividend on preference shares, if any to be issued by the Company;
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

### 7.0 Objectives of the Policy:

The Dividend Policy has been framed keeping in mind the following objectives:

- **Fundamental Value of Company:** Dividend Distribution Policy has significant impact on the value of Company. The policy aims at increasing the Company's fundamental value by ensuring sustainable dividend payout ratio with due consideration of the requirement of the retained earnings.

- **Growth Plan:** Dividend Distribution Policy is a financing decision and leads to cash outflows and also leads to decrease in availability of cash for financing of profitable projects. If sufficient funds are not available, a firm has to depend on external financing. Therefore the dividend policy needs to be devised in such a manner that prospective projects may be financed through appropriate mix of debt and retained earnings.
- **Stable Rate of Return:** Fluctuation in the rate of return adversely affects the market price of shares. Therefore the dividend policy aims at ensuring consistent dividend payout trend in future until the company is constrained to declare dividend due to any of the internal or external factors.

#### 8.0 Circumstances under which the shareholders of the Company may or may not expect dividend:

The dividend distribution policy of the Company is adopted by the Board of Directors and regulates the balance between the net profit of the Company and the profit of the Company which is distributed as dividends. Dividend is a portion of net profits of the company distributed among the shareholders as per prevailing applicable laws & guidelines. Dividend is declared at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may recommend dividends, considering relevant law and other factors into consideration, to be paid to the members. The Board may also declare interim dividends. Factors that may be considered by the Board before making any recommendations for the dividend include, but are not limited to, future capital expenditure plans, profits earned during the Financial Year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines issued by Government in this regard. These factors need to be considered while deciding dividend payout.

#### 9.0 Financial Parameters that shall be considered while declaring dividend:

As per DIPAM Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) issued by DIPAM, Govt. of India on 27.05.2016, every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permissible under the extant legal provisions. Nonetheless, CPSEs are expected to pay the maximum dividend permissible under the Act under which a CPSE has been set up, unless lower dividend proposed to be paid is justified after the analysis of the following aspects on a case to case basis at the level of Administrative Ministry/Department.

- Net-Worth of the CPSE and its Capacity to borrow;
- Long-term borrowings;
- CAPEX/Business Expansion needs;

- Retention of profit for further leveraging in line with the CAPEX needs; and
- Cash and bank balance.

#### 9.1 Dividend Policy:

Dividend for the Financial Year shall be decided by the Board of Directors considering various statutory requirements, financial performance of the Company and other internal and external factors enumerated in the policy. However, broadly the dividend payment by NHPC shall be in line with the ibid DIPAM guidelines i.e. 30% of PAT or 5% of net-worth, whichever is higher.

#### 9.2 Manner and timelines for Dividend Payout:

##### (a) Interim dividend(s):

- Interim dividend(s), if any, shall be declared by the Board of Directors. Normally, interim dividend is declared in the third/fourth quarter of the relevant Financial Year.
- The payment of interim dividend, if declared, shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable laws.

##### (b) Final dividend:

- Recommendation for final dividend, if any, shall be done by the Board of Directors and shall be subject to approval of the shareholders of the Company in Annual General Meeting.
- The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.
- In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

#### 10.0 Internal and External factors that shall be considered for declaration of dividend:

Internal factors includes CAPEX plan and free cash available to the Company. External factors include economic conditions, Regulatory norms applicable to the Company, applicable statutory provisions & the guidelines issued by the Govt. of India or other statutory bodies from time to time. These factors will be considered while deciding the quantum of dividend.

#### 11.0 Manner of Utilisation of Retained Earnings:

The retained earnings is utilised primarily for the growth prospect of the Company for the maximisation of the shareholder's fund. The Company shall take following factors into consideration for the utilisation of the retained earnings:

- i. Short term and long term plans of the Company.
- ii. Diversification opportunities.
- iii. Government guidelines with regard to issue of bonus, buy-back etc.
- iv. Any other criteria which the Board of Directors may consider appropriate.

#### 12.0 Parameters to be adopted with regard to various classes of shares:

The decision to pay (declare) dividends is taken by the Board of Directors/ shareholders at the AGM of the Company. Under this decision, the size of dividends per shares of each category (type) is determined. Since the Company has only one class of equity share with equal voting right, all the members of the Company are entitled for the same amount of dividend per share.

#### 13.0 Other Provisions:

The Policy needs to be approved by the Board of Directors of the Company and the Board of Directors have right

to carry out any changes in the policy. The policy will be reviewed every three years or as Company's Board of Directors may deem fit from time to time.

If as a result of changes to the laws of the land, any individual clause of this policy contradicts such change, the policy shall be applied in the part that does not contradict the law in force.

In case, the quantum of dividend so declared happens to be less than ₹ 0.50 to a shareholder then the shareholder will get minimum dividend of ₹ 1. Further, the payment of dividend is subject to rounding off the amount of dividend in terms of Companies (Central Governments) General Rules & Forms Amendment Rules, 2014.

#### 14.0 Informing the Shareholders of Dividend Distribution Policy:

Dividend Distribution Policy to be made available in the annual report of the Company & to be disclosed on the website of the Company also.



231 MW CHAMERA-III POWER STATION (HIMACHAL PRADESH) - DAM

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

{Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,  
**The Members,  
 NHPC Limited**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NHPC Limited (hereinafter called 'the Company' or 'NHPC'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by NHPC Limited for the Financial Year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the audit period);

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period);
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) **I further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the Electricity Act, 2003 and the rules and regulations made thereunder which is specifically applicable law to the Company as per the management.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards with regard to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India; and
- ii. Corporate Governance Guidelines issued by the Department of Public Enterprises vide their OM No. 18(8)/2005-GM dated 14<sup>th</sup> May, 2010.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observation:

***The composition of the Board of Directors is not in compliance with Section 149(1) of the Companies Act, 2013, the Regulation 17(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Para 3.1.4 of the DPE Guidelines on Corporate Governance as the Company does not have requisite number of Independent Directors on its Board.***



**Annexure-A**

The Company has explained that the Company, being a Government Company, the nomination/ appointment of the Independent Directors is made by the Govt. of India. The Company has already requested the Ministry of Power, Govt. of India for nomination of requisite number of Independent Directors on the Board.

**I further report that** in view of the reasons mentioned hereinbefore the Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. However, the changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all directors to schedule the Board and Committee meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings, duly recorded and signed by the Chairman, the decisions of the Board/ Committee meetings were unanimous in all cases and there were no dissenting views in the minutes.

**I further report** that based on the review of compliance mechanism established by the Company and on the basis of the certificates of Legal Compliance issued by the Company Secretary of the Company and taken on record by the Board of Directors at their meetings, I am of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. Further, I am informed that the Company has responded to notices for demands, claims, penalties etc., levied by various statutory/ regulatory authorities and initiated actions for corrective measures, wherever found necessary during the audit period.

**I further report** that during the audit period, the Company has bought back 81,13,47,977 fully paid-up equity shares of ₹ 10/- each comprising 7.33% of its equity share capital following the provisions of the Act, the rules framed thereunder and the SEBI (Buy-back of Securities) Regulations, 1998.

**For P. P. Agarwal & Co.**  
 Company Secretaries,  
 U. C. No. S2012DE174200

Sd/-  
 Pramod P. Agarwal  
 Prop.

Place: New Delhi  
 Date: 23<sup>rd</sup> June, 2017

This report is to be read with our letter of even date which is annexed as '**Annexure-A**' and forms an integral part of this report.

To,  
**The Members,**  
**NHPC Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have relied on the correctness and appropriateness of financial records and Books of Accounts of the Company, based on audited & approved financials.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For P. P. Agarwal & Co.**

Company Secretaries  
 U. C. No. S2012DE174200

Sd/-  
**Pramod P. Agarwal**  
 Prop.  
 C.P. No.: 10566

Place: New Delhi  
 Date: 23<sup>rd</sup> June, 2017





*Senior officers of NHPC felicitating Ms. Arunachalam Nalini, Deputy Manager (Finance), NHPC Limited on 17.08.2017 on her return after brilliant performance in the 7<sup>th</sup> World Dwarf Games 2017, held during 4-12 August 2017 at Ontario, Canada.*



*Shri Balraj Joshi, Chairman & Managing Director and the then Director (Technical) presenting the winner trophy for the 19<sup>th</sup> Inter CPSU Table Tennis Tournament organized at Chamera Power Station-I, Khairi, Himachal Pradesh on 15.02.2017.*

## INDEPENDENT AUDITOR'S REPORT

Annexure-X

### TO THE MEMBERS OF NHPC LIMITED

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **NHPC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements").

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the standalone Ind AS financial statements:

Sl. No.	Matter	Management's Reply
(a)	Note no. 2.2 para 2 to the standalone Ind AS financial statements regarding expenditure incurred for conducting survey and investigation on projects either provided for on account of uncertainty about the outcome or being carried forward pending clearance with various authorities.	(a) In the opinion of the management, the projects on which survey & investigation expenditure is incurred are still active and accordingly, the expenditure incurred is being carried forward. However, provision wherever considered necessary has been made in the books.
(b)	Note No. 22 para 1 to the standalone Ind AS financial statements regarding the stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board level executives	(b) NHPC Officers Association has got stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment recovery. In view of the directions of the Hon'ble High Court, Personal Pay Adjustment is being paid along with the salary.
(c)	Note No. 34 para 1 to the standalone Ind AS financial statements, regarding the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. In some of the cases the arbitration award has been decided against the Company/ lost in lower courts and the company is pursuing the matter in higher courts. Management does not envisage any possible outflow in respect of decisions against the company other than those already provided for in the books of account.	(c) This disclosure in the ibid para has been made in compliance of provisions of Ind-AS 37 (Provisions, Contingent Liabilities and Contingent Assets).
(d)	Note No. 34 para 13 to the standalone Ind AS financial statements regarding the various balances which are subject to reconciliation/ confirmation and respective consequential adjustments.	(d) Disclosure through note is a statement of fact.
(e)	Note No. 34 para 28 to the standalone Ind AS financial statements regarding Kotlibhel-IA project, the fate of which depends upon suit pending adjudication before the Hon'ble Supreme Court of India.	(e) Disclosure through note is a statement of fact.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
- The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the Act, the compliance of which is set out in "Annexure B".
- As required by Section 143 (3) of the Act, we report that:
  - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.
  - in terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164 (2) of the Act regarding disqualification of directors, are not applicable to the Company;



- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 read with Companies (Audit & Auditors) Amendment Rules 2017, in our opinion and to the best of our information and according to the explanations given to us:
- the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 34 Para 1 to the standalone Ind AS financial statements;
  - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - there has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 in Note 34 para 17 to the standalone Ind AS financial statements. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company.

**For S N Dhawan & Co. LLP**  
 (Chartered Accountants)  
 FR No. 000050N/N500045

**(S.K. KHATTAR)**  
 Partner  
 M. No. 084993

**For Gupta Gupta & Associates**  
 (Chartered Accountants)  
 FR No. 001728N

**(VASU GUPTA)**  
 Partner  
 M. No. 537545

**For Ray & Ray**  
 (Chartered Accountants)  
 FR No. 301072E

**(BARUN KUMAR GHOSH)**  
 Partner  
 M. No. 051028

Place : New Delhi  
 Date : 30th May, 2017



94.2 MW TANAKPUR POWER STATION (UTTARAKHAND) - BARRAGE



**Annexure A referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:-**

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

Sl. No.	Matter	Management's Reply
i (b)	The Property, Plant and Equipment, except in case of land in certain units, have been physically verified by the management /outside agencies. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of Property, Plant and Equipment physically verified during the year.	Physical verification of Land wherever pending shall be got conducted during F.Y. 2017-18.
i(c)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following.	Title deeds pending execution in favour of the company are being pursued with concerned authorities.

Total no of cases	Type of asset	Gross block as at 31.03.2017	Net block as at 31.03.2017	Remarks
10	Freehold land	₹ 9.96 Crore	₹ 9.96 Crore	158.31 Hectares of land
10	Leasehold Land	₹ 310.04 Crore	₹ 270.83 Crore	627.25 Hectares of land

- ii. The inventories have been physically verified during the year by the management / outside agencies. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to information and explanations given to us, the Company has, in respect of loans, investments, guarantees, and security, complied with the provisions of section 185 and 186 of the Act.
- v. The Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Act. However, pursuant to meeting of ACB held on 27th May 2017, the Management vide its letter no. NH/CS/433 dated 29th May 2017 has represented to Ministry of Corporate Affairs seeking clarification/exemption on applicability of the Ministry of Corporate Affairs (MCA) notification no. G.S.R. 639(E) dated 29.06.2016. It has contended that its security deposits are in the form of retention money for the performance of the contract for supply of goods and provision of services and accordingly, not to be treated as deemed deposits by virtue of amendment in rule 2, in sub rule (1), in clause (c) by Companies (Acceptance of Deposits) Amendment Rules 2016. The management has stated that for any contrary decision then exemption be granted for Financial Year 2016-17 with assurance to comply with directions of Ministry of Corporate Affairs henceforth.
- vi. The Company has made and maintained cost accounts and records specified by the Central Government under section 148 (1) of the Act. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed demand payable in respect of aforesaid statutory dues was in arrears, as at 31st March, 2017 for a period of more than six months from the date they became payable except the following:

Name of the Statute	Amount (₹ In Crore)	Due date of Remittance	Remarks
Service Tax	0.40 (including interest)	12.09.2014	NIL
Entry Tax	0.14	Instant	Provision made in view of Supreme Court Judgement.

- b) According to the information and explanations given to us and as per the records of the Company, the following dues of income tax, sales tax/VAT, duty of customs, service tax, property tax & consumption tax have not been deposited on account of dispute.

Name of the Statute	Nature of Duties	Amount (₹ In Crores)	Year to which it pertains	Forum at which case is pending
Income Tax Act, 1961	Income Tax	1.27	2010-11	CIT (A), Faridabad
		0.92	2011-12	CIT (A), Faridabad
		7.15	2014-15	CIT (A), Faridabad
Sales Tax Acts/VAT Act	Sales Tax/ VAT	266.77	1994-95	J&K Sales Tax Appellate Tribunal
		5.26	2005-06 to 2009-10	Assistant Excise & taxation Commissioner, Kullu
		19.42	2004-05 to 2012-13	ACST West Bengal Sales Tax Department
Finance Act, 1996	Service Tax	14.12	2010-11	CBEC
		25.16	2012-13	CESTAT, Kolkata
Custom Act, 1963	Duty of Custom	0.26	1986-87	Calcutta High Court
The Jammu & Kashmir Urban Immovable Property Tax Act, 1962	Property Tax	0.19	1991-97, 1997-2002, 1989-2004, 1995-2004	Sales tax Tribunal, Jammu
Uttarakhand State Govt.	Water Cess	34.73	2015-16	Nainital High Court
Uttarakhand State Govt.	Green Energy Cess	20.17	2015-16	Nainital High Court
WB State Tax on Consumption of Use of Goods Act, 2001	Consumption Tax	0.06	2003-04, 2004-05, 2005-06	Calcutta High Court

- viii. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank, government and dues to debenture holders.
- ix. In our opinion and as per the information and explanations given to us by the management, the Company has applied the money raised during the year by way of debt instruments and term loans for the purpose for which they were raised.
- x. Based on our audit procedures and as per the information and explanations given to us by the management, no fraud by the Company or any fraud on the Company, by any person including its officers/ employees, has been noticed or reported during the year.
- xi. In view of exemption given vide in terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 read with schedule V of the Act regarding managerial remuneration, are not applicable to the Company.
- xii. According to the information and explanations given to us by the management, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us by the management and on the basis of our examination of the records of the Company transactions with related parties are in compliance with the provisions of section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.
- xiv. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv. In our opinion and as per the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

**For S N Dhawan & Co. LLP**  
 (Chartered Accountants)  
 FR No. 000050N/N500045

**(S.K. KHATTAR)**  
 Partner  
 M. No. 084993

**For Gupta Gupta & Associates**  
 (Chartered Accountants)  
 FR No. 001728N

**(VASU GUPTA)**  
 Partner  
 M. No. 537545

**For Ray & Ray**  
 (Chartered Accountants)  
 FR No. 301072E

**(BARUN KUMAR GHOSH)**  
 Partner  
 M. No. 051028

Place : New Delhi  
 Date : 30th May, 2017

Annexure B referred to in paragraph 2 under the heading “Report on Other Legal and Regulatory Requirements “of our Report of even date.

Sr. No.	Directions	Reply
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	All freehold and leasehold lands have clear titles/lease deeds except for 158.31 and 627.25 hectares respectively.
2	Whether there are any cases of waiver/ write off of debts/ loans/interest etc., if yes, the reasons there for and the amount involved.	There is one case where claims amounting to ₹ 34,650/- being recoverable, has been written off.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	In our opinion, the company is maintaining proper records for inventories lying with third parties. As informed, the company has not received any assets as gift/grant(s) from Government or other authorities.

**For S N Dhawan & Co. LLP**  
 (Chartered Accountants)  
 FR No. 000050N/N500045

**(S.K. KHATTAR)**  
 Partner  
 M. No. 084993

**For Gupta Gupta & Associates**  
 (Chartered Accountants)  
 FR No. 001728N

**(VASU GUPTA)**  
 Partner  
 M. No. 537545

**For Ray & Ray**  
 (Chartered Accountants)  
 FR No. 301072E

**(BARUN KUMAR GHOSH)**  
 Partner  
 M. No. 051028

Place : New Delhi  
 Date : 30th May, 2017



45 MW NIMOO BAZGO POWER STATION (J&K) - DAM

**Annexure C referred to in paragraph 3(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date:-**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **NHPC LIMITED** ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control

based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles including the Indian Accounting Standards (Ind AS). A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For S N Dhawan & Co. LLP**  
 (Chartered Accountants)  
 FR No. 000050N/N500045

**(S.K. KHATTAR)**  
 Partner  
 M. No. 084993

**For Gupta Gupta & Associates**  
 (Chartered Accountants)  
 FR No. 001728N

**(VASU GUPTA)**  
 Partner  
 M. No. 537545

**For Ray & Ray**  
 (Chartered Accountants)  
 FR No. 301072E

**(BARUN KUMAR GHOSH)**  
 Partner  
 M. No. 051028

Place : New Delhi  
 Date : 30th May, 2017

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2017

(₹ in Crore)

PARTICULARS	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>ASSETS</b>				
(1) <b>NON-CURRENT ASSETS</b>				
a) Property, Plant and Equipment	2.1	20,038.58	20,482.47	20,242.95
b) Capital Work In Progress	2.2	17,350.13	16,578.71	16,054.72
c) Investment Property	2.3	4.49	4.49	4.49
d) Other Intangible Assets	2.4	934.14	816.94	783.52
e) <b>Financial Assets</b>				
i) Investments	3.1	2,100.32	1,683.01	2,094.45
ii) Loans	3.2	360.96	342.60	337.67
iii) Other Financial Assets	3.3	1,863.83	1,909.47	1,900.72
f) Non Current Tax Assets (Net)	12.1	73.68	65.78	73.82
g) Other Non Current Assets	4	1,125.74	1,327.45	1,288.55
(2) <b>CURRENT ASSETS</b>				
a) Inventories	5	91.64	84.00	82.73
b) <b>Financial Assets</b>				
i) Investments	6	-	1.13	257.57
ii) Trade Receivables	7	1,492.90	1,554.44	2,064.16
iii) Cash & Cash Equivalents	8	59.89	1,194.39	185.69
iv) Bank balances other than Cash & Cash Equivalents	9	1,473.25	4,682.36	5,236.42
v) Loans	10	26.88	58.33	80.83
vi) Other Financial Assets	11	1,858.25	2,150.32	2,017.55
c) Current Tax Assets (Net)	12.2	55.93	-	-
d) Other Current Assets	13	492.17	279.55	187.52
<b>TOTAL ASSETS</b>		<b>49,402.78</b>	<b>53,215.44</b>	<b>52,893.36</b>
(3) Regulatory Deferral Account Debit Balances	14	2,904.32	2,181.28	1,630.38
<b>TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES</b>		<b>52,307.10</b>	<b>55,396.72</b>	<b>54,523.74</b>
<b>EQUITY AND LIABILITIES</b>				
(1) <b>EQUITY</b>				
(a) Equity Share Capital	15.1	10,259.32	11,070.67	11,070.67
(b) Other Equity	15.2	16,682.81	18,690.48	18,001.49
(2) <b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
a) <b>Financial Liabilities</b>				
i) Borrowings	16.1	17,245.64	18,181.08	18,171.04
ii) Other financial liabilities	16.2	25.63	37.62	73.93
b) Provisions	17	486.93	408.20	876.86
c) Deferred Tax Liabilities (Net)	18	938.49	861.93	819.88
d) Other non-current Liabilities	19	1,472.47	1,384.13	1,225.55



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017 (Contd.)**

(₹ in Crore)

PARTICULARS	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>(3) CURRENT LIABILITIES</b>				
a) <b>Financial Liabilities</b>				
i) Borrowings	20.1	302.50	-	-
ii) Trade Payables	20.2			
Total outstanding dues of micro enterprises and small enterprises		4.28	1.23	0.06
Total outstanding dues of Creditors other than micro enterprises and small enterprises		142.80	120.91	152.85
iii) Other financial liabilities	20.3	2,500.99	2,599.93	2,407.46
b) Other Current Liabilities	21	755.29	670.84	624.94
c) Provisions	22	1,489.95	1,263.04	1,036.25
d) Current Tax Liabilities (Net)	23	-	106.66	62.76
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>52,307.10</b>	<b>55,396.72</b>	<b>54,523.74</b>
Significant Accounting Policies	1			
Expenditure Attributable to Construction (EAC) during the year forming part of capital work in progress	32			
Disclosure on Financial Instruments and Risk Management	33			
Other Explanatory Notes to Accounts	34			
Disclosure on First time adoption of IND AS	35			
Note 1 to 35 form integral part of the Accounts				

For and on behalf of the Board of Directors

**VIJAY GUPTA**  
 Company Secretary

**MAHESH KUMAR MITTAL**  
 Director (Finance)  
 DIN 02889021

**K M SINGH**  
 Chairman & Managing Director  
 DIN 02223301

**For S N Dhawan & Co. LLP**  
 (Chartered Accountants)  
 FR No. 000050N/N500045

**(S.K. KHATTAR)**  
 Partner  
 M. No. 084993

**As per report of even date**  
**For Gupta Gupta & Associates**  
 (Chartered Accountants)  
 FR No. 001728N

**(VASU GUPTA)**  
 Partner  
 M. No. 537545

**For Ray & Ray**  
 (Chartered Accountants)  
 FR No. 301072E

**(BARUN KUMAR GHOSH)**  
 Partner  
 M. No. 51028

 Place : New Delhi  
 Date : 30th May, 2017

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in Crore)

	Note No.	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
<b>INCOME</b>			
i) Revenue from Continuing Operations	24	7,271.17	7,353.00
ii) Other Income	25	1,458.67	992.07
<b>TOTAL INCOME</b>		<b>8,729.84</b>	<b>8,345.07</b>
<b>EXPENSES</b>			
i) Generation and Other Expenses	26	1,932.69	2,125.94
ii) Employee Benefits Expense	27	1,574.92	1,158.36
iii) Finance Costs	28	1,073.22	1,072.10
iv) Depreciation & Amortization Expense	29	1,388.40	1,359.07
<b>TOTAL EXPENSES</b>		<b>5,969.23</b>	<b>5,715.47</b>
Profit before Exceptional items, Rate Regulated Activities and Tax		2,760.61	2,629.60
Exceptional items			
<b>PROFIT BEFORE TAX</b>		<b>2,760.61</b>	<b>2,629.60</b>
<b>Tax Expense</b>	30		
i) Current Tax		706.56	744.97
ii) Adjustments for Income Tax		(116.99)	(23.67)
iii) Deferred Tax		89.44	29.31
<b>Total Tax Expense</b>		<b>679.01</b>	<b>750.61</b>
<b>PROFIT FOR THE YEAR BEFORE NET MOVEMENTS IN REGULATORY DEFERRAL ACCOUNT BALANCES</b>		<b>2,081.60</b>	<b>1,878.99</b>
Movement in Regulatory Deferral Account Balances	31	713.99	550.90
Impact of Tax on Regulatory Deferral Accounts			
Movement in Regulatory Deferral Account Balances (Net of Tax)		713.99	550.90
<b>PROFIT FOR THE YEAR AND NET MOVEMENTS IN REGULATORY DEFERRAL ACCOUNT BALANCES</b>		<b>2,795.59</b>	<b>2,429.89</b>
<b>Profit for the year from continuing operations (A)</b>		<b>2,795.59</b>	<b>2,429.89</b>
<b>(B) OTHER COMPREHENSIVE INCOME</b>			
<b>(i) Items that will not be reclassified to profit or loss</b>			
(a) Re-measurements of the defined benefit plans		(64.84)	36.85
Less: Income Tax on re-measurements of the defined benefit plans		(22.44)	12.75
Less: Deferred Tax Adjustment Against Deferred Tax Liabilities on Regulatory Deferral Accounts		7.73	
Movement in Regulatory Deferral Account Balances - Re-measurement of defined benefit plans		9.05	
Less: Impact of Tax on Regulatory Deferral Accounts		-	
<b>sub total (a)</b>		<b>(41.08)</b>	<b>24.10</b>
(b) Investment in Equity Instruments		34.79	(20.78)
Less: Income Tax on investment in Equity Instruments		-	-
<b>sub total (b)</b>		<b>34.79</b>	<b>(20.78)</b>
<b>Total (i)=(a)+(b)</b>		<b>(6.29)</b>	<b>3.32</b>
<b>(ii) Items that will be reclassified to profit or loss</b>			
Investment in Debt Instruments		15.78	(0.09)
Less: Income Tax on investment in Debt Instruments		1.82	(0.01)
<b>Total (ii)</b>		<b>13.96</b>	<b>(0.08)</b>
<b>Other Comprehensive Income (B)=(i+ii)</b>		<b>7.67</b>	<b>3.24</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)</b>		<b>2,803.26</b>	<b>2,433.13</b>

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (Contd.)**

		(₹ in Crore)	
	Note No.	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
<b>Earning per share before movements in Regulatory Deferral Account Balances (Equity shares, face value of 10/- each)</b>			
Basic & Diluted		1.88	1.70
<b>Earning per share after movements in Regulatory Deferral Account Balances (Equity shares, face value of 10/- each)</b>			
Basic & Diluted		2.53	2.19
Significant Accounting Policies	1		
Expenditure Attributable to Construction (EAC) during the year forming part of capital work in progress	32		
Disclosure on Financial Instruments and Risk Management	33		
Other Explanatory Notes to Accounts	34		
Disclosure on First time adoption of IND AS	35		
Note 1 to 35 form integral part of the Accounts			

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**As per report of even date**  
**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**(VASU GUPTA)**  
Partner  
M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in Crore)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax for the year including movements in Regulatory Deferral Account Balance	3,474.60	3,180.50
Less: Movement in Regulatory Deferral Account Balances	713.99	550.90
<b>Profit before Tax</b>	<b>2,760.61</b>	<b>2,629.60</b>
<b>ADD :</b>		
Depreciation	1,388.40	1,359.07
Finance Cost (Net of EAC)	1,073.22	1,072.10
Provisions (Net loss)	119.68	390.94
Expenditure towards Regulatory Deferral Account Balances (net of finance and depreciation)	341.71	147.04
Tariff Adjustment (loss)	94.83	109.78
Sales adjustment on a/c of FERV	51.81	64.65
Loss on sale of assets/Claims written off	2.16	2.20
	<u>3,071.81</u>	<u>3,145.78</u>
	<b>5,832.42</b>	<b>5,775.38</b>
<b>LESS :</b>		
Advance against Depreciation written back	60.68	50.17
Provisions (Net gain)	44.92	41.53
Net Gain/Loss on sale of Investments	6.54	13.17
Profit on Sale of Assets \ Realization of Loss	0.46	0.51
Dividend Income	207.49	120.93
Interest Income	512.72	603.77
Exchange rate variation	4.05	(1.14)
Other Adjustments	1.69	(3.14)
	<u>838.55</u>	<u>825.80</u>
<b>Cash flow from Operating Activities before Operating Assets &amp; Liabilities adjustments</b>	<b>4,993.87</b>	<b>4,949.58</b>
<b>Changes in Operating Assets and Liabilities:</b>		
Inventories	(8.05)	(1.35)
Trade Receivables	54.85	381.88
Other Financial Assets, Loans and Advances	3,352.49	511.71
Other Financial Liabilities & Provisions	512.25	(272.43)
	<u>3,911.54</u>	<u>619.81</u>
<b>Cash flow from operating activities before taxes</b>	<b>8,905.41</b>	<b>5,569.39</b>
Less : Taxes	760.07	669.37
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>8,145.34</b>	<b>4,900.02</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - Net	(1,496.41)	(2,061.40)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (Contd.)

(₹ in Crore)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Changes in Regulatory Deferral Account Balances	(341.71)	(147.04)
Realization/ (Payments) for Investments / Bonds	(365.72)	651.01
Dividend Income	207.49	120.93
Interest Income	566.25	637.15
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(1,430.10)</b>	<b>(799.35)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Buyback of Equity Shares (including Premium Payment)	(2,625.93)	-
Dividend and Tax on Dividend Paid	(2,996.35)	(1,734.74)
Borrowings	2,502.00	1,774.92
Repayment of Borrowings	(3,338.37)	(1,671.09)
Interest & Finance Charges	(1,391.09)	(1,461.06)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(7,849.74)</b>	<b>(3,091.97)</b>
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(1,134.50)</b>	<b>1,008.70</b>
Cash & Cash Equivalents at the beginning of the year	1,194.39	185.69
Cash & Cash Equivalents at the close of the year	59.89	1,194.39

### EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS

- Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months. The details of Cash & Cash equivalents as per Note 8 of the Balance Sheet is as under:

(₹ in Crore)

	As at 31st March, 2017	As at 31st March, 2016
Cash and Cash equivalents	59.89	1,194.39

Cash and Cash equivalents includes ₹ 7.74 Crore (Previous year ₹ 32.48 Crore), held for Rural Road and Rural Electrification works being executed by the Company on behalf of other agencies.

- Interest & finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 386.80 Crore (Previous year ₹ 465.74 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC) and borrowing cost of ₹ 365.32 Crore (Previous year ₹ 396.22 Crore) for Regulatory Deferral Account created during the period.
- Amount of undrawn loan as on 31.03.2017 : ₹ 66.28 Crore (Previous Year ₹ 433.28 Crore) Subordinate Debt.

### For and on behalf of the Board of Directors

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**As per report of even date**  
**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**(VASU GUPTA)**  
Partner  
M. No. 537545

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017



## STATEMENT OF CHANGES IN EQUITY AS AT 31<sup>ST</sup> MARCH, 2017

## A. EQUITY SHARE CAPITAL

Particulars	Note No.	Amount (₹ in Crore)
As at 1st April 2016	15.1	11,070.67
Changes in Equity Share Capital		(811.35)
As at 31st March 2017	15.1	10,259.32

## B. OTHER EQUITY

Attributable to equity holders												(₹ in Crore)			
Reserve & Surplus												Other Comprehensive Income			
Capital Redemption Reserve	Securities Premium	Bond Redemption Reserve	Self Insurance Fund	Corporate Social Responsibility Fund	Research & Development Fund	General Reserve	Surplus/ Retained Earnings	Equity Instruments through OCI	Debt instruments through OCI	Total					
Balance as at 1st April, 2016	1,230.07	2,868.74	1,324.20	-	-	31.70	10,088.11	3,061.65	65.29	20.72	18,690.48				
Profit for the year	-	-	-	-	-	-	2,795.59	-	-	-	2,795.59				
Other Comprehensive Income	-	-	-	-	-	-	(41.08)	34.79	13.96	-	7.67				
Total Comprehensive Income	-	-	-	-	-	-	2,754.51	34.79	13.96	-	2,803.26				
Transfer from Securities Premium	811.35	(811.35)	-	-	-	-	-	-	-	-	-				
Utilization for Buy Back of Shares	-	(1,805.25)	-	-	-	-	-	-	-	-	(1,805.25)				
Utilization for Buy Back	-	(9.33)	-	-	-	-	-	-	-	-	(9.33)				
Expenditures	-	-	-	-	-	-	-	-	-	-	-				
Transfer to Retained Earning	-	-	-	-	-	-	-	-	-	-	-				
Amount written back from Bond Redemption Reserve	-	-	(109.42)	-	-	-	109.42	-	-	-	-				
Transfer from Retained Earning	-	-	-	-	-	-	-	-	-	-	-				
Dividend	-	-	-	-	-	-	(2,524.13)	-	-	-	(2,524.13)				
Corporate Dividend Tax (CDT)	-	-	-	-	-	-	(472.22)	-	-	-	(472.22)				
Transfer to Bond Redemption Reserve	-	-	394.49	-	-	-	(394.49)	-	-	-	-				
Transfer to Self Insurance Fund	-	-	-	-	-	-	-	-	-	-	-				
Transfer to Research & Development Fund	-	-	-	-	12.20	-	(12.20)	-	-	-	-				
Total as on 31 <sup>st</sup> March, 2017	2,041.42	242.81	1,609.27	-	-	43.90	10,088.11	2,522.54	100.08	34.68	16,682.81				

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/5000045

(S.K. KHATTAR)  
Partner  
M. No. 084993

Place : New Delhi  
Date : 30th May, 2017

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**For Ray & Ray**  
**(Chartered Accountants)**  
**FR No. 301072E**

(BARUN KUMAR GHOSH)  
Partner  
M. No. 51028

## STATEMENT OF CHANGES IN EQUITY AS AT 31<sup>ST</sup> MARCH, 2016

### A. EQUITY SHARE CAPITAL

Particulars	Note No.	Amount (₹ in Crore)
As at 1st April 2015	15.1	11,070.67
Changes in Equity Share Capital		-
As at 31st March 2016	15.1	11,070.67

### B. OTHER EQUITY

Attributable to equity holders	Reserve & Surplus			Other Comprehensive Income		
	Capital Redemption Reserve	Securities Premium	Bond Redemption Reserve	Self Insurance Fund	Corporate Responsibility Fund	Research & Development Fund
Balance as at 1st April, 2015	1,230.07	2,868.74	1,247.89	835.94	13.33	21.79
Profit for the year	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-
Redclassification of realised gain on debt instruments through OCI	-	-	-	-	-	-
Transfer to Retained Earning	-	-	-	-	-	-
Amount written back from Bond Redemption Reserve	-	-	(109.43)	-	-	-
Amount written back from Corporate Social Responsibility Fund	-	-	-	-	(13.33)	-
Tax on Dividend - Write back	-	-	-	-	-	-
Amount utilised from Self Insurance Fund	-	-	-	(835.94)	-	-
Transfer from Retained Earning	-	-	-	-	-	-
Dividend (FY 2014-15)	-	-	-	-	-	-
Corporate Dividend Tax (CDT) (FY 2014-15)	-	-	-	-	-	-
Dividend (Interim 2015-16)	-	-	-	-	-	-
Corporate Dividend Tax (CDT) (Interim 2015-16)	-	-	-	-	-	-
Transfer to Bond Redemption Reserve	-	-	185.74	-	-	-
Transfer to Research & Development Fund	-	-	-	-	-	9.91
Total as on 31 <sup>st</sup> March, 2016	1,230.07	2,868.74	1,324.20	-	-	31.70

#### For and on behalf of the Board of Directors

**VIJAY GUPTA**  
Company Secretary

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050/N/500045

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

As per report of even date  
**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**(VASU GUPTA)**  
Partner  
M. No. 537545

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

	1,230.07	2,868.74	1,324.20	-	-	31.70	10,088.11	3,061.65	65.29	20.72	18,690.48
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## NOTE NO. 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### (I) Reporting entity

NHPC Limited (the "Company") is a Company domiciled in India and limited by shares. The shares of the Company are publicly traded on the National Stock Exchange of India and BSE Limited. The address of the Company's registered office is NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad, Haryana -121003. The Company is primarily involved in the generation and sale of bulk power to various Power Utilities. Other business includes providing consultancy and project management & supervision.

### (II) Basis of preparation

#### (A) Statement of Compliance

These financial statements are prepared on accrual basis of accounting in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (The Act)[Companies (Indian Accounting Standards) Rules, 2015 & Companies (Indian Accounting Standards) Amendment Rules, 2016] and other applicable provisions of the Act, and the provisions of the Electricity Act, 2003 to the extent applicable. These are the Company's first Ind AS financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards', has been applied.

For all the periods upto and including March 31, 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

Note 35 explains how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### (B) Basis of Measurement

The financial statements have been prepared on accrual basis of accounting under historical cost convention, except for following financial assets and financial liabilities which are measured at fair value:

- Certain financial assets and liabilities measured at fair value.
- Plan assets of defined employee benefit plans.

The methods used to measure fair values are discussed in Note 33.

#### (C) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest Crores (upto two decimals) for the Company.

#### (D) Use of estimates and management judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures including contingent assets and liabilities at the Balance Sheet date. The estimates and management's judgements are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that may have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

#### Critical judgements and estimates

##### a) Determining whether an arrangement contains a lease

Appendix C, Ind AS 17 'Determining whether an arrangement contains a lease' requires an assessment of whether:

- -fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- -the arrangement conveys a right to use the asset.

Further, an arrangement conveys a right to use the asset if facts and circumstances indicate that it is remote that one or more parties other than the purchaser will take more than an insignificant amount of the output or other utility that will be produced or generated by the asset during the term of the arrangement, and the price that the purchaser will pay for the output is neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output.

The Company enters into power purchase agreements with beneficiaries. Power Purchase Agreements (PPA) in the nature of embedded lease with a single beneficiary where the minimum lease term is for the major part of the plant's economic life and the minimum lease payments amount to substantially all the fair value of the plant are considered as a Finance Lease. Other embedded leases are considered as Operating Lease.

For embedded leases in the nature of a Finance Lease, the investment in the plant is recognised as a Lease Receivable. The minimum lease payments are identified by segregating the embedded lease payments from the rest of the contract amounts. Each lease receipt is allocated between the receivable and finance lease income so as to achieve a constant rate of return on the Lease Receivable outstanding.

In the case of operating leases or embedded operating leases, the lease income from the operating lease is recognised in revenue on a straight-line basis over the lease term. The respective leased assets are included in the Balance Sheet based on their nature.

**b) Useful life of Property, Plant and Equipment**

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets used for generation of electricity is determined by the Central Electricity Regulatory Commission (CERC) Tariff Regulations as mentioned in part B of Schedule II of the Companies Act, 2013 except for construction plant & machinery and computers & peripherals which are in accordance with Schedule II of the Companies Act, 2013.

**c) Recoverable amount of property, plant and equipment and capital work in progress**

The recoverable amount of property, plant and equipment and capital work in progress is based on estimates and assumptions, in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount resulting in impairment.

**d) Post-retirement benefit plans**

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increase, the inflation rate and expected rate of return on plan assets. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have an impact on the resulting calculations.

**e) Revenue**

The Company records revenue from sale of power based on Tariff approved by the CERC, as per the principles of Ind AS 18. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

**f) Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has been made on the basis of best judgement by management regarding probable outflow of economic resources. Such estimation can change following unforeseeable developments.

**g) Recoverable Amount of Rate Regulated Assets**

The operating activities of the Company are subject to cost-of-service regulations whereby tariff charged for electricity generated is based on allowable costs like interest costs, depreciation, operation & maintenance including a stipulated return. Guidance Note on Rate Regulated Activities issued by the ICAI (previous GAAP) and Ind AS 114- 'Regulatory Deferral Accounts' permits an entity to include in the rate base, as part of the cost of self-constructed (tangible) fixed assets or internally generated intangible assets, amounts that would otherwise be recognised as an expense in the Statement of Profit and Loss in accordance with Ind AS. The Company estimates that items of regulatory deferral accounts recognised in the financial statements are recoverable as per the current CERC Tariff regulations 2014-19. However, changes in CERC tariff regulations beyond the current tariff period may affect the recoverability of such balances.

**h) Impairment of Trade Receivables**

Considering the historical credit loss experience for trade receivables, the Company does not envisage either impairment in the value of receivables from beneficiaries or loss due to time value of money owing to delay in realization of trade receivables, except to the extent already provided for.

**i) Investment in Subsidiaries and Joint Ventures**

Investment has been carried at costs and as per assessment by the Company, there is no indication of impairment on such investments. Any changes in assumption may have a material impact on the measurement of the recoverable amount.

**j) Insurance Claim Recoverable**

The recoverable amount of insurance claims in respect of damages to Property, Plant & Equipment is based on estimates & assumptions as per terms and conditions of insurance policies.

**(III) SIGNIFICANT ACCOUNTING POLICIES-** A summary of the significant accounting policies applied in the preparation of financial statements as given below have been applied consistently to all periods presented in the financial statements.

#### 1.0 Property, Plant and Equipment (PPE)

- a) Property, Plant and Equipment up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP. The Company has elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).
- b) An item of PPE is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- c) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for use, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases.
- d) Expenditure incurred on renovation and modernization of PPE on completion of the originally estimated useful life of the power station resulting in increased life and/or efficiency of an existing asset, is added to the cost of the related asset. PPE acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.
- e) After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation/ amortisation and accumulated impairment losses, if any.
- f) Payments made/ liabilities created provisionally towards compensation (including interest on enhanced compensation awarded by the Court till the date of award), rehabilitation and other expenses including expenditure on environment management plans relatable to land in possession are treated as cost of land.
- g) Assets over which the Company has control, though created on land not belonging to the Company are included under Property, Plant and Equipment.
- h) Standby equipment and servicing equipment which meet the recognition criteria of Property, Plant and Equipment are capitalized.
- i) Spares parts (procured along with the Plant & Machinery or subsequently) which meet the recognition criteria are capitalized. The carrying amount of those spare parts that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Other spare parts are treated as "stores & spares" forming part of the inventory.
- j) If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/ inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection carried out.
- k) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

#### 2.0 Capital work in Progress

- a) Capital work in Progress up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP. The Company has elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).
- b) Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). Such costs comprise purchase price of assets including import duties and non-refundable taxes (after deducting trade discounts and rebates), expenditure in relation to survey and investigation activities of projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, etc.
- c) Costs including employee benefits, professional fees, expenditure on maintenance and up-gradation of common public facilities, depreciation on assets used in construction of project, interest during construction and other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are accumulated under "Expenditure Attributable to Construction (EAC)" and subsequently allocated on systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects.
- d) Capital Expenditure incurred for creation of facilities, over which the Company does not have control but the creation of which is essential principally for construction of the project is accumulated under "Expenditure Attributable to Construction" and carried under "Capital Work in Progress" and subsequently allocated on a systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects, keeping in view the "attributability" and the "Unit of Measure" concepts in Ind AS 16- "Property, Plant & Equipment". Expenditure of such nature incurred after completion of the project, is charged to the Statement of Profit and Loss.



### 3.0 Investment Property

Upto March 31, 2015, Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The Company has elected to avail the exemption granted by IND AS 101, "First time adoption of IND ASs" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of derecognition.

Transfers to or from investment property is made when and only when there is a change in use.

### 4.0 Intangible Assets

- Upto March 31, 2015, Intangible assets were carried in the Balance Sheet in accordance with Indian GAAP. The Company has elected to avail the exemption granted by IND AS 101, "First time adoption of IND ASs" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).
- Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
- Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuees or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre-condition for the acquisition of the land for the purpose of the project, are accounted for as Land-Right to use.
- Software (not being an integral part of the related hardware) acquired for internal use, is stated at cost of acquisition less accumulated amortisation and impairment losses if any.
- An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 5.0 Foreign Currency Transactions

- Transactions in foreign currency are initially recorded at the functional currency spot rate at the date the transaction first qualifies for recognition. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the functional currency exchange rates prevailing on that date.
- Exchange differences relating to fixed assets/capital work-in-progress arising out of transaction entered into prior to April 1, 2004 are adjusted to the carrying cost of respective fixed asset/capital work-in-progress.
- Exchange differences arising from translation of foreign currency borrowings entered into prior to March 31, 2016 recoverable from or payable to beneficiaries in subsequent periods as per CERC Tariff regulations are recognised as "Deferred Foreign Currency Fluctuation Recoverable/ Payable Account" and adjusted from the year in which the same is recovered/ paid.
- Exchange differences arising from settlement/ translation of monetary items denominated in foreign currency entered into on or after 01.04.2016 to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognized as 'Regulatory Deferral Account Balances' during construction period and adjusted from the year in which the same become recoverable from or payable to the beneficiaries.
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### 6.0 Regulatory Deferral Accounts

- Where an item of expenditure incurred during the period of construction of a project is recognised as expense in the Statement of Profit and Loss i.e. not allowed to be capitalized as part of cost of relevant PPE in accordance with the Ind AS, but is nevertheless permitted by CERC to be recovered from the beneficiaries in future through tariff, the right to recover the same is recognized as "Regulatory Deferral Account Balances."
- Expense/ income recognised in the Statement of Profit and Loss to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognised as "Regulatory Deferral Account Balances."
- These Regulatory Deferral Account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.
- Regulatory Deferral Account Balances are evaluated at each Balance Sheet date to ensure that the underlying activities meet the recognition criteria and it is probable that future economic benefits associated with such balances will flow to the entity. If these criteria are not met, the Regulatory Deferral Account Balances are derecognised.
- Regulatory Deferral Account Balances are tested for impairment at each Balance Sheet date.

## 7.0 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Normally at initial recognition, the transaction price is the best evidence of fair value.

However, when the Company determines that transaction price does not represent the fair value, it uses inter-alia valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This categorisation is based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial assets and financial liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

## 8.0 Investments in subsidiaries and joint ventures

Investments in equity shares of subsidiaries and joint ventures are carried at cost.

## 9.0 Financial assets other than investment in subsidiaries and joint ventures

A financial asset includes inter-alia any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial asset or to exchange financial asset or financial liability under conditions that are potentially favourable to the Company. A financial asset is recognized when and only when the Company becomes party to the contractual provisions of the instrument.

Financial assets of the Company comprise Cash and Cash Equivalents, Bank Balances, Investments in equity shares of companies other than in subsidiaries & joint ventures, Trade Receivables, Advances to employees/ contractors, security deposit, claims recoverable etc.

### a) Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income (FVTOCI), and

The classification depends on the following:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

### b) Initial recognition and measurement

All financial assets except trade receivables are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

### c) Subsequent measurement

#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

#### **Debt instrument at Fair Value through Other Comprehensive Income (FVTOCI)**

A 'debt instrument' is classified as at FVTOCI if both the following criteria are met:

- i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii) The asset's contractual cash flows represent SPPI.

Debt instruments at fair value through Other Comprehensive Income are measured at each reporting date at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses, reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest income from these financial assets is included in other income using the EIR method.

#### **Equity investments:**

All equity investments in entities other than subsidiaries and joint ventures are measured at fair value. Equity instruments which are held for trading, if any, are classified at Fair Value Through Profit or Loss (FVTPL). For all other equity instruments, the Company classifies the same as at FVTOCI. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

All fair value changes on an equity instrument classified at FVTOCI, are recognized in the OCI. There is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the company's right to receive payments is established.

Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in the Statement of Profit and Loss.

#### **d) Derecognition**

A financial asset is derecognised only when:

- i) The Company has transferred the rights to receive cash flows from the financial asset, or
- ii) Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### **e) Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- i) Financial assets that are debt instruments, and are measured at amortised cost.
- ii) Financial assets that are debt instruments and are measured as at FVTOCI
- iii) Contract Assets under Ind AS 11, Construction Contracts
- iv) Lease Receivables under Ind AS 17, Leases.
- v) Trade Receivables under Ind AS 18, Revenue.

The Company follows 'simplified approach' permitted under Ind AS 109, "Financial Instruments" for recognition of impairment loss allowance on contract assets, lease receivables and trade receivables resulting from transactions within the scope of Ind AS 11, Ind AS 17 and Ind AS 18, which requires expected life time losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets, the Company assesses whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on

instrument-by-instrument basis. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL. The amount of expected credit loss (or reversal) for the period is recognized as expense/income in the Statement of Profit and Loss.

#### 10.0 Inventories

Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipments and are valued at cost or net realizable value (NRV) whichever is lower. The cost is determined using weighted average cost formula and NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories is recognized as an expense in the period in which write-down or loss occurs. The amount of any reversal of the write-down of inventories arising from increase in the net realisable value is recognized as a reduction from the amount of inventories recognized as an expense in the period in which reversal occurs.

#### 11.0 Dividends

Dividends and interim dividends payable to the Company's shareholders are recognised as change in equity in the period in which they are approved by the Company's shareholders and the Board of Directors respectively.

#### 12.0 Financial liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

##### a) Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable and subsequently measured at amortised cost. Financial liabilities are classified as subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss or in the carrying amount of an asset if another standard permits such inclusion, over the period of the borrowings using the effective rate of interest.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### b) Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss or in the carrying amount of an asset if another standard permits such inclusion, when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

##### c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

##### d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 13.0 Government Grants

- a) The benefits of a government loan at a below market rate of interest is treated as Government Grant. The loan is initially recognised and measured at fair value and the government grant is measured as the difference between the initially recognized amount of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities and government grant is recognized initially as deferred income and subsequently in the Statement of Profit and Loss on a systematic basis over the useful life of the asset.
- b) Monetary grants received from the Government for creation of assets of Power Stations are recognised as deferred income and amortised over the useful life of the related assets.

#### 14.0 Provisions, Contingent Liabilities and Contingent Assets

- a) Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the Balance Sheet date. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision net of any reimbursement is presented in the Statement of Profit and Loss or in the carrying amount of an asset if another standard permits such inclusion.
- b) If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
- c) Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each Balance Sheet date and are adjusted to reflect the current management estimate.
- d) Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

#### 15.0 Revenue Recognition and Other Income

- a) Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuous management involvement and the amount of revenue can be measured reliably. Revenue from the sale of power is measured at the fair value of the consideration received or receivable.
- b) Revenue from the sale of power (except for power stations which are considered as Finance/Operating Lease) is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Stations where tariff is not notified, sale is recognized on provisional rates worked out by the Company based on the parameters and method adopted by the appropriate authority. Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue). Rebates given to beneficiaries as early payments incentives are deducted from the amount of revenue. Recovery/ refund towards foreign currency variation in respect of foreign currency loans and recovery towards Income Tax are accounted for on year to year basis.
- c) Recovery towards deferred tax items recognized till March 31, 2009 are accounted for when the same materialises.
- d) Incentives/Disincentives are recognised as per Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations. In case of Power Stations where tariff have not been notified, incentives/disincentives are recognized provisionally on assessment of the likelihood of acceptance of the same.
- e) Adjustments arising out of finalisation of Regional Energy Account (REA), though not material, are effected in the year of respective finalisation.
- f) Advance Against Depreciation (AAD) considered as deferred income up to 31st March 2009 is included in sales on straight line basis over the balance useful life after 31st March of the year closing after a period of 12 years from the date of commercial operation of the project, considering the total useful life of the project as 35 years.
- g) Revenue on Project Management / Construction Contracts/ Consultancy assignments is recognized on percentage of completion method. The percentage of completion is determined as proportion of "cost incurred up to reporting date" to "estimated cost to complete the concerned Project Management / Construction Contracts and Consultancy assignment".
- h) Dividend income is recognized when right to receive the same is established.
- i) Interest/Surcharge recoverable from customers and liquidated damages /interest on advances to contractors is recognised when no significant uncertainty as to measurability and collectability exists.
- j) For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and



similar options) but does not consider the expected credit losses. Interest income is included in other income in the Statement of Profit and Loss.

## 16.0 Employee Benefits

### i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed or included in the carrying amount of an asset if another standard permits such inclusion as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term performance related cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate trusts and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss or included in the carrying amount of an asset if another standard permits such inclusion in the periods during which services are rendered by employees. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Employees Defined Contribution Superannuation Scheme (EDCSS) for providing pension benefits and contribution to Social Security Scheme are accounted as defined contribution plan.

### iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's Gratuity Scheme, Retired Employees Health Scheme (REHS), Provident Fund Scheme, Allowance on Retirement/Death and Memento on Superannuation to employees are in the nature of defined benefit plans.

The liability or asset recognised in the Balance Sheet in respect of Gratuity, Retired Employees Health Scheme and Provident Fund Scheme is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by actuary using the Projected Unit Credit Method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or included in the carrying amount of an asset if another standard permits such inclusion.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

### iv) Other long-term employee benefits

Benefits under the Company's leave encashment scheme constitute other long term employee benefits.

The Company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the Projected Unit Credit Method. Contributions to the scheme and actuarial gains or losses are recognised in the Statement of Profit and Loss or included in the carrying amount of an asset if another standard permits such inclusion in the period in which they arise.

### v) Termination benefits

The expenses incurred on terminal benefits in the form of ex-gratia payments and notice pay on voluntary retirement schemes are charged to the Statement of Profit and Loss in the year of incurrence of such expenses.

## 17.0 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying tangible assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Capitalisation of borrowing cost ceases when substantially all the activities necessary to prepare the qualifying tangible assets for their intended use are complete.

#### 18.0 Depreciation and amortization

- a) Depreciation on additions to /deductions from Property, Plant & Equipment (PPE) during the year is charged on pro-rata basis from / up to the date on which the asset is available for use / disposal.
- b) Depreciation on Property, Plant and Equipment of Operating Units of the Company is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by CERC for the fixation of tariff except for Construction Plant & Machinery and Computer & Peripherals.
- c)
  - i) Depreciation on Property, Plant and Equipment (except old and used) of other than Operating Units of the Company is charged to the extent of 90% of the cost of the asset following the rates notified by CERC for the fixation of tariff except for Construction Plant & Machinery and Computer & Peripherals.
  - ii) Depreciation on old and used items of PPE of other than Operating Units is charged on straight-line method to the extent of 90% of the cost of the asset over estimated useful life determined on the basis of technical assessment.
- d) Depreciation in respect of following items of PPE is charged on straight line method based on the life and residual value (5%) given in the Schedule II of the Companies Act, 2013:
  - (i) Construction Plant & Machinery
  - (ii) Computer & Peripherals
- e) Temporary erections are depreciated fully (100%) in the year of acquisition /capitalization by retaining Re. 1/- as WDV.
- f) Tangible Assets valuing ₹ 5000/- or less but more than ₹ 750/- are fully depreciated during the year in which asset is made available for use with Re. 1/- as WDV.
- g) Low value items, which are in the nature of assets (excluding immovable assets) and valuing upto ₹ 750/- are not capitalized and charged off to revenue in the year of use.
- h) Leasehold Land, in case of operating units, is amortized over the period of lease or 35 years whichever is lower, following the rates and methodology notified vide CERC tariff regulations.
- i) Leasehold Land, in case of units other than operating units, is amortized over the period of lease or 35 years whichever is lower.
- j) Tangible Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land from the date such asset is available for use or at the applicable depreciation rates & methodology notified by CERC tariff regulations for such assets, whichever is higher.
- k) Land-Right to use is amortized over a period of 30 years from the date of commercial operation of the project in line with CERC tariff regulations notified for tariff fixation.
- l) Cost of software recognized as 'Intangible Assets' is amortized on straight line method over a period of legal right to use or three financial years, whichever is earlier, starting from the year in which it is acquired.
- m) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, settlement of arbitration/court cases, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such assets at the rate of depreciation and methodology notified by CERC tariff regulations.
- n) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.
- o) Spares parts procured along with the Plant & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery at the rates and methodology notified by CERC.

#### 19.0 Impairment of non-financial assets other than inventories

- a. The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit and Loss.
- b. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no

such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

- c. In case of expenditure on survey & investigation of projects, if it is decided to abandon such a project under survey & investigation, expenditure incurred thereon is charged to the Statement of Profit and Loss in the year in which such decision is taken.
- d. In case a project under survey and Investigation remains in abeyance by the order of appropriate authority/ by injunction of court order, any expenditure incurred on such projects from the date of order/ injunction of court is provided in the books from the date of such order till the period project is kept in abeyance by such order/ injunction. Provision so made is however reversed on the revocation of aforesaid order/ injunction.
- e. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 20.0 Income Taxes

Income tax expense comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is also recognised directly in equity or in other comprehensive income.

### a) Current tax

- i) The current tax is the expected tax payable on the taxable income for the year on the basis of the tax laws applicable at the reporting date and any adjustments to tax payable in previous years. Taxable profit differs from profit as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible (permanent differences).
- ii) Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

### b) Deferred tax

- i) Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the Balance Sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of an asset or liability in a transaction that at the time of the transaction affects neither the taxable profit or loss nor the accounting profit or loss.
- ii) The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.
- iii) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would flow in the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
- iv) Deferred tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.
- v) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.
- vi) Deferred tax recovery adjustment account is credited/ debited to the extent the deferred tax for the current period which forms part of current tax in the subsequent periods and affects the computation of return on equity (ROE), a component of tariff.

## 21.0 Compensation from third parties

Impairments or losses of items, related claims for payments of compensation from third parties including insurance companies and any subsequent purchase or construction of assets/inventory are separate economic events and are accounted for separately.

Compensation from third parties including from insurance companies for items of property, plant and equipment or for other items that were impaired, lost or given up is included in the Statement of Profit and Loss when the compensation becomes receivable. Insurance claims for loss of profit are accounted for based on certainty of realisation.

## 22.0 Segment Reporting

- a) In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's Management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's "Chief Operating Decision Maker" or "CODM" within the meaning of Ind AS 108.
- b) Electricity generation is the principal business activity of the Company. Other operations viz., Contracts, Project Management and Consultancy works do not form a reportable segment as per the Ind AS -108 - 'Operating Segments'.
- c) The Company is having a single geographical segment as all its Power Stations are located within the Country.

## 23.0 Leases

### a) Company as a Lessee:

- i. Leases of property, plant and equipment (mainly land acquired through lump sum upfront payments), where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance lease. Such finance leases are generally capitalised at the lease's inception at the fair value of the leased property which equals the transaction price i.e. lump sum upfront payments.
- ii. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to Statement of Profit and Loss over the period of lease.

### b) Company as a Lessor:

Power Purchase Agreements (PPA) in the nature of embedded lease with a single beneficiary where the minimum lease term is for the major part of the plant's economic life and the minimum lease payments amounts to substantially all the fair value of the plant are considered as a Finance Lease. Other embedded leases are considered as Operating Lease.

- i) For embedded leases in the nature of a Finance Lease, the investment in the plant is recognised as a Lease Receivable. The minimum lease payments are identified by segregating the embedded lease payments from the rest of the contract amounts including Advance Against Depreciation (AAD) recognised in accordance with CERC Tariff regulations 2004-09 up to 31st March 2009 and considered as deferred income. Each lease receipt is allocated between the receivable and finance lease income so as to achieve a constant rate on the Lease Receivable outstanding.
- ii) In the case of Operating Leases or embedded operating leases, the lease income from the operating lease is recognised in revenue over the lease term to reflect the pattern of use benefit derived from the leased asset. The respective leased assets are included in the Balance Sheet based on their nature and depreciated over its economic life.

## 24.0 Statement of Cash Flows

### a) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However for Balance Sheet presentation, Bank overdrafts are shown within Borrowings under Current Liabilities.

- b) Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7- 'Statement of Cash Flows'.

## 25.0 Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

### a) An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**b) A liability is current when:**

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.**

**26.0 Miscellaneous**

- Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.
- Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Company.

**(IV) RECENT ACCOUNTING PRONOUNCEMENTS**

**(a) Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 'Statement of cash flows'. The amendments are applicable to the company from April 1, 2017.

**(b) Amendment to Ind AS 7:**

The amendment to Ind AS 7 introduce and additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and its effect on the financial statements.

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**As per report of even date**  
**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**(VASU GUPTA)**  
Partner  
M. No. 537545

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017



**NOTE NO. 2.1 PROPERTY, PLANT AND EQUIPMENT**

CLASS OF ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at	Addition	Deduction	Adjustments	As at	For the	As at	As at	As at
	01.04.2016				31.03.2017	year	31.03.2017	31.03.2017	31.03.2016
Land – Freehold	288.54	21.32	-	(1.82)	308.04	-	-	308.04	288.54
Land – Leasehold	318.24	8.92	-	-	327.16	11.80	23.37	303.79	306.67
Roads and Bridges	203.45	9.99	-	(0.15)	213.29	10.36	17.39	195.90	196.22
Buildings	1,945.70	43.02	1.02	1.30	1,989.00	90.68	173.08	1,815.92	1,860.57
Railway Sidings	15.95	0.62	-	-	16.57	2.48	4.93	11.64	13.50
Hydraulic Works (Dams, Water Conductor system, Hydro Mechanical Gates, Tunnels)	12,581.24	102.16	0.72	(11.12)	12,671.56	818.08	1,631.24	11,040.32	11,765.40
Generating Plant and Machinery	6,167.96	682.24	7.23	19.91	6,862.88	427.11	837.09	6,025.79	5,756.96
Plant and machinery - Sub-Station	41.59	4.85	0.02	2.76	49.18	3.08	6.17	43.01	38.43
Plant and machinery - Transmission Lines	40.86	22.37	0.01	2.00	65.22	4.24	7.83	57.39	37.26
Plant and machinery - Others	31.52	1.06	0.01	(0.37)	32.20	2.94	5.67	26.53	28.83
Construction Equipment	41.19	7.38	0.34	-	48.23	5.24	10.46	37.77	35.94
Water Supply System/ Drainage and Sewerage	36.72	5.79	0.01	(0.01)	42.49	2.55	4.55	37.94	34.65
Electrical Installations	2.14	0.10	0.01	-	2.23	0.19	0.31	1.92	2.02
Vehicles	14.67	6.87	0.31	(0.10)	21.13	2.40	3.56	17.57	13.32
Aircraft/ Boats	0.66	0.12	-	-	0.78	0.11	0.16	0.62	0.60
Furniture and Fixtures	25.84	5.16	0.24	(0.02)	30.74	2.78	4.79	25.95	23.77
Computers	21.24	6.64	0.44	(0.02)	27.42	6.55	11.50	15.92	16.17
Communication Equipments	9.19	1.43	0.44	(0.02)	10.16	1.20	1.92	8.24	8.32
Office Equipments	25.79	6.36	0.35	0.17	31.97	2.94	5.15	26.82	23.29
Research and Development	0.72	-	-	-	0.72	0.08	0.16	0.56	0.64
Other Assets	34.30	9.75	0.39	0.02	43.68	4.01	6.76	36.92	31.35
Tangible Assets of Minor Value > ₹5000	0.71	1.66	0.03	(0.01)	2.33	1.66	2.31	0.02	0.02
<b>TOTAL</b>	<b>21,848.22</b>	<b>947.81</b>	<b>11.57</b>	<b>12.52</b>	<b>22,796.98</b>	<b>1,400.48</b>	<b>2,758.40</b>	<b>20,038.58</b>	<b>20,482.47</b>
<b>Previous Year 31.03.2016</b>	<b>20,242.95</b>	<b>1,622.88</b>	<b>33.33</b>	<b>15.72</b>	<b>21,848.22</b>	<b>1,373.48</b>	<b>1,365.75</b>	<b>20,482.47</b>	<b>20,242.95</b>

**Note :** Additional disclosure of Property Plant and Equipment (PPE) as per gross block of assets and accumulated depreciation under previous GAAP has been provided as Annexure-I to this Note. For other explanatory notes, these are stated in Annexure-I to Note 2.1.

**ANNEXURE-I TO NOTE NO. 2.1 PROPERTY, PLANT AND EQUIPMENT**

CLASS OF ASSETS		GROSS BLOCK			DEPRECIATION			NET BLOCK				
		As at 01.04.2016	Addition	Deduction	Adjustments	As at 31.03.2017	As at 01.04.2016	For the year	Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Land – Freehold	288.54	21.32	-	(1.82)	308.04	-	-	-	-	308.04	-	288.54
Land – Leasehold	361.59	8.92	-	-	370.51	54.92	11.80	-	-	66.72	303.79	306.67
Roads and Bridges	300.64	9.99	-	(0.15)	310.48	104.42	10.36	(0.20)	(0.20)	114.58	195.90	196.22
Buildings	2,688.97	43.02	1.26	1.30	2,732.03	828.40	90.68	(2.97)	(2.97)	916.11	1,815.92	1,860.57
Railway Sidings	35.50	0.62	-	-	36.12	22.00	2.48	-	-	24.48	11.64	13.50
Hydraulic Works (Dams, Water Conductor system, Hydro Mechanical Gates, Tunnels)	18,391.64	102.16	0.88	(11.12)	18,481.80	6,626.24	818.08	(2.84)	(2.84)	7,441.48	11,040.32	11,765.40
Generating Plant and Machinery	9,156.27	682.24	9.56	19.91	9,848.86	3,399.31	427.11	(3.35)	(3.35)	3,823.07	6,025.79	5,756.96
Plant and machinery - Sub-Station	93.41	4.85	0.14	2.76	100.88	54.98	3.08	(0.19)	(0.19)	57.87	43.01	38.43
Plant and machinery - Transmission Lines	68.29	22.37	0.04	2.00	92.62	31.03	4.24	(0.04)	(0.04)	35.23	57.39	37.26
Plant and machinery - Others	48.57	1.06	0.07	(0.37)	49.19	19.74	2.94	(0.02)	(0.02)	22.66	26.53	28.83
Construction Equipment	106.41	7.38	3.40	-	110.39	70.47	5.24	(3.09)	(3.09)	72.62	37.77	35.94
Water Supply System/ Drainage and Sewerage	46.69	5.79	0.01	(0.01)	52.46	12.04	2.55	(0.07)	(0.07)	14.52	37.94	34.65
Electrical Installations	3.46	0.10	0.01	-	3.55	1.44	0.19	-	-	1.63	1.92	2.02
Vehicles	29.09	6.87	1.39	(0.10)	34.47	15.77	2.40	(1.27)	(1.27)	16.90	17.57	13.32
Aircraft/ Boats	0.94	0.12	0.02	-	1.04	0.34	0.11	(0.03)	(0.03)	0.42	0.62	0.60
Furniture and Fixtures	51.79	5.16	0.61	(0.02)	56.32	28.02	2.78	(0.43)	(0.43)	30.37	25.95	23.77
Computers	65.89	6.64	6.78	(0.02)	65.73	49.72	6.55	(6.46)	(6.46)	49.81	15.92	16.17
Communication Equipments	16.34	1.43	0.85	(0.02)	16.90	8.02	1.20	(0.56)	(0.56)	8.66	8.24	8.32
Office Equipments	47.01	6.36	0.91	0.17	52.63	23.72	2.94	(0.85)	(0.85)	25.81	26.82	23.29
Research and Development	1.35	-	-	-	1.35	0.71	0.08	-	-	0.79	0.56	0.64
Other Assets	59.10	9.75	0.82	0.02	68.05	27.75	4.01	(0.63)	(0.63)	31.13	36.92	31.35
Tangible Assets of Minor Value > 750 and < ₹5000	17.07	1.66	0.72	(0.01)	18.00	17.05	1.66	(0.73)	(0.73)	17.98	0.02	0.02
TOTAL	31,878.56	947.81	27.47	12.52	32,811.42	11,396.09	1,400.48	(23.73)	(23.73)	12,772.84	20,038.58	20,482.47
Previous Year 31.03.2016	30,291.22	1,622.88	51.26	15.72	31,878.56	10,048.27	1,373.48	(25.66)	(25.66)	11,396.09	20,482.47	20,242.95

**Explanatory Note: -**

- 1) Title deeds/title in respect of freehold land amounting to ₹ 9.96 Crore (Previous year ₹ 13.37 Crore) covering an area of 158.31 hectare (Previous year 155.69 hectare) and lease deeds in respect of leasehold land amounting to ₹ 310.04 Crore (Previous year ₹ 297.34 Crore) covering an area of 627.25 hectare (Previous year 766.20 hectare) are yet to be executed/passed.
- 2) Land - Leasehold includes 7.83 hectare (Previous year 7.83 hectare) taken from Sashatra Seema Bal (SSB) for Subansiri Upper Project on lease for a period of 99 years at notional value of ₹ 1/-
- 3) Freehold Land includes eight hectare of land being used by Loktak Downstream Hydroelectric Corporation Limited (LDHCL) (A Joint Venture Company of NHPC and the Government of Manipur) for a consideration of ₹ 100 per annum as rent, for which a lease agreement has been entered between NHPC and LDHCL.
- 4) Underground works amounting to ₹ 6299.38 Crore (Previous Year ₹ 6293.18 Crore), created on Land - Right to use, are included under the relevant heads of Property, Plant and Equipment.
- 5) Adjustments to Gross Block include adjustment for Foreign Exchange Rate Variation, depreciation charged and capitalized during construction of a project.
- 6) Pending approval of revised cost estimates (RCE) of Sewa II, Chamera III, Teesta Low Dam III, Uri II & Parbati III Power Stations, capital expenditure actually incurred on these power stations has been considered for capitalisation.
- 7) Refer para no. 9 of Note No 34 for information of non-current assets equitably mortgaged/hypothecated with banks as security for related borrowings.
- 8) Foreign Exchange Rate Variation included in Adjustments to assets are as follows: -

Class of Assets	For the year ended 31.03.2017 (₹ in Crore)	For the year ended 31.03.2016 (₹ in Crore)
Roads and Bridges	(0.16)	0.15
Buildings	(1.50)	1.77
Hydraulic Works	(11.12)	16.61
Generating Plant and machinery	(2.79)	3.77
Plant and machinery Sub station	(0.02)	0.02
Water Supply System/Drainage and Sewerage	(0.01)	0.01
<b>Total</b>	<b>(15.60)</b>	<b>22.23</b>

**NOTE NO. 2.1 PROPERTY, PLANT AND EQUIPMENT**

CLASS OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at	Addition	Deduction	Adjustments	As at	For the	Adjustment	As at	As at	As at
	01.04.2015				31.03.2016	year		31.03.2016	31.03.2016	01.04.2015
Land – Freehold	268.97	35.50	14.95	(0.98)	288.54	-	-	-	288.54	268.97
Land – Leasehold	317.48	0.77	0.01	-	318.24	-	11.53	11.57	306.67	317.48
Roads and Bridges	197.85	6.29	-	(0.69)	203.45	-	8.02	7.23	196.22	197.85
Buildings	1,754.28	193.73	0.22	(2.09)	1,945.70	-	89.88	85.13	1,860.57	1,754.28
Railway Sidings	17.45	-	1.50	-	15.95	-	2.45	2.45	13.50	17.45
Hydraulic Works (Dams, Water Conductor system, Hydro Mechanical Gates, Tunnels)	11,596.89	970.94	3.01	16.42	12,581.24	-	815.40	815.84	11,765.40	11,596.89
Generating Plant and Machinery	5,795.73	374.93	8.64	5.94	6,167.96	-	410.77	411.00	5,756.96	5,795.73
Plant and machinery - Sub-Station	40.16	1.67	0.25	0.01	41.59	-	3.16	3.16	38.43	40.16
Plant and machinery - Transmission Lines	40.44	0.67	0.04	(0.21)	40.86	-	3.82	3.60	37.26	40.44
Plant and machinery - Others	29.88	1.86	0.08	(0.14)	31.52	-	2.81	2.69	28.83	29.88
Construction Equipment	35.81	6.02	0.78	0.14	41.19	-	5.11	5.25	35.94	35.81
Water Supply System/ Drainage and Sewerage	33.44	3.47	0.04	(0.15)	36.72	-	2.31	2.07	34.65	33.44
Electrical Installations	2.25	0.01	0.05	(0.07)	2.14	-	0.18	0.12	2.02	2.25
Vehicles	11.91	3.28	0.32	(0.20)	14.67	-	1.54	1.35	13.32	11.91
Aircraft/ Boats	0.59	0.07	-	-	0.66	-	0.06	0.06	0.60	0.59
Furniture and Fixtures	23.51	3.36	0.56	(0.47)	25.84	-	2.52	2.07	23.77	23.51
Computers	14.23	8.01	0.28	(0.72)	21.24	-	5.74	5.07	16.17	14.23
Communication Equipments	7.83	1.78	0.42	-	9.19	-	0.88	0.87	8.32	7.83
Office Equipments	23.15	3.39	0.49	(0.26)	25.79	-	2.77	2.50	23.29	23.15
Research and Development	0.72	-	-	-	0.72	-	0.08	0.08	0.64	0.72
Other Assets	30.37	6.01	1.63	(0.45)	34.30	-	3.41	2.95	31.35	30.37
Tangible Assets of Minor Value > ₹5000	0.01	1.12	0.06	(0.36)	0.71	-	1.04	0.69	0.02	0.01
<b>TOTAL</b>	<b>20,242.95</b>	<b>1,622.88</b>	<b>33.33</b>	<b>15.72</b>	<b>21,848.22</b>	<b>-</b>	<b>1,373.48</b>	<b>1,365.75</b>	<b>20,482.47</b>	<b>20,242.95</b>

**Note :** Additional disclosure of Property Plant and Equipment (PPE) as per gross block of assets and accumulated depreciation under previous GAAP has been provided as Annexure-I to this Note. For other explanatory notes, these are stated in Annexure-I to Note 2.1.

**ANNEXURE-I TO NOTE NO. 2.1 PROPERTY, PLANT AND EQUIPMENT**

CLASS OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2015	Addition	Deduction	Adjustments	As at 31.03.2016	As at 01.04.2015	As at 31.03.2016	As at 01.04.2015
Land – Freehold	268.97	35.50	14.95	(0.98)	288.54	-	-	268.97
Land – Leasehold	360.83	0.77	0.01	-	361.59	11.53	0.04	317.48
Roads and Bridges	295.04	6.29	-	(0.69)	300.64	97.19	104.42	197.85
Buildings	2,497.91	193.73	0.58	(2.09)	2,688.97	743.63	828.40	1,754.28
Railway Sidings	38.96	-	3.46	-	35.50	21.51	22.00	17.45
Hydraulic Works (Dams, Water Conductor system, Hydro Mechanical Gates, Tunnels)	17,407.45	970.94	3.17	16.42	18,391.64	5,810.56	6,626.24	11,765.40
Generating Plant and Machinery	8,789.79	374.93	14.39	5.94	9,156.27	2,994.06	3,399.31	5,756.96
Plant and machinery - Sub-Station	92.16	1.67	0.43	0.01	93.41	52.00	54.98	40.16
Plant and machinery - Transmission Lines	67.87	0.67	0.04	(0.21)	68.29	27.43	31.03	40.44
Plant and machinery - Others	47.02	1.86	0.17	(0.14)	48.57	17.14	19.74	29.88
Construction Equipment	103.74	6.02	3.49	0.14	106.41	67.93	70.47	35.81
Water Supply System/ Drainage and Sewerage	43.43	3.47	0.06	(0.15)	46.69	9.99	12.04	33.44
Electrical Installations	3.58	0.01	0.06	(0.07)	3.46	1.33	1.44	2.25
Vehicles	27.96	3.28	1.95	(0.20)	29.09	16.05	15.77	11.91
Aircraft/ Boats	0.87	0.07	-	-	0.94	0.28	0.34	0.59
Furniture and Fixtures	49.81	3.36	0.91	(0.47)	51.79	26.30	28.02	23.51
Computers	61.79	8.01	3.19	(0.72)	65.89	47.56	49.72	14.23
Communication Equipments	15.23	1.78	0.67	-	16.34	7.40	8.02	7.83
Office Equipments	45.01	3.39	1.13	(0.26)	47.01	21.86	23.72	23.15
Research and Development	1.35	-	-	-	1.35	0.63	0.71	0.72
Other Assets	55.70	6.01	2.16	(0.45)	59.10	25.33	27.75	30.37
Tangible Assets of Minor Value > 750 and < ₹5000	16.75	1.12	0.44	(0.36)	17.07	16.74	17.05	0.01
<b>TOTAL</b>	<b>30,291.22</b>	<b>1,622.88</b>	<b>51.26</b>	<b>15.72</b>	<b>31,878.56</b>	<b>10,048.27</b>	<b>11,396.09</b>	<b>20,242.95</b>
							<b>20,482.47</b>	



**Explanatory Note: -**

- 1) Title deeds/title in respect of freehold land amounting to ₹ 13.37 Crore (Previous year ₹ 1.19 Crore) covering an area of 155.69 hectare (Previous year 103.04 hectare) and lease deeds in respect of leasehold land amounting to ₹ 297.34 Crore (Previous year ₹ 296.60 Crore) covering an area of 766.20 hectare (Previous year 851.78 hectare) are yet to be executed/passed.
- 2) Land - Leasehold includes 7.83 hectare (Previous year 7.83 hectare) taken from Sashatra Seema Bal (SSB) for Subansiri Upper Project on lease for a period of 99 years at notional value of ₹ 1/-.
- 3) Freehold Land includes eight hectare of land being used by Loktak Downstream Hydroelectric Corporation Limited (LDHCL) (A Joint Venture Company of NHPC and the Government of Manipur) for a consideration of ₹ 100 per annum as rent, for which a lease agreement has been entered between NHPC and LDHCL.
- 4) Underground works amounting to ₹ 6293.18 Crore (Previous Year ₹ 6240.79 Crore), created on Land - Right to use, are included under the relevant heads of Property, Plant and Equipment.
- 5) Adjustments to Gross Block include adjustment for Foreign Exchange Rate Variation, depreciation charged and capitalized during construction of a project.
- 6) Pending approval of revised cost estimates (RCE) of Sewa II, Chamera III, Teesta Low Dam III, Uri II & Parbati III Power Stations, capital expenditure actually incurred on these power stations has been considered for capitalisation.
- 7) Refer para no-9 of Note no. 34 for information of non-current assets equitably mortgaged/ hypothecated with banks as security for related borrowings.
- 8) Foreign Exchange Rate Variation included in Adjustments to assets are as follows: -

<b>Class of Assets</b>	<b>For the year ended 31.03.2016 (₹ in Crore)</b>	<b>For the year ended 31.03.2015 (₹ in Crore)</b>
Roads and Bridges	0.15	(1.57)
Buildings	1.77	(16.21)
Hydraulic Works	16.61	(154.90)
Generating Plant and machinery	3.77	(42.88)
Plant and machinery Sub station	0.02	(0.25)
Plant and machinery Transmission lines	-	(0.05)
Plant and machinery -Others	-	(0.03)
Water Supply System/Drainage and Sewerage	0.01	(0.05)
<b>Total</b>	<b>22.33</b>	<b>(215.94)</b>

**Note no. 2.2 CAPITAL WORK IN PROGRESS**

(₹ in Crore)

Particulars	As at 01.04.2016	Addition	Adjustment	Capitalised	As at 31.03.2017
Roads and Bridges	89.18	15.43	-	11.69	92.92
Buildings	1,048.30	92.60	(0.46)	41.27	1,099.17
Railway Sidings	-	0.62	-	0.62	-
Hydraulic Works (Dams, Water Conductor System, Hydro mechanical Gates, Tunnels)	5,959.86	677.58	2.72	92.23	6,547.93
Generating Plant and Machinery	3,391.20	190.29	129.49	648.23	3,062.75
Plant and Machinery - Sub-Station	12.55	1.80	-	2.54	11.81
Plant and Machinery - Transmission Lines	2.12	1.66	-	0.48	3.30
Plant and Machinery - Others	0.74	0.39	(0.01)	0.38	0.74
Construction Equipments	-	0.47	-	0.47	-
Water Supply System/Drainage and Sewerage	1.36	7.85	-	5.35	3.86
Other Assets awaiting Installation	2.25	49.15	(0.02)	49.54	1.84
Survey, Investigation, Consultancy and Supervision Charges	266.38	14.89	(1.34)	-	279.93
Expenditure on Compensatory Afforestation	4.53	0.61	(3.69)	1.45	-
Expenditure Attributable to Construction*	6,168.66	714.35	(129.33)	39.74	6,713.94
<b>Less: Provided for</b>	<b>537.92</b>	<b>41.34</b>	<b>-</b>	<b>-</b>	<b>579.26</b>
<b>Sub total (a)</b>	<b>16,409.21</b>	<b>1,726.35</b>	<b>(2.64)</b>	<b>893.99</b>	<b>17,238.93</b>
* For addition during the year refer Note No. 32					
	As at 01.04.2016		Adjustment		As at 31.03.2017
Construction Stores	170.75		(58.27)		112.48
<b>Less : Provisions for construction stores</b>	<b>1.25</b>		<b>0.03</b>		<b>1.28</b>
<b>Sub total (b)</b>	<b>169.50</b>	<b>-</b>	<b>(58.30)</b>		<b>111.20</b>
<b>TOTAL</b>	<b>16,578.71</b>	<b>1,726.35</b>	<b>(60.94)</b>	<b>893.99</b>	<b>17,350.13</b>
<b>Previous Year</b>	<b>16054.72</b>	<b>2013.90</b>	<b>22.69</b>	<b>1512.60</b>	<b>16578.71</b>

**Explanatory Note: -**

- 1) Expenditure attributable to Construction (EAC) includes ₹ 377.54 Crore (Previous year ₹461.70 Crore) towards borrowing cost capitalised during the year.
- 2) Capital Work in Progress (CWIP) includes a cumulative expenditure of ₹ 1178.32 Crore (Previous Year ₹ 1069.48 Crore) on projects under Survey & Investigation stage. Of this, a sum of ₹ 43.52 Crore (Previous Year ₹ 43.52 Crore) pertains to Subansiri Upper Project, which had been decided by Govt. of Arunachal Pradesh to be handed over to a Private Developer. However, pending handing over of the project & recovery of expenditure incurred on it, the said amount is already provided for in the books as an abundant precaution. Out of the balance of ₹ 1134.80 Crore (Previous Year ₹ 1025.96 Crore) pertaining to projects with the company, a sum of ₹ 535.74 Crore (Previous Year ₹ 494.40 Crore) has been provided upto date as an abundant precaution in respect of projects, where uncertainties are attached and ₹ 599.15 Crore (Previous Year ₹ 531.56 Crore), pertaining to other projects having reasonable certainty of getting clearance, is carried over.
- 3) Siang Basin, Subansiri Basin & Dibang Multipurpose Projects were taken over from Brahmaputra Board. Pending settlement of accounts with Brahmaputra Board, assets and liabilities have been accounted for to the extent of amounts incurred by the Company on these projects. Siang Lower & Siyom HE Projects (in Siang Basin) & Subansiri Middle (in Subansiri Basin) have since been handed over to Private Developer and liability arising out of settlement of accounts with Brahmaputra Board towards these projects if any, is recoverable from respective Private Developers.
- 4) Underground Works amounting to ₹ 4923.90 Crore (Previous Year ₹ 4205.33 Crore) created on Land - Right to use, are included under respective heads of Capital Work in Progress (CWIP).
- 5) Refer para no. 9 of Note no. 34 for information of non-current assets pledged with banks as security for related borrowings.
- 6) Capital Expenditure on projects approved by the competent authority undergoes revision over period of time as hydroelectric projects are time intensive and some takes longer period than envisaged. As a consequence the cost escalation occur, which requires approval of competent authority. Pending such approval the expenditure incurred is carried forward in Capital Work in Progress (CWIP).

**Note no. 2.2 CAPITAL WORK IN PROGRESS**

(₹ in Crore)

Particulars	As at 01.04.2015	Addition	Adjustment	Capitalised	As at 31.03.2016
Roads and Bridges	86.89	15.75	(4.81)	8.65	89.18
Buildings	1,030.77	118.29	30.10	130.86	1,048.30
Hydraulic Works (Dams, Water Conductor System, Hydro mechanical Gates, Tunnels)	5,915.26	622.97	(14.30)	564.07	5,959.86
Generating Plant and Machinery	2,925.91	674.38	(5.80)	203.29	3,391.20
Plant and Machinery - Sub-Station	14.09	6.31	(7.68)	0.17	12.55
Plant and Machinery - Transmission Lines	0.37	2.28	(0.09)	0.44	2.12
Plant and Machinery - Others	0.48	1.53	(0.31)	0.96	0.74
Construction Equipments	-	1.97	-	1.97	-
Water Supply System/Drainage and Sewerage	0.69	3.47	(0.05)	2.75	1.36
Other Assets awaiting Installation	4.52	45.81	(0.67)	47.41	2.25
Survey, Investigation, Consultancy and Supervision Charges	262.65	10.20	(0.06)	6.41	266.38
Expenditure on Compensatory Afforestation	4.33	2.45	(1.61)	0.64	4.53
Expenditure Attributable to Construction*	5,841.67	868.14	3.83	544.98	6,168.66
<b>Less: Provided for</b>	<b>209.55</b>	<b>359.65</b>	<b>(31.28)</b>	<b>-</b>	<b>537.92</b>
<b>Sub total (a)</b>	<b>15,878.08</b>	<b>2,013.90</b>	<b>29.83</b>	<b>1,512.60</b>	<b>16,409.21</b>
* For addition during the year refer Note No. 32					
	As at 01.04.2015		Adjustment		As at 31.03.2016
Construction Stores	178.12		(7.37)		170.75
<b>Less : Provisions for construction stores</b>	<b>1.48</b>	<b>-</b>	<b>(0.23)</b>	<b>-</b>	<b>1.25</b>
<b>Sub total (b)</b>	<b>176.64</b>	<b>-</b>	<b>(7.14)</b>		<b>169.50</b>
<b>TOTAL</b>	<b>16,054.72</b>	<b>2,013.90</b>	<b>22.69</b>	<b>1,512.60</b>	<b>16,578.71</b>

**Explanatory Note: -**

- 1) Expenditure during construction (EDC) includes ₹ 461.70 Crore (Corresponding previous year ₹ 330.43 Crore) towards borrowing cost capitalised during the year.
- 2) Capital Work in Progress (CWIP) includes a cumulative expenditure of ₹ 1069.48 Crore (Previous Year ₹ 943.76 Crore) on projects under Survey & Investigation stage. Of this, a sum of ₹ 43.52 Crore (Previous Year ₹ 43.52 Crore) pertains to Subansiri Upper Project, which had been decided by Govt. of Arunachal Pradesh to be handed over to a Private Developer. However, pending handing over of the project & recovery of expenditure incurred on it, an amount ₹ 43.52 Crore (Previous Year ₹ 43.52 Crore) has been provided for in the books as an abundant precaution. Out of the balance of ₹ 1025.96 Crore pertaining to projects with the company, a sum of ₹ 494.40 Crore (Previous Year ₹ 134.75 Crore) has been provided upto date as an abundant precaution in respect of projects, where uncertainties are attached and ₹ 531.56 Crore (Previous Year ₹ 765.49 Crore), pertaining to other projects having reasonable certainty of getting clearance, is carried over.
- 3) Siang Basin, Subansiri Basin & Dibang Multipurpose Projects were taken over from Brahmaputra Board. Pending settlement of accounts with Brahmaputra Board, assets and liabilities have been accounted for to the extent of amounts incurred by the Company on these projects. Siang Lower & Siyom HE Projects (in Siang Basin) & Subansiri Middle (in Subansiri Basin) have since been handed over to Private Developer and liability arising out of settlement of accounts with Brahmaputra Board towards these projects if any, is recoverable from respective Private Developers.
- 4) Underground Works amounting to ₹ 4205.33 Crore (Previous Year ₹ 3995.69 Crore) created on Land - Right to use, are included under respective heads of CWIP.
- 5) Refer para no. 9 of Note no. 34 for information of non-current assets pledged with banks as security for related borrowings.
- 6) Capital Expenditure on projects approved by the competent authority undergoes revision over period of time as hydroelectric projects are time intensive and some takes longer period than envisaged. As a consequence the cost escalation occur, which requires approval of competent authority. Pending such approval the expenditure incurred during the period is carried forward in capital work in progress (CWIP).

**NOTE NO. 2.3 INVESTMENT PROPERTY**

CLASS OF ASSETS	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As at 01.04.2016	Addition	Deduction	Adjustments	As at 31.03.2017	As at 01.04.2016	As at 31.03.2017
Land – Freehold	4.49	-	-	-	4.49	-	4.49
<b>TOTAL</b>	<b>4.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.49</b>	<b>-</b>	<b>4.49</b>
Previous Year 31.03.2016	4.49	-	-	-	4.49	-	4.49

**i) Amounts recognised in profit or loss for investment property**

	As at 31.03.2017	As at 31.03.2016
Rental income	Nil	Nil
Direct operating expenses from property that generated rental income	Nil	Nil
Direct operating expenses from property that did not generate rental income	Nil	Nil

**(ii) Fair Value of investment property**

Investment property comprise of freehold land which was bought for normal business requirements of the Company. However, due to change in business plans, the Company is in the process of finalising the future use of the property. IND AS 40, Investment Property, provides by way of example that land held for a currently undetermined future use is to be regarded as held for capital appreciation and hence to be classified as Investment Property. Accordingly such land has been classified as Investment Property.

**(iv) Valuation process**

The above land is carried in the financial statements at cost. However, the fair value of investment property has been arrived on the basis of circle rates notified by the state government prevailing in the locality where property is situated.

**NOTE NO. 2.3 INVESTMENT PROPERTY**

CLASS OF ASSETS	GROSS BLOCK			AMORTISATION		NET BLOCK	
	As at 01.04.2015	Addition	Deduction	Adjustments	As at 31.03.2016	As at 01.04.2015	As at 01.04.2015
Land – Freehold	4.49	-	-	-	4.49	-	4.49
<b>TOTAL</b>	<b>4.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.49</b>	<b>-</b>	<b>4.49</b>

**i) Amounts recognised in profit or loss for investment property**

	As at 31.03.2016	As at 31.03.2015
Rental income	Nil	Nil
Direct operating expenses from property that generated rental income	Nil	Nil
Direct operating expenses from property that did not generate rental income	Nil	Nil

**(ii) Fair Value of investment property**

Investment property comprise of freehold land which was bought for normal business requirements of the Company. However, due to change in business plans, the Company is in the process of finalising the future use of the property. IND AS 40, Investment Property, provides by way of example that land held for a currently undetermined future use is to be regarded as held for capital appreciation and hence to be classified as Investment Property. Accordingly such land has been classified as Investment Property.

**(iv) Valuation process**

The above land is carried in the financial statements at cost. However, the fair value of investment property has been arrived on the basis of circle rates notified by the state government prevailing in the locality where property is situated.

**NOTE NO. 2.4 OTHER INTANGIBLE ASSETS**

CLASS OF ASSETS	GROSS BLOCK			AMORTISATION			NET BLOCK	
	As at 01.04.2016	Addition	Deduction	Adjustments	As at 31.03.2017	As at 01.04.2016	As at 31.03.2017	As at 31.03.2016
Land – Right to Use	817.14	125.04	0.04	-	942.14	4.34	10.48	931.66
Computer Software	6.74	1.35	-	(0.03)	8.06	2.60	5.58	2.48
<b>TOTAL</b>	<b>823.88</b>	<b>126.39</b>	<b>0.04</b>	<b>(0.03)</b>	<b>950.20</b>	<b>6.94</b>	<b>16.06</b>	<b>934.14</b>
Previous Year 31.03.2016	783.52	43.67	0.01	(3.30)	823.88	-	6.94	816.94
Previous Year 31.03.2015								783.52

Explanatory Note: -

Note : Additional disclosure of Other Intangible Assets as per gross block of assets and accumulated depreciation under previous GAAP has been provided as Annexure-I to this Note.

**ANNEXURE-I TO NOTE NO. 2.4 OTHER INTANGIBLE ASSETS**

CLASS OF ASSETS	GROSS BLOCK			AMORTISATION			NET BLOCK	
	As at 01.04.2016	Addition	Deduction	Adjustments	As at 31.03.2017	As at 01.04.2016	As at 31.03.2017	As at 01.04.2016
Land – Right to Use	847.05	125.04	0.12	-	971.97	34.25	40.31	931.66
Computer Software	44.94	1.35	-	(0.03)	46.26	40.80	43.78	2.48
<b>TOTAL</b>	<b>891.99</b>	<b>126.39</b>	<b>0.12</b>	<b>(0.03)</b>	<b>1,018.23</b>	<b>75.05</b>	<b>84.09</b>	<b>816.94</b>
Previous Year 31.03.2016	851.90	43.67	0.28	(3.30)	891.99	68.38	75.05	783.52



**NOTE NO. 2.4 OTHER INTANGIBLE ASSETS**

CLASS OF ASSETS	GROSS BLOCK				AMORTISATION				NET BLOCK			
	As at 01.04.2015	Addition	Deduction	Adjustments	As at 31.03.2016	As at 01.04.2015	For the year	Adjustment	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015	
Land – Right to Use	781.81	38.60	-	(3.27)	817.14	-	4.71	(0.37)	4.34	812.80	781.81	
Computer Software	1.71	5.07	0.01	(0.03)	6.74	-	2.65	(0.05)	2.60	4.14	1.71	
TOTAL	783.52	43.67	0.01	(3.30)	823.88	-	7.36	(0.42)	6.94	816.94	783.52	

Explanatory Note: -

Note : Additional disclosure of Other Intangible Assets as per gross block of assets and accumulated depreciation under previous GAAP has been provided as Annexure-I to this Note.

**ANNEXURE-I TO NOTE NO. 2.4 OTHER INTANGIBLE ASSETS**

CLASS OF ASSETS	GROSS BLOCK				AMORTISATION			NET BLOCK		
	As at 01.04.2015	Addition	Deduction	Adjustments	As at 31.03.2016	As at 01.04.2015	For the year	Adjustment	As at 31.03.2016	As at 01.04.2015
Land – Right to Use	811.72	38.60	-	(3.27)	847.05	29.91	4.71	(0.37)	842.50	781.81
Computer Software	40.18	5.07	0.28	(0.03)	44.94	38.47	2.65	(0.32)	40.80	1.71
TOTAL	851.90	43.67	0.28	(3.30)	891.99	68.38	7.36	(0.69)	816.94	783.52

**NOTE NO. 3.1 NON CURRENT INVESTMENTS**

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016		As at 01st Apr, 2015	
	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)
<b>A. Quoted Equity Instruments - At Fair Value through Other Comprehensive Income (OCI)</b>						
Indian Overseas Bank (Fully Paid Up) (Face Value of ₹ 10/- each)	360800	0.96	360800	1.09	360800	1.53
PTC India Ltd. (Fully Paid Up) (Face Value of ₹ 10/- each)	12000000	111.48	12000000	76.56	12000000	96.90
<b>Total (A)</b>		<b>112.44</b>		<b>77.65</b>		<b>98.43</b>
<b>B. Unquoted Equity Instruments - At Cost</b>						
<b>(a) Investment In Equity Instruments</b>						
<b>(i) Subsidiary Companies (Fully Paid Up)</b>						
NHDC Limited (Face Value of ₹ 1000/- each)	10024200	1,002.42	10024200	1,002.42	10024200	1,002.42
Loktak Downstream Hydroelectric Corporation Limited (Face Value of ₹ 10/- each)	87092309	87.09	87092309	87.09	87092309	87.09
Bundelkhand Saur Urja Limited (Face Value of ₹ 10/- each)	999999	1.00	999999	1.00	999999	1.00
<b>(ii) Joint Venture Companies (Fully Paid Up)</b>						
Chenab Valley Power Projects Private Limited (Face Value of ₹ 10/- each)	460000000	460.00	100000000	100.00	100000000	100.00
National High Power Test Laboratory (P) Ltd (Face Value of ₹ 10/- each)	30400000	30.40	23900000	23.90	23900000	23.90
<b>Total (B)</b>		<b>1,580.91</b>		<b>1,214.41</b>		<b>1,214.41</b>
<b>C. Quoted Debt Instruments - At Fair Value through Other Comprehensive Income (OCI)</b>						
<b>(a) Investment In Government Securities</b>						
8.35% SBI Right Issue GOI Special Bonds 2024 (Per Unit Value of ₹ 10000/- each)	150000	159.20	150000	153.93	150000	153.14
8.20% Oil Marketing Companies GOI Special Bonds 2024 (Per Unit Value of ₹ 10000/- each)	12380	13.01	12380	12.56	12380	12.54
8.28% GOI 2027 (Per Unit Value of ₹ 10000/- each)	57000	61.25	57000	59.03	57000	59.14
8.26% GOI 2027 (Per Unit Value of ₹ 10000/- each)	17940	19.20	17940	18.54	17940	18.49

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016		As at 01st Apr, 2015	
	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)
8.28% GOI 2032 (Per Unit Value of ₹ 10000/- each)	35000	37.18	35000	36.09	35000	36.54
8.32% GOI 2032 (Per Unit Value of ₹ 10000/- each)	34000	36.88	34000	35.19	34000	35.58
<b>Sub-total (a)</b>		<b>326.72</b>		<b>315.34</b>		<b>315.43</b>
<b>(b) Investment In Bonds of Public Sector Undertaking/Public Financial Institution &amp; Corporates</b>						
8.95% Indian Railways Finance Corporation Bonds 2025 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	688	72.65
8.65% Indian Railways Finance Corporation Bonds 2025 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	30	3.00
8.83% Indian Railways Finance Corporation Bonds 2035 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	120	12.82
8.80% Indian Railways Finance Corporation Bonds 2030 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	150	15.95
8.90% Power Grid Corporation of India Bonds 2021 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	80	10.28
8.90% Power Grid Corporation of India Bonds 2022 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	80	10.00
8.90% Power Grid Corporation of India Bonds 2023 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	80	10.00
8.90% Power Grid Corporation of India Bonds 2025 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	40	5.00
8.84% Power Grid Corporation of India Bonds 2024 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	156	20.26
8.84% Power Grid Corporation of India Bonds 2025 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	364	43.46
8.95% Power Finance Corporation Bonds 2025 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	51	5.10
8.80% Power Finance Corporation Bonds 2025	-	-	-	-	467	48.03

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016		As at 01st Apr, 2015	
	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)
(Per Unit Value of ₹ 10,00,000/- each) 8.70% Power Finance Corporation Bonds 2025	-	-	-	-	477	48.55
(Per Unit Value of ₹ 10,00,000/- each) 8.80% Rural Electrification Corporation Bonds 2020	-	-	-	-	600	61.00
(Per Unit Value of ₹ 10,00,000/- each) 9.75% Rural Electrification Corporation Bonds 2021	-	-	-	-	230	24.71
(Per Unit Value of ₹ 10,00,000/- each) 7.41% IIFCL Tax Free Bonds 15.11.2032	120	13.45	120	12.48	120	12.58
(Per Unit Value of ₹ 10,00,000/- each) 8.12% REC Tax Free Bonds 27.03.2027	100000	11.30	100000	10.68	100000	11.19
(Per Unit Value of ₹ 1000/- each) 8.48% NHAI TAX FREE	473	55.50	473	52.45	473	51.60
(Per Unit Value of ₹ 10,00,000/- each)						
<b>Sub-total (b)</b>		<b>80.25</b>		<b>75.61</b>		<b>466.18</b>
<b>Sub Total (C) (a+b)</b>		<b>406.97</b>		<b>390.95</b>		<b>781.61</b>
<b>TOTAL (A+B+C)</b>		<b>2,100.32</b>		<b>1,683.01</b>		<b>2,094.45</b>
<b>(a) Quoted Investment</b>						
(i) Aggregate Cost		381.95		381.95		763.34
(ii) Aggregate Market Value		519.41		468.60		880.05
<b>(b) Unquoted Investments</b>						
(i) Aggregate Cost		1,580.91		1,214.41		1,214.41
<b>(c) Aggregate amount of Impairment in value of Investments</b>		-		-		-

**NOTE NO. 3.2 NON-CURRENT - FINANCIAL ASSETS - LOANS**

(₹ in Crore)			
PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>a) Employees Loans (at amortised Cost)</b>			
Secured (considered good)	123.85	109.48	93.67
Unsecured (considered good)	12.11	8.12	6.32
<b>Sub-total</b>	<b>135.96</b>	<b>117.60</b>	<b>99.99</b>
<b>b) State Government in settlement of dues from customer</b>			
Unsecured (considered good)	-	-	12.68
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>12.68</b>
<b>c) Government of Arunachal Pradesh</b>			
Secured (considered good)	-	-	-
Unsecured (considered good)	225.00	225.00	225.00
Unsecured (considered doubtful)	-	-	-
<b>Sub-total</b>	<b>225.00</b>	<b>225.00</b>	<b>225.00</b>
<b>TOTAL</b>	<b>360.96</b>	<b>342.60</b>	<b>337.67</b>
<b>Explanatory Note: -</b>			
i) Loan included in Other Loans (Employees) due from directors or other officers of the company at the end of the period	0.03	0.05	Nil
ii) Advance due by firms or private companies in which any Director of the Company is a Director or member	Nil	Nil	Nil
iii) Loans are non-derivative financial assets which generate a fixed or variable interest income for the company. The Carrying value may be affected by the changes in the credit risk of the counterparties.			

**NOTE NO. 3.3 NON-CURRENT - FINANCIAL ASSETS - OTHER FINANCIAL ASSETS**

(₹ in Crore)			
PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A. Bank Deposits with more than 12 Months Maturity</b>	0.35	-	-
<b>B. Lease Rent receivable*</b>	1,566.60	1,655.72	1,686.49
<b>C. Interest receivable on lease</b>	-	-	-
<b>D. Interest accrued on:</b>			
Loan to Government of Arunachal Pradesh	296.84	253.75	214.23
Bank Deposits with more than 12 Months Maturity	0.04	-	-
<b>TOTAL</b>	<b>1,863.83</b>	<b>1,909.47</b>	<b>1,900.72</b>

\* Refer para-9 of Note No. 34-Other Explanatory Notes to Accounts for receivable mortgaged/hypothecated as security.



**NOTE NO. 4 OTHER NON-CURRENT ASSETS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A. CAPITAL ADVANCES</b>			
Secured (considered good)	1.97	3.25	9.37
Unsecured (considered good)			
Against bank guarantee	357.69	488.77	523.91
Others	159.47	141.08	138.93
Less : Provision for expenditure awaiting utilisation certificate	4.11	1.99	10.26
Unsecured (considered doubtful)	4.49	0.11	0.11
Less : Provisions for doubtful advances *1	4.49	0.11	0.11
<b>Sub-total</b>	<b>515.02</b>	<b>631.11</b>	<b>661.95</b>
<b>B. ADVANCES OTHER THAN CAPITAL ADVANCES</b>			
<b>i) DEPOSITS</b>			
Unsecured (considered good)	28.01	27.04	64.31
Less : Provision against demand raised by Govt. Depts.	15.55	15.29	15.29
Unsecured (considered doubtful)	0.04	-	-
Less : Provision for Doubtful Deposits *2	0.04	-	-
	<b>12.46</b>	<b>11.75</b>	<b>49.02</b>
<b>ii) Other advances</b>			
Unsecured (considered good)	0.14	0.24	0.09
	<b>0.14</b>	<b>0.24</b>	<b>0.09</b>
<b>C. Others</b>			
<b>i) Deferred Foreign Currency Fluctuation</b>			
Deferred Foreign Currency Fluctuation Assets	415.04	491.81	369.71
Deferred Expenditure on Foreign Currency Fluctuation	144.42	133.28	152.85
	<b>559.46</b>	<b>625.09</b>	<b>522.56</b>
<b>ii) Deferred Cost on Employee loans given</b>			
Secured	36.77	59.15	52.29
Employee loans - Unsecured-Considered Good	1.89	0.11	2.64
	<b>38.66</b>	<b>59.26</b>	<b>54.93</b>
<b>TOTAL</b>	<b>1,125.74</b>	<b>1,327.45</b>	<b>1,288.55</b>
<b>Provision for doubtful Advances *1</b>			
Opening Balance	0.11	0.11	0.11
Addition during the year	4.38	-	-
<b>Closing balance</b>	<b>4.49</b>	<b>0.11</b>	<b>0.11</b>
<b>Provision for doubtful Deposits *2</b>			
Addition during the year	0.04	-	-
<b>Closing balance</b>	<b>0.04</b>	<b>-</b>	<b>-</b>

**NOTE NO. 5 INVENTORIES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>(Valuation as per Significant Accounting Policy No.1(iii)(10))</b>			
Stores and spares	96.44	100.62	100.80
Stores in transit/ pending inspection	1.14	2.44	2.99
Loose tools	2.21	1.94	1.97
Scrap inventory	1.83	1.47	0.91
Material issued to contractors/ fabricators	-	0.01	0.04
Less: Provision for Obsolescence & Diminution in Value *1	9.98	22.48	23.98
<b>TOTAL</b>	<b>91.64</b>	<b>84.00</b>	<b>82.73</b>
<b>*1 Provision for Obsolescence &amp; Diminution in Value</b>			
Opening Balance	22.48	23.98	23.98
Addition during the year	0.52	0.69	-
Used during the year	11.27	1.89	-
Reversed during the year #	1.75	0.30	-
<b>Closing balance</b>	<b>9.98</b>	<b>22.48</b>	<b>23.98</b>

# Excess provision made earlier has been reversed during the year which led to the reversal of Write down value of inventories.

**Explanatory Note:**

- During the year, inventories written down to net realisable value (NRV) and recognised as an expense in profit or loss.
- For details, refer para-9 of Note No. 34- Other Explanatory Notes to Accounts for information of assets mortgaged/hypothecated with banks as security for related borrowings.

0.52	0.69	-
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**NOTE NO. 6 CURRENT INVESTMENTS**

PARTICULARS	As at 31st March, 2017			As at 31st March, 2016			As at 01st Apr, 2015		
	Number of shares/ bonds/ securities	Face value per share/ bond/ security (in ₹)	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Face value per share/ bond/ security (in ₹)	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Face value per share/ bond/ security (in ₹)	Amount (₹ in Crore)
<b>Unquoted</b>									
<b>(a) Investment In Equity Instruments</b>									
<b>Joint Venture Company (Fully Paid Up)</b>									
National Power Exchange Limited (Liquidated)#	-	-	-	2188325	10	2.19	2188325	10	2.19
(Provision for diminution in value)						(1.06)			(1.06)
<b>(b) Investment In Bonds (Current maturity of long-term investments)</b>									
8.50 % Tax-Free State Government Special Bonds of the Government of :	-	-	-						
Arunachal Pradesh	-	-	-	-	-	-	972	1000	0.10
Bihar	-	-	-	-	-	-	19070	1000	1.91
Haryana	-	-	-	-	-	-	565000	1000	56.50
Himachal Pradesh	-	-	-	-	-	-	17868	1000	1.79
Jammu and Kashmir	-	-	-	-	-	-	770696	1000	77.07
Jharkhand	-	-	-	-	-	-	14310	1000	1.43
Meghalaya	-	-	-	-	-	-	532	1000	0.05
Mizoram	-	-	-	-	-	-	3210	1000	0.32
Nagaland	-	-	-	-	-	-	6920	1000	0.69
Punjab	-	-	-	-	-	-	222810	1000	22.28
Rajasthan	-	-	-	-	-	-	56982	1000	5.70
Sikkim	-	-	-	-	-	-	2336	1000	0.23
Tripura	-	-	-	-	-	-	2668	1000	0.27
Uttar Pradesh	-	-	-	-	-	-	786890	1000	78.69
Uttaranchal	-	-	-	-	-	-	87430	1000	8.74
West Bengal	-	-	-	-	-	-	6722	1000	0.67
<b>TOTAL</b>	-	-	-			<b>1.13</b>			<b>257.57</b>

# National Power Exchange Limited has been liquidated in FY 2016-17.

**NOTE NO. 7 FINANCIAL ASSETS - CURRENT - TRADE RECEIVABLES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured - Considered Good	1,492.90	1,554.44	2,064.16
Unsecured - Considered Doubtful	54.40	34.83	34.77
Less: Provision for doubtful debts *1	54.40	34.83	34.77
<b>TOTAL</b>	<b>1,492.90</b>	<b>1,554.44</b>	<b>2,064.16</b>
<b>*1 Provision for doubtful debts</b>			
Opening Balance	34.83	34.77	34.77
Addition during the year	19.57	0.53	-
Used during the year	-	0.26	-
Reversed during the year	-	0.21	-
<b>Closing balance</b>	<b>54.40</b>	<b>34.83</b>	<b>34.77</b>
<b>Explanatory Note: -</b>			
i) Debt due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director of the Company is a partner or a director or a member.	Nil	Nil	Nil
ii) Debt due by subsidiaries/ Joint Ventures and others related parties of the company at point (i) above	Nil	Nil	Nil
iii) Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.			

**NOTE NO. 8 FINANCIAL ASSETS - CURRENT - CASH AND CASH EQUIVALENTS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A Balances with banks</b>			
<b>With scheduled banks</b>			
i) In Current Account	47.89	612.21	74.65
ii) In deposits account (Deposits with original maturity of less than three months)	11.89	71.00	96.00
<b>With other banks</b>			
<b>In current account</b>			
Bank of Bhutan	-	-	0.02
<b>B Cheques, drafts on hand</b>	-	511.06	14.87
<b>C Cash on hand</b>			
Cash on hand	0.11	0.12	0.15
<b>TOTAL</b>	<b>59.89</b>	<b>1,194.39</b>	<b>185.69</b>
<b>Explanatory Note: -</b>			
1) Cash on hand -(Includes stamps on hand)	0.01	0.01	0.01
2) Cash and Bank Balances held for Rural Road and Rural Electrification works being executed by Company on behalf of other agencies and are not freely available for the business of the Company included in stated amount.	7.74	32.48	62.07

**NOTE 9 : FINANCIAL ASSETS - CURRENT - BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A Balances with Banks</b>	1,372.03	4,585.54	5,143.82
<b>B Deposit account-Unpaid Dividend / Interest</b>	101.22	96.82	92.60
<b>TOTAL</b>	<b>1,473.25</b>	<b>4,682.36</b>	<b>5,236.42</b>
<b>Explanatory Note: -</b> Cash and Bank Balances held for Rural Road and Rural Electrification works being executed by Company on behalf of other agencies and are not freely available for the business of the Company included in stated amount	242.48	219.04	205.98

**NOTE NO. 10 FINANCIAL ASSETS - CURRENT - LOANS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Employees Loans</b>			
Secured (considered good)	-	15.78	24.83
Unsecured (considered good)	26.88	29.87	30.64
Unsecured (considered doubtful)	0.03	0.03	0.09
Less : Provisions for doubtful Employee loans & advances *1	0.03	0.03	0.09
	<b>26.88</b>	<b>45.65</b>	<b>55.47</b>
<b>Loan to State Government in settlement of dues from customer</b>			
Unsecured (considered good)	-	12.68	25.36
	-	<b>12.68</b>	<b>25.36</b>
<b>TOTAL</b>	<b>26.88</b>	<b>58.33</b>	<b>80.83</b>
<b>*1 Provisions for doubtful Employee loans &amp; advances</b>			
Opening Balance	0.03	0.09	0.09
Addition during the year	-	-	-
Used during the year	-	-	-
Reversed during the year	-	0.06	-
<b>Closing balance</b>	<b>0.03</b>	<b>0.03</b>	<b>0.09</b>
<b>Explanatory Note: -</b>			
Loan & Advances due from directors or other officers of the company at the end of the period	0.01	0.06	0.01
Advance due by firms or private companies in which any Director of the Company is a Director or member	Nil	Nil	Nil



**NOTE NO. 11 FINANCIAL ASSETS - CURRENT - OTHER FINANCIAL ASSETS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a) Claims recoverables	569.45	600.64	594.22
Less: Provisions for Doubtful Claims *1	209.03	200.70	261.85
<b>Sub-total</b>	<b>360.42</b>	<b>399.94</b>	<b>332.37</b>
b) Interest Income accrued on Bank Deposits	46.45	189.53	201.97
c) Receivable from Subsidiaries / JV's	200.08	283.59	282.02
d) Interest recoverable from beneficiary	20.50	36.78	4.37
e) Lease Rent receivable	57.89	56.09	72.01
f) Interest receivable on lease	0.45	13.16	23.50
g) Interest Accrued on Bonds	2.52	7.97	32.93
h) Receivable on account of unbilled revenue	1,169.94	1,163.26	1,035.41
i) Interest accrued on Loan to State Government in settlement of dues from customers	-	-	32.97
<b>TOTAL</b>	<b>1,858.25</b>	<b>2,150.32</b>	<b>2,017.55</b>
<b>*1 Provisions for Doubtful Claims</b>			
Opening Balance	200.70	261.85	261.85
Addition during the year	22.46	8.37	-
Used during the year	8.52	69.43	-
Reversed during the year	5.61	0.09	-
<b>Closing balance</b>	<b>209.03</b>	<b>200.70</b>	<b>261.85</b>
<b>Explanatory Note:-</b>			(₹ in Crore)
<b>1) Receivable on account of unbilled revenue represents</b>			
Grossing up of Return on Equity	25.15	42.69	13.26
J&K water cess	226.22	269.11	216.37
Unbilled sale for the month of March	396.97	522.43	432.94
Sales due to revision of Tariff Order-Chutak Power Station	64.73	-	-
Uttranchal Green & Water Cess	-	14.35	-
Sales due to revision of Tariff Order-Parbati-III & Tanakpur Power Station	-	(61.68)	-
Sales due to revision of Tariff Order-Chamera-III Power Station	2.83	2.83	82.92
Sales due to revision of Tariff Order-Dhauliganga Power Station	-	24.82	-
Recognition of Sale (Estimated) awaiting Tariff Order-Nimmo Bazgo Power Station	-	-	16.96
Tax adjustment	109.79	108.04	63.04
MEA Sales	7.24	12.56	4.71
Parbati-III (4th Unit) Estimated Sale	244.86	149.37	-
Recognition of Sale (Estimated) awaiting Tariff Order-Uri-II Power Station	-	3.41	116.80
FERV	79.80	64.65	76.41
Others	12.35	10.68	12.00
<b>Total</b>	<b>1,169.94</b>	<b>1,163.26</b>	<b>1,035.41</b>

- 2) Receivable from Subsidiaries / JV's includes claim of the company towards capital expenditure incurred on Pakaldul, Kiru & Kavar HE Projects which have been transferred to M/s CVPPPL (a joint venture company of NHPC, JKSPDC and PTC).

**NOTE NO. 12.1 NON CURRENT TAX ASSETS (NET)**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Non Current</b>			
Advance Income Tax & Tax Deducted at Source	1,378.49	742.61	702.84
Less: Provision for Taxation	1,304.81	676.83	629.02
<b>TOTAL</b>	<b>73.68</b>	<b>65.78</b>	<b>73.82</b>

**NOTE NO. 12.2 CURRENT TAX ASSETS (NET)**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Current Tax Assets</b>			
Current Tax (Refer Note No-23)	55.93	-	-
<b>TOTAL</b>	<b>55.93</b>	<b>-</b>	<b>-</b>

**NOTE NO. 13 OTHER CURRENT ASSETS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A. Advances other than Capital Advances</b>			
<b>a) Deposits</b>			
Unsecured (considered good)	134.35	88.74	70.37
Less : Provision against demand raised by Govt.Depts.	11.59	18.37	20.04
Unsecured (considered doubtful)	-	-	0.01
Less : Provision for Doubtful Deposits *1	-	-	0.01
<b>Sub-total</b>	<b>122.76</b>	<b>70.37</b>	<b>50.33</b>
<b>b) Advance to contractor / supplier</b>			
Secured (considered good)	0.64	0.86	0.03
Unsecured (considered good)			
Against bank guarantee	112.51	1.89	4.11
Others	33.08	25.74	14.63
Less : Provisions for expenditure awaiting utilization certificate	0.43	0.20	0.20
Unsecured (considered doubtful)	45.52	45.52	45.78
Less : Provisions for doubtful advances *2	45.52	45.52	45.78
<b>Sub-total</b>	<b>145.80</b>	<b>28.29</b>	<b>18.57</b>
<b>c) Other advances - Employees</b>			
Unsecured (considered good)	0.57	1.21	1.45
Unsecured (considered doubtful)	-	-	-
<b>Sub-total</b>	<b>0.57</b>	<b>1.21</b>	<b>1.45</b>
<b>d) Interest accrued on:</b>			
Others			
Considered Good	65.31	39.82	18.87
Considered Doubtful	84.32	67.08	63.59
Less: Provisions for Doubtful Interest *3	84.32	67.08	63.59
<b>Sub-total</b>	<b>65.31</b>	<b>39.82</b>	<b>18.87</b>

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>B. Others</b>			
a) Expenditure awaiting adjustment	37.06	37.06	37.06
Less: Provision for project expenses awaiting write off sanction *4	37.06	37.06	37.06
<b>Sub-total</b>	-	-	-
b) Losses awaiting write off sanction/pending investigation	40.02	37.78	34.40
Less: Provision for losses pending investigation/awaiting write off / sanction *5	40.02	37.78	34.40
<b>Sub-total</b>	-	-	-
c) <b>Prepaid Expenditure</b>	49.78	52.05	34.59
d) <b>Deferred Employee Costs</b>			
Secured - Considered Good	20.74	2.53	2.49
Unsecured	1.79	(0.02)	(0.04)
e) <b>Deferred Foreign Currency Fluctuation</b>			
Deferred Foreign Currency Fluctuation Assets	78.72	78.72	51.58
Deferred Expenditure on Foreign Currency Fluctuation	4.46	4.46	7.45
f) <b>Surplus / Obsolete Assets</b>	1.92	1.89	1.78
g) <b>Others</b>	0.32	0.23	0.45
<b>TOTAL</b>	<b>492.17</b>	<b>279.55</b>	<b>187.52</b>
<b>*1 Provisions for Doubtful Deposits</b>			
Opening Balance	-	0.01	0.01
Reversed during the year	-	0.01	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
<b>*2 Provisions for doubtful advances (Contractors &amp; Suppliers)</b>			
Opening Balance	45.52	45.78	45.78
Used during the year	-	0.26	-
<b>Closing balance</b>	<b>45.52</b>	<b>45.52</b>	<b>45.78</b>
<b>*3 Provisions for Doubtful Accrued Interest</b>			
Opening Balance	67.08	63.59	63.59
Addition during the year	19.79	20.27	-
Used during the year	-	16.78	-
Reversed during the year	2.55	-	-
<b>Closing balance</b>	<b>84.32</b>	<b>67.08</b>	<b>63.59</b>
<b>*4 Provision for project expenses awaiting write off sanction</b>			
Opening Balance	37.06	37.06	37.06
<b>Closing balance</b>	<b>37.06</b>	<b>37.06</b>	<b>37.06</b>
<b>*5 Provision for losses pending investigation/awaiting write off / sanction</b>			
Opening Balance	37.78	34.40	34.40
Addition during the year	2.77	6.37	-
Used during the year	0.43	2.97	-
Reversed during the year	0.10	0.02	-
<b>Closing balance</b>	<b>40.02</b>	<b>37.78</b>	<b>34.40</b>

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Explanatory Note:-</b>			
1 Loans and Advances due from Directors or other officers at the end of the year/ period	Nil	Nil	Nil
2 Advance due by Firms or Private Companies in which any Director of the Company is a Director or member.	Nil	Nil	Nil
3 Surplus Assets / Obsolete Assets held for disposal are shown at lower of book value and net realizable value.			

**NOTE NO. 14 REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Opening Balance	2,181.28	1,630.38	1,630.38
Add: Movement in Regulatory Deferral Account Balances			
a) Employee Remuneration & Benefits	292.52	106.24	-
b) Generation & Other exps.	78.68	66.26	-
c) Depreciation	6.96	7.64	-
d) Finance Cost	365.32	396.22	-
e) Other Income	(26.99)	(25.46)	-
f) Exchange Differences on Monetary Items	(2.50)	-	-
g) Re-measurement of Defined Benefit Plan	9.05	-	-
<b>Closing Balance (A)</b>	<b>2,904.32</b>	<b>2,181.28</b>	<b>1,630.38</b>
Deferred Tax Assets on Regulatory Deferral Account Balances	72.27	-	-
Deferred Tax Adjustments against deferred tax assets	(72.27)	-	-
<b>Sub - Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Regulatory Deferral Account Balances net of Deferred Tax.(A-B)</b>	<b>2,904.32</b>	<b>2,181.28</b>	<b>1,630.38</b>
1) For details refer para 25 of Note No.-34-Other Explanatory Notes to Accounts			

**NOTE : 15.1 EQUITY SHARE CAPITAL**

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016		As at 01st Apr, 2015	
	Nos	Amount (₹ in Crore)	Nos	Amount (₹ in Crore)	Nos	Amount (₹ in Crore)
a) Authorized Equity Share Capital (Par value per share ₹ 10)	15,000,000,000	15,000.00	15,000,000,000	15,000.00	15,000,000,000	15,000.00
b) No. of Equity shares issued, subscribed and fully paid (Par value per share ₹ 10)	10,259,320,519	10,259.32	11,070,668,496	11,070.67	11,070,668,496	11,070.67
c) <b>Reconciliation of no. of equity shares &amp; share capital outstanding:</b>						
Opening number of shares outstanding	11,070,668,496	11,070.67	11,070,668,496	11,070.67	11,070,668,496	11,070.67
Add: No. of shares/Share Capital issued/ subscribed during the year	-	-	-	-	-	-
Less: Reduction in no. of shares/ Share Capital on account of buy back of shares.	811,347,977	811.35	-	-	-	-
Closing number of shares outstanding	10,259,320,519	10,259.32	11,070,668,496	11,070.67	11,070,668,496	11,070.67
d) The Company has issued only one kind of equity shares with voting rights proportionate to the share holding of the shareholders. These voting rights are exercisable at meeting of shareholders. The holders of the equity shares are also entitled to receive dividend as declared from time to time for them.						
e) Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate: NIL						
f) Shares in the company held by each shareholder holding more than 5 percent specifying the number of shares held : -						
	As at 31st March, 2017		As at 31st March, 2016		As at 01st Apr, 2015	
	Nos	In (%)	Nos	In (%)	Nos	In (%)
President of India	7643406901	74.50%	9,516,209,722	85.96%	9,516,209,722	85.96%
LIC of India	906183502	8.83%	344,634,628	3.11%	331,009,248	2.99%
g) Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts : NIL						
h) In preceding five financial years immediately preceding 31.03.2017, Company has not allotted any equity share as fully paid up pursuant to contract(s) without payment being received in cash/ not allotted any equity share as fully paid up by way of bonus share(s).						
i) Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date:- NIL						
j) Calls unpaid (showing aggregate value of calls unpaid by directors and officers) : NIL						
k) Forfeited shares (amount originally paid up) :NIL						
l) The Board of Directors of the Company approved a proposal for buyback of equity shares at its meeting held on 7th February 2017. Further to the said approval, the Company completed buyback of 811347977 shares of ₹10 each (representing 9.99% of total paid up equity capital and free reserves as per the financial statements of the company for 31st March 2016) on 27th March 2017, from the shareholders on a proportionate basis by way of a tender offer at a price of ₹32.25 per equity share for an aggregate amount of ₹2616.60 Crores in accordance with the provisions of the Companies Act, 2013 and the SEBI regulations.						

**NOTE NO. 15.2 OTHER EQUITY**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(i) <b>Capital Redemption Reserve</b>			
As per last Balance Sheet	1,230.07	1,230.07	1,230.07
Add: Transfer from Securities Premium account	811.35	-	-
<b>As at Balance Sheet date</b>	<b>2,041.42</b>	<b>1,230.07</b>	<b>1,230.07</b>
(ii) <b>Securities Premium Account</b>			
As per last Balance Sheet	2,868.74	2,868.74	2,868.74
Less: Utilisation for buy-back of shares and related expenses	1,814.58	-	-
Less: Transfer to capital redemption reserve	811.35	-	-
<b>As at Balance Sheet date</b>	<b>242.81</b>	<b>2,868.74</b>	<b>2,868.74</b>
(iii) <b>Bond Redemption Reserve</b>			
As per last Balance Sheet	1,324.20	1,247.89	1,247.89
Add: Transfer from Surplus/Retained Earnings	394.49	185.74	-
Less: Write back during the year	109.42	109.43	-
<b>As at Balance Sheet date</b>	<b>1,609.27</b>	<b>1,324.20</b>	<b>1,247.89</b>
(iv) <b>Self Insurance Fund</b>			
As per last Balance Sheet	-	835.94	835.94
Less: Transfer to General Reserve	-	835.94	-
<b>As at Balance Sheet date</b>	<b>-</b>	<b>-</b>	<b>835.94</b>
(v) <b>Corporate Social Responsibility Fund</b>			
As per last Balance Sheet	-	13.33	13.33
Less: Write back during the year	-	13.33	-
<b>As at Balance Sheet date</b>	<b>-</b>	<b>-</b>	<b>13.33</b>
(vi) <b>Research &amp; Development Fund</b>			
As per last Balance Sheet	31.70	21.79	21.79
Add: Transfer from Surplus/Retained Earnings	12.20	9.91	-
<b>As at Balance Sheet date</b>	<b>43.90</b>	<b>31.70</b>	<b>21.79</b>
(vii) <b>General Reserve</b>			
As per last Balance Sheet	10,088.11	9,252.17	9,252.17
Add: Transfer from Self Insurance Fund	-	835.94	-
<b>As at Balance Sheet date</b>	<b>10,088.11</b>	<b>10,088.11</b>	<b>9,252.17</b>
(viii) <b>Retained Earnings/ Surplus</b>			
As per last Balance Sheet	3,061.65	2,415.29	2,415.29
Add: Profit during the year	2,795.59	2,429.89	-
Add: Transferred from OCI	(41.08)	24.10	-
Add: Amount written back from Bond Redemption Reserve	109.42	109.43	-
Add: Amount written back from Corporate Social Responsibility Fund	-	13.33	-
Add: Tax on Dividend - Write back	-	24.08	-
Less: Dividend and Corporate Dividend Tax (CDT)	2,996.35	1,758.82	-
Less: Transfer to Bond Redemption Reserve	394.49	185.74	-
Less: Transfer to Research & Development Fund	12.20	9.91	-
<b>As at Balance Sheet date</b>	<b>2,522.54</b>	<b>3,061.65</b>	<b>2,415.29</b>
(ix) <b>Fair value through Other Comprehensive Income (FVTOCI)- Equity Instruments</b>			
As per last Balance Sheet	65.29	86.07	86.07
Add: Change in Fair value of FVTOCI	34.79	(20.78)	-
<b>As at Balance Sheet date</b>	<b>100.08</b>	<b>65.29</b>	<b>86.07</b>
(x) <b>Fair value through Other Comprehensive Income (FVTOCI)-Debt Instruments</b>			
As per last Balance Sheet	20.72	30.20	30.20



PARTICULARS	(₹ in Crore)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Add: Change in Fair value of FVTOCI	15.78	(0.09)	-
Less: Deferred Tax on change in Fair Value	1.82	(0.01)	-
Less: Reclassification to P&L	-	9.40	-
<b>As at Balance Sheet date</b>	<b>34.68</b>	<b>20.72</b>	<b>30.20</b>
<b>TOTAL</b>	<b>16,682.81</b>	<b>18,690.48</b>	<b>18,001.49</b>

#### Nature and Purpose of Reserves

- Capital Redemption Reserve** : The company is required to create a capital redemption reserve from distributable profit if the buy-back of shares is out of free reserves, the nominal value of the shares so purchased is required to be transferred to capital redemption reserve.
- Securities Premium Account** : Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act
- Bond Redemption Reserve** : The company is required to create a bond redemption reserve out of the profits which is available for the purpose of redemption of bonds.
- Research & Development Reserve**: As per the guidelines of Department of Public Enterprises, Miniratna CPSE has to create R&D Budget as 0.5% of Profit after tax for long term business needs. The funding of R&D budget will not lapse and accumulated as R&D Reserve.
- FVTOCI-Equity Instruments** : The company has elected to recognise changes in the fair value of certain investments in equity securities in Other Comprehensive Income (OCI). These changes are accumulated within the FVTOCI equity investments reserve within equity. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- FVTOCI-Debt Instruments** : The company has elected to recognise changes in the fair value of certain investments in debt securities in Other Comprehensive Income. These changes are accumulated within the FVTOCI debt investments reserve within equity. The company transfers amounts from this reserve to retained earnings through P&L when the relevant debt securities are derecognised.

#### NOTE NO. 16.1 FINANCIAL LIABILITIES - NON CURRENT - BORROWINGS

PARTICULARS	(₹ in Crore)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Bonds</b>			
Secured	8,493.28	7,410.97	6,373.74
<b>Term Loans</b>			
• <b>From Banks</b>			
Secured	2,259.36	3,289.02	3,698.77
Unsecured	1,241.26	1,465.61	1,474.91
• <b>From Other Parties</b>			
Secured	2,219.45	3,185.88	3,889.82
Unsecured	3,032.29	2,829.60	2,733.80
<b>TOTAL</b>	<b>17,245.64</b>	<b>18,181.08</b>	<b>18,171.04</b>

Redemption / terms of repayment etc.

- Debt Covenants : Refer point no. 3 (Capital Management) of Note no. 33.
- Particulars of Redemption & Repayments: Refer Annexure to Note 16.1

**Annexure to Note - 16.1**

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
<b>(A) BONDS (Non-convertible and Non-cumulative)-Secured</b>			
i) <b>TAX FREE BONDS- 3A SERIES *4&amp;8</b> (8.67% p.a. 20 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹1000/- each). (Date of redemption 02.11.2033)	336.07	336.07	336.07
ii) <b>TAX FREE BONDS- 3B SERIES *4&amp;8</b> (8.92% p.a. 20 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹1000/- each). (Date of redemption 02.11.2033)	253.62	253.62	253.62
iii) <b>BONDS- U SERIES *2&amp;10</b> (8.24% p.a. 15 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹1000000/- each). (Date of redemption 27.06.2031)	540.00	-	-
iv) <b>BONDS- U1 SERIES *2&amp;10</b> (8.17% p.a. 15 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹1000000/- each). (Date of redemption 27.06.2031)	360.00	-	-
v) <b>TAX FREE BONDS- 2A SERIES *4&amp;8</b> (8.54% p.a. 15 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹1000/- each). (Date of redemption 02.11.2028)	213.12	213.12	213.12
vi) <b>TAX FREE BONDS- 2B SERIES *4&amp;8</b> (8.79% p.a. 15 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹1000/- each). (Date of redemption 02.11.2028)	85.61	85.61	85.61
vii) <b>TAX FREE BONDS- 1A SERIES *4&amp;8</b> (8.18% p.a. 10 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹1000/- each). (Date of redemption 02.11.2023)	50.81	50.81	50.81
viii) <b>TAX FREE BONDS- 1B SERIES *4&amp;8</b> (8.43% p.a. 10 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹1000/- each). (Date of redemption 02.11.2023)	60.77	60.77	60.77
ix) <b>BONDS-T SERIES *1, 2 &amp; 10</b> (8.50% p.a. 15 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹1200000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond). (12 Yearly redemptions of ₹122.91 Crore w.e.f. 14.07.2019 to 14.07.2030)	1,474.92	1,474.92	-
x) <b>BONDS-R-3 SERIES *4</b> (8.78% p.a. 15 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 10,00,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) (10 Yearly redemptions of ₹ 89.20 Crore w.e.f. 11.02.2019 to 11.02.2028)	892.00	892.00	892.00

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
<b>xi) BONDS-S-2 SERIES *10</b> (8.54% p.a. 15 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹1200000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond). (12 Yearly redemptions of ₹55 Crore w.e.f. 26.11.2018 to 26.11.2029)	660.00	660.00	660.00
<b>xii) BONDS-V SERIES *13</b> (6.84% p.a. 5 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 5,00,000/- each with 5 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/5th of face value of Bond) (5 Yearly redemptions of ₹ 155.00 Crore w.e.f. 24.01.2018 to 24.01.2022)	775.00	-	-
<b>xiii) BONDS-Q SERIES *5&amp;11</b> (9.25% p.a. 15 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 12,00,000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond) Bond issue amount of ₹ 1266.00 Crore redeemable in 12 equal annual installments commencing from 12.03.2016.As on 31.03.2017, 10 annual installments of ₹ 105.50 Crore each are outstanding.	1,055.00	1,160.50	1,266.00
<b>xiv) BONDS-R-2 SERIES *4</b> (8.85% p.a. 14 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 12,00,000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond) Bond issue amount of ₹ 382.08 Crore redeemable in 12 equal annual installments commencing from 11.02.2016.As on 31.03.2017, 10 annual installments of ₹ 31.84 Crore each are outstanding.	318.40	350.24	382.08
<b>xv) BONDS-P SERIES *4,6 &amp; 8</b> (9.00% p.a. 15 Year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 10,00,000/- each redeemable in 10 equal yearly installments. Bond issue amount of ₹ 2000 Crore redeemable in 10 equal annual installments commencing from 01.02.2016. As on 31.03.2017, 8 annual installments of ₹ 200 Crore each are outstanding.	1,600.00	1,800.00	2,000.00
<b>xvi) BONDS-S-1 SERIES *10</b> (8.49% p.a. 10 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹1000000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) Bond issue amount of ₹ 365 Crore redeemable in 10 equal annual installments commencing from 26.11.2015. As on 31.03.2017, 8 annual installments of ₹ 36.50 Crore each are outstanding.	292.00	328.50	365.00

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
<b>xvii) BONDS-R-1 SERIES *4</b> (8.70% p.a. 13 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 12,00,000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond) Bond issue amount of ₹ 82.20 Crore redeemable in 12 equal annual installments commencing from 11.02.2015. As on 31.03.2017, 9 annual installments of ₹ 6.85 Crore each are outstanding.	61.65	68.50	75.35
<b>xviii) BONDS-O SERIES *2</b> (7.70% p.a. 15 year Secured Redeemable Non-Convertible Taxable Bonds of ₹100,000,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) Bond issue amount of ₹ 570 Crore redeemable in 10 equal annual installments commencing from 31.03.2009. As on 31.03.2017, 1 annual installments of ₹ 57 Crore each are outstanding.	57.00	114.00	171.00
<b>TOTAL BONDS</b>	<b>9,085.97</b>	<b>7,848.66</b>	<b>6,811.43</b>
<b>Less: Current Maturities</b>	<b>592.69</b>	<b>437.69</b>	<b>437.69</b>
<b>Total Bonds net of Current Maturities (A)</b>	<b>8,493.28</b>	<b>7,410.97</b>	<b>6,373.74</b>
<b>(B). TERM LOANS - Secured (Banks)</b>			
<b>i) STATE BANK OF PATIALA *1</b> (Fully Repaid on 09.01.2017)	-	4.00	8.00
<b>ii) CANARA BANK *2</b> (Fully Repaid on 09.11.2016)	-	20.00	40.00
<b>iii) SYNDICATE BANK *2</b> (Fully Repaid on 23.02.2017)	-	18.30	36.60
<b>iv) ORIENTAL BANK OF COMMERCE *2</b> (Fully Repaid on 31.03.2017)	-	20.00	40.00
<b>v) ORIENTAL BANK OF COMMERCE *2</b> (Repayable in 4 equal yearly instalments of ₹ 10 Crore each upto 27.12.2020 at Fixed interest rate with 3 years reset clause with upper cap of 7.207% p.a. presently at 7.207% p.a. as on 31.03.2017)	40.00	50.00	60.00
<b>vi) UCO BANK *7</b> (Fully Repaid on 24.01.2017)	-	708.33	791.67
<b>vii) CORPORATION BANK *9</b> (Repayable in 39 equal quarterly instalments of ₹ 10.42 Crore each upto 05.10.2026 at floating interest rate of 9.65% p.a. as on 31.03.2017)	406.25	447.92	489.58
<b>viii) CANARA BANK *9</b> (Repayable in 38 equal quarterly instalments of ₹ 4.16 Crore upto 16.07.2026 plus last installment of ₹ 4.48 Crore on 16.10.2026 at floating interest rate of 9.50% p.a. as on 31.03.2017)	162.56	179.20	195.84
<b>ix) INDIAN OVERSEAS BANK *9</b> (Repayable in 39 equal quarterly instalments of ₹ 4.17 Crore each upto 16.10.2026 at floating interest rate of 9.70% p.a. as on 31.03.2017)	162.50	179.17	195.83

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
x) <b>PUNJAB &amp; SIND BANK *9</b> (Fully Repaid on 24.01.2017)	-	179.17	195.83
xi) <b>SYNDICATE BANK *9</b> (Repayable in 39 equal quarterly instalments of ₹ 6.25 Crore each upto 02.11.2026 at floating interest rate of 9.60% p.a. as on 31.03.2017)	243.75	268.75	293.75
xii) <b>UNION BANK OF INDIA *9</b> (Repayable in 39 equal quarterly instalments of ₹ 3.125 Crore each upto 03.11.2026 at floating interest rate of 9.30% p.a. as on 31.03.2017)	121.88	134.37	146.89
xiii) <b>STATE BANK OF INDIA *3&amp;5</b> (Repayable in 44 equal quarterly instalments of ₹ 20.83 Crore upto 27.03.2028 at floating (MCLR with annual reset) interest rate of 9.15% p.a. as on 31.03.2017)	916.67	1,000.00	1,000.00
xiv) <b>STATE BANK OF HYDERABAD *1 &amp; 5</b> (Fully Repaid on 13.01.2017)	-	489.58	500.00
xiv) <b>STATE BANK OF INDIA *8</b> (Repayable in 37 equal quarterly instalments of ₹ 12.11 Crore upto 30.04.2026 plus last installment of ₹ 11.93 Crores on 31.07.2026 at floating (MCLR with annual reset) interest rate of 8.00% p.a. as on 31.03.2017)	460.00	-	-
<b>Total Term Loan - Banks (Secured)</b>	<b>2,513.61</b>	<b>3,698.79</b>	<b>3,993.99</b>
<b>Less:Current Maturities</b>	<b>254.25</b>	<b>409.77</b>	<b>295.22</b>
<b>Total Term Loan - Banks (Secured)-Net of Current Maturities (B)</b>	<b>2,259.36</b>	<b>3,289.02</b>	<b>3,698.77</b>
<b>(C). TERM LOANS - Un-secured (Banks)- Foreign Currency</b>			
i) <b>Japan International Cooperation Agency Tranche-I *12</b> (Repayable in 18 equal half yearly instalments of ₹ 7.13 Crore each upto 20.01.2026 at fixed interest rate of 2.3% as on 31.03.2017)	128.26	144.65	140.41
ii) <b>Japan International Cooperation Agency Tranche-II *12</b> (Repayable in 22 equal half yearly instalments of ₹ 23.38 Crore each upto 20.12.2027 at fixed interest rate of 2.3% as on 31.03.2017)	514.28	569.44	544.38
iii) <b>Japan International Cooperation Agency Tranche-III *12</b> (Repayable in 34 equal half yearly instalments of ₹ 17.27 Crore each upto 20.03.2034 at fixed interest rate of 1.3% as on 31.03.2017)	587.08	630.92	587.70
iv) <b>Deutsche Bank &amp; Others *12</b> (Repayable in 4 equal half yearly instalments of ₹53.59 Crores each upto 18.10.2018 at floating interest rate 6 Month JPY LIBOR + 0.57% Margin)	214.36	326.35	383.99
<b>Total Term Loan - Banks (Unsecured)</b>	<b>1,443.98</b>	<b>1,671.36</b>	<b>1,656.48</b>
<b>Less:Current Maturities</b>	<b>202.72</b>	<b>205.75</b>	<b>181.57</b>
<b>Total Term Loan - Banks (Unsecured)-Net of Current Maturities (C)</b>	<b>1,241.26</b>	<b>1,465.61</b>	<b>1,474.91</b>
<b>(D). Term Loan-From other parties (Secured)</b>			
i) <b>LIFE INSURANCE CORPORATION OF INDIA *4 &amp; 6</b> (Repayable in 8 half yearly instalments of ₹ 104.17 Crore each upto 15.10.2020 at Fixed interest rate of 9.25% p.a. on ₹ 33.33 Crores and 8% p.a. on ₹ 800 Crore as on 31.03.2017)	833.33	1,041.67	1,250.00

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
ii) <b>LIFE INSURANCE CORPORATION OF INDIA *5 &amp; 11</b> (Repayable in 14 equal half yearly instalments of ₹ 79 Crore each upto 31.10.2023 at Fixed Interest rate with a floor rate of 6.5% p.a. presently at wt. average rate of 9.118% p.a. as on 31.03.2017)	1,106.00	1,264.00	1,422.00
iii) <b>POWER FINANCE CORPORATION LIMITED *7</b> (Loan is fully repaid on 16.07.2016)	-	412.50	487.50
iv) <b>POWER FINANCE CORPORATION LIMITED *7</b> (Repayable in 6 equal quarterly instalments of ₹ 4.65 Crore each upto 15.07.2018 at Fixed interest rate with 3 years reset clause presently at 10.17% p.a. as on 31.03.2017)	27.90	46.50	65.10
v) <b>POWER FINANCE CORPORATION LIMITED *7</b> (Repayable in 18 equal quarterly instalments of ₹ 1.75 Crore each upto 15.07.2021 at Fixed interest rate with 3 years reset clause presently at 10.17% p.a. as on 31.03.2017)	31.50	38.50	45.50
vi) <b>POWER FINANCE CORPORATION LIMITED *2&amp;3</b> (Repayable in 17 equal quarterly instalments of ₹ 36.425 Crore each upto 15.04.2021 at Fixed interest rate with 3 years reset clause presently at 7.93% p.a. as on 31.03.2017)	619.23	764.92	910.62
vii) <b>POWER FINANCE CORPORATION LIMITED *1</b> (Repayable in 9 equal quarterly instalments of ₹ 10.325 Crore each upto 15.04.2019 at Fixed interest rate with 3 years reset clause presently at 7.93% p.a. as on 31.03.2017)	92.92	134.22	175.53
viii) <b>POWER FINANCE CORPORATION LIMITED *1</b> (Repayable in 11 equal quarterly instalments of ₹ 12.50 Crore each upto 15.10.2019 at Fixed interest rate with 3 years reset clause presently at 7.93% p.a. as on 31.03.2017)	137.50	187.50	237.50
<b>Total Term Loan - Other Parties (Secured)</b>	<b>2,848.38</b>	<b>3,889.81</b>	<b>4,593.75</b>
<b>Less:-Current Maturities</b>	<b>628.93</b>	<b>703.93</b>	<b>703.93</b>
<b>Total Term Loan - Other Parties (Secured)-Net of Current Maturities (D)</b>	<b>2,219.45</b>	<b>3,185.88</b>	<b>3,889.82</b>
<b>(E). Term Loan-From other parties (Unsecured)</b>			
<b>Foreign Currency</b>			
i) <b>Export Development Canada *12</b> (Repayable in Nil equal half yearly instalments of ₹23.45 Crore each upto 15.03.2016 at fixed interest rate of 6.01% as on 15.03.2016)	-	-	46.90
<b>Loans from Govt. of India</b>			
ii) <b>Subordinate Debt from Govt. of India for Nimmo-Bazgo Power Station</b> (Repayable in 18 equal annual instalments of ₹ 27.26 Crore from the 12th year after commissioning of the project i.e. from 10.10.2025 at fixed interest rate of 4% p.a.)	394.76	270.00	270.00
iii) <b>Subordinate Debt from Govt. of India for Chutak Power Station</b> (Repayable in 24 equal annual instalments of ₹ 22.07 Crore from the 6th year after commissioning of the project i.e. from 01.02.2019 at fixed interest rate of 2.50% p.a.)	452.13	373.68	364.00



	(₹ in Crore)		
Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
iv) Subordinate Debt from Govt. of India for Kishanganga HE Project (Repayable in 10 equal annual instalments from the 11th year after commissioning of the project at fixed interest rate of 1% p.a. Interest accrues and is payable annually after commissioning of the project.)	2,185.40	2,185.92	2,099.80
<b>Total Term Loan - Other Parties (Unsecured)</b>	<b>3,032.29</b>	<b>2,829.60</b>	<b>2,780.70</b>
<b>Less:-Current Maturities</b>	<b>-</b>	<b>-</b>	<b>46.90</b>
<b>Total Term Loan - Other Parties (Unsecured)-Net of current Maturities (E)</b>	<b>3,032.29</b>	<b>2,829.60</b>	<b>2,733.80</b>
<b>Grand Total-Net of Current Maturities (A+B+C+D+E)</b>	<b>17,245.64</b>	<b>18,181.08</b>	<b>18,171.04</b>

**\* Particulars of security**

- Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets (except for Book Debts and Stores) of Company's Chamera-I Power Station situated in the state of Himachal Pradesh.
- Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets (except for Book Debts and Stores) of Company's Uri-I Power Station situated in the state of Jammu & Kashmir.
- Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable / Moveable assets (except for Book Debts and Stores) of Company's Chamera-II Power Station situated in the state of Himachal Pradesh.
- Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets (except for Book Debts and Stores) of the Company's Parbati-II HE Project situated in the state of Himachal Pradesh.
- Secured by pari-passu charge by way of equitable mortgage/hypothecation against immovable/movable assets (except for Book Debts and Stores) of Company's Teesta Low Dam-III Power Station situated in the state of West Bengal.
- Secured by pari-passu charge by way of equitable mortgage and charge over all the immovable and moveable assets (except for Book Debts and Stores) of the Company's Dhauliganga Power Station situated in the state of Uttarakhand.
- Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Company's movable assets(except for Book Debts and Stores), both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir.
- Secured by a first charge on pari-passu basis by way of equitable mortgage and hypothecation against the immovable and moveable assets (except for Book Debts and Stores) of the Company's Chamera-III Power Station situated in the state of Himachal Pradesh.
- Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Company's movable assets (except for Book Debts and Stores), both present and future, of Salal Power Station situated in the state of Jammu & Kashmir, Sewa-II Power Station situated in the state of Jammu & Kashmir, Chutak Power Station situated in the state of Jammu & Kashmir, Nimmo-Bazgo Power Station situated in the state of Jammu & Kashmir, Uri-II Power Station situated in the state of Jammu & Kashmir & TLDP-IV Power Station situated in the state of West Bengal.
- Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets (except for Book Debts and Stores) of the Company's Parbati -III Power Station situated in the state of Himachal Pradesh.
- Secured by pari-passu charge by way of equitable mortgage/hypothecation against immovable/movable assets (except for Book Debts and Stores) of Company's Teesta-V Power Station situated in the state of Sikkim.
- Loans mentioned at sl. nos. C(i),C(ii),C(iii),C(iv) and E(i) above are guaranteed by Government of India.
- Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets (except for Book Debts and Stores) of the Company's Parbati -II Power Station situated in the state of Himachal Pradesh.

**NOTE NO. 16.2 FINANCIAL LIABILITIES - NON CURRENT - OTHER FINANCIAL LIABILITIES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deposits/ retention money	25.63	37.62	73.93
<b>TOTAL</b>	<b>25.63</b>	<b>37.62</b>	<b>73.93</b>

**NOTE NO. 17 PROVISIONS - NON CURRENT**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A. PROVISION FOR EMPLOYEE BENEFITS</b> (provided for on basis of actuarial valuation)			
<b>i) Provision for leave encashment</b>			
As per last Balance Sheet	365.17	354.20	354.20
Additions during the year	82.15	10.97	-
<b>Closing Balance</b>	<b>447.32</b>	<b>365.17</b>	<b>354.20</b>
<b>ii) Provision for REHS</b>			
As per last Balance Sheet	-	496.79	496.79
Amount used during the year	-	496.79	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>496.79</b>
<b>iii) Provision for TTA (Baggage Allowance on Retirement)</b>			
As per last Balance Sheet	4.28	4.38	4.38
Additions during the year	0.06	(0.10)	-
<b>Closing Balance</b>	<b>4.34</b>	<b>4.28</b>	<b>4.38</b>
<b>iv) Provision for Memento</b>			
As per last Balance Sheet	2.24	2.43	2.43
Additions during the year	(0.10)	(0.19)	-
<b>Closing Balance</b>	<b>2.14</b>	<b>2.24</b>	<b>2.43</b>
<b>B. OTHERS</b>			
<b>i) Provision For Committed Capital Expenditure</b>			
As per last Balance Sheet	20.42	19.06	19.06
Additions during the year	3.55	3.04	-
Amount used during the year	10.16	3.05	-
Unwinding of discount	1.34	1.37	-
<b>Closing Balance</b>	<b>15.15</b>	<b>20.42</b>	<b>19.06</b>
<b>ii) Provision For Livelihood Assistance</b>			
As per last Balance Sheet	16.09	-	-
Additions during the year	1.56	16.00	-
Unwinding of discount	0.33	0.09	-
<b>Closing Balance</b>	<b>17.98</b>	<b>16.09</b>	<b>-</b>
<b>TOTAL</b>	<b>486.93</b>	<b>408.20</b>	<b>876.86</b>

**Explanatory Notes:-**

Information about Provisions are given in para 24 of Note 34 - Other Explanatory Notes to Accounts.

**NOTE NO. 18 DEFERRED TAX LIABILITIES (NET) - NON CURRENT**

(₹ in Crore)			
PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Deferred Tax Liability</b>			
a) Property, Plant and Equipment and Intangible Assets.	3,430.66	3,052.99	2,920.28
b) Financial Assets at FVTOCI	6.03	27.89	3.48
c) Other Items	647.18	512.28	449.59
Less: Recoverable for tariff period upto 2009	1,929.53	2,055.65	2,154.93
Less: Deferred Tax Adjustment against Deferred Tax Liabilities	796.71	359.73	102.62
<b>Net Deferred Tax Liability</b>	<b>1,357.63</b>	<b>1,177.78</b>	<b>1,115.80</b>
<b>Less:-Set off Deferred Tax Assets pursuant to set off provisions</b>			
a) Provision for doubtful debts, inventory and others	92.42	73.60	143.54
b) Provision for employee benefit schemes	172.15	27.79	130.90
c) Other Items	154.57	214.46	21.48
<b>Net Deferred Tax Assets</b>	<b>419.14</b>	<b>315.85</b>	<b>295.92</b>
<b>TOTAL</b>	<b>938.49</b>	<b>861.93</b>	<b>819.88</b>

**Explanatory Note: -**

- Deferred tax liability/assets, in compliance to the Ind AS 12 on "Accounting for Taxes on Income" notified under The Companies Act, 2013 has been created as deferred tax liability/Assets.
- Movement in Deferred Tax Liability/Assets are shown in Annexure to Note No-18.

**Annexure to Note - 18**
**Movement in Deferred Tax Liability**

(₹ in Crore)						
Particulars	Property, Plant and Equipments, Investment Property and Intangible Assets.	Financial Assets at FVTOCI	Other Items	Recoverable for tariff period upto 2009	Deferred Tax Adjustment against Deferred Tax Liabilities	Total
<b>At 1 April 2015</b>	2920.28	3.48	449.59	2154.93	102.62	1115.80
(Charged)/Credited						
to Profit or loss	132.71	24.42	62.69	(99.28)	257.11	61.99
to OCI	-	(0.01)	-	-	-	(0.01)
<b>At 31 March 2016</b>	<b>3052.99</b>	<b>27.89</b>	<b>512.28</b>	<b>2055.65</b>	<b>359.73</b>	<b>1177.78</b>
(Charged)/Credited						
to Profit or loss	377.67	(23.68)	134.90	(126.12)	436.98	178.03
to OCI	-	1.82	-	-	-	1.82
<b>At 31 March 2017</b>	<b>3430.66</b>	<b>6.03</b>	<b>647.18</b>	<b>1929.53</b>	<b>796.71</b>	<b>1357.63</b>

**Movement in Deferred Tax Assets**

(₹ in Crore)

Particulars	Provision for doubtful debts, inventory and others	Provision for employee benefit schemes	Other Items	Total
<b>At 1 April 2015</b>	143.54	130.90	21.48	295.92
Charged/(Credited)				
to Profit or loss	(69.94)	(90.36)	192.98	32.68
to OCI	-	(12.75)	-	(12.75)
<b>At 31 March 2016</b>	73.60	27.79	214.46	315.85
Charged/(Credited)				
to Profit or loss	18.82	129.65	(59.89)	88.58
to OCI	-	14.71	-	14.71
<b>At 31 March 2017</b>	92.42	172.15	154.57	419.14

**NOTE NO. 19 OTHER NON CURRENT LIABILITIES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Income received in advance (Advance Against Depreciation)	1,038.18	1,098.86	1,159.54
Deferred Income from Foreign Currency Fluctuation Account	60.89	78.69	66.01
Grants in aid-from Government-Deferred Income	373.40	206.58	-
<b>TOTAL</b>	<b>1,472.47</b>	<b>1,384.13</b>	<b>1,225.55</b>
<b>GRANTS IN AID-FROM GOVERNMENT-DEFERRED INCOME</b>			
As at the beginning of the year	206.88	-	-
Add: Received during the year	176.70	206.93	-
Less: Released to Statement of Profit and Loss	4.60	0.05	-
<b>Balance as at the year end</b>	<b>378.98</b>	<b>206.88</b>	<b>-</b>
<b>Grants in Aid-from Government-Deferred Income (Current)</b>	<b>5.58</b>	<b>0.30</b>	<b>-</b>
<b>Grants in Aid-from Government-Deferred Income (Non-Current)</b>	<b>373.40</b>	<b>206.58</b>	<b>-</b>

**NOTE NO. 20.1 BORROWINGS - CURRENT**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Borrowings-Other Loans-Secured</b>			
From Banks	302.50	-	-
<b>TOTAL</b>	<b>302.50</b>	<b>-</b>	<b>-</b>

**Particulars of redemption & repayment**

Name of Bank	Nature of Security	Interest Rates	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Central Bank of India		225.00	-	-
	Fixed Deposit Receipt (FDR) 7.25%				
2	Oriental Bank of Commerce		47.50	-	-
	Fixed Deposit Receipt (FDR) 7.01%				
3	UCO Bank		30.00	-	-
	Fixed Deposit Receipt (FDR) 7.37%				
<b>Grand Total</b>			<b>302.50</b>	<b>-</b>	<b>-</b>

Repayment Term: The Loan amount may be repaid at any point of time and in part also.

Default in repayments (if any) : Nil

**NOTE NO. 20.2 TRADE PAYABLE - CURRENT**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Total outstanding dues of micro enterprise and small enterprise(s)	4.28	1.23	0.06
Total outstanding dues of Creditors other than micro enterprises and small enterprises	142.80	120.91	152.85
<b>TOTAL</b>	<b>147.08</b>	<b>122.14</b>	<b>152.91</b>

**Explanatory Note: -**

Disclosure requirement under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 is given in Note No.34- Other Explanatory Notes to Accounts.

**NOTE NO. 20.3 OTHER FINANCIAL LIABILITIES - CURRENT**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Current maturities of long term debt *</b>			
Bonds	592.69	437.69	437.69
Term Loan -Banks-Secured	254.25	409.77	295.22
Term Loan -Banks-Unsecured	202.72	205.75	181.57
Other Parties-Secured	628.93	703.93	703.93
Other Parties-Unsecured	-	-	46.90
Liability against capital works/supplies	279.62	346.37	334.26
Liability against capital works/supplies-MSME	1.51	0.88	0.10
Interest accrued but not due on borrowings	428.56	377.24	308.39
Deposits/ retention money	98.18	106.65	93.52
Due to Subsidiaries	-	1.53	-
Unpaid dividend	14.26	10.06	5.85
Unpaid interest	0.27	0.06	0.03
<b>TOTAL</b>	<b>2,500.99</b>	<b>2,599.93</b>	<b>2,407.46</b>

\* Details in respect of redemption, rate of interest, terms of repayment and particulars of security are disclosed in Annexure to Note no. 16.1.

**NOTE NO. 21 OTHER CURRENT LIABILITIES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Income received in advance (Advance against depreciation)	60.68	60.68	50.17
Deferred Income from Foreign Currency Fluctuation Account	6.17	6.17	8.41
Unspent amount of deposit/agency basis works	-	-	0.04
Statutory dues payables	352.55	333.18	260.58
Advances against the deposit works	244.12	232.92	232.92
Amount Spent on Deposit Works	(238.87)	(232.90)	(229.44)
Advances against cost of Project Mgt./ Consultancy Work	4,547.35	4,477.08	4,462.39
Amount Spent in respect of Project Mgt./ Consultancy Works	(4,283.37)	(4,288.02)	(4,285.93)
Provision Toward Amt Recoverable in r/o Project Mgt / Consultancy Works	2.28	2.28	2.28
Other liabilities	58.80	79.15	123.52
Grants in aid-from Government-Deferred Income	5.58	0.30	-
<b>TOTAL</b>	<b>755.29</b>	<b>670.84</b>	<b>624.94</b>

**NOTE NO. 22 PROVISIONS - CURRENT**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A. PROVISION FOR EMPLOYEE BENEFITS</b> (provided for on basis of actuarial valuation)			
<b>i) Provision for leave encashment</b>			
As per last Balance Sheet	55.35	50.58	50.58
Additions during the year	78.86	19.23	-
Amount used during the year	68.07	14.46	-
<b>Closing Balance</b>	<b>66.14</b>	<b>55.35</b>	<b>50.58</b>
<b>ii) Provision for REHS</b>			
As per last Balance Sheet	-	18.93	18.93
Additions during the year	-	1.58	-
Amount used during the year	-	20.51	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>18.93</b>
<b>iii) Provision for TTA (Baggage Allowance on Retirement)</b>			
As per last Balance Sheet	0.61	0.57	0.57
Additions during the year	0.34	0.08	-
Amount used during the year	0.34	0.04	-
<b>Closing Balance</b>	<b>0.61</b>	<b>0.61</b>	<b>0.57</b>
<b>iv) Provision for Memento</b>			
As per last Balance Sheet	0.32	0.32	0.32
Additions during the year	0.26	0.04	-
Amount used during the year	0.28	0.04	-
<b>Closing Balance</b>	<b>0.30</b>	<b>0.32</b>	<b>0.32</b>
<b>v) Provision for Gratuity</b>			
Additions during the year	186.36	-	-
<b>Closing Balance</b>	<b>186.36</b>	<b>-</b>	<b>-</b>
<b>vi) Provision for Wage Revision</b>			
As per last Balance Sheet	7.19	33.78	33.78
Additions during the year	2.91	4.55	-
Amount used during the year	-	31.03	-
Amount reversed during the year	-	0.11	-
<b>Closing Balance</b>	<b>10.10</b>	<b>7.19</b>	<b>33.78</b>
Less: Advance paid	10.10	7.19	33.78
<b>Closing Balance (Net of advance)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>vii) Provision for Performance Related Pay/Incentive</b>			
As per last Balance Sheet	100.70	98.76	98.76
Additions during the year	118.34	100.99	-
Amount used during the year	100.71	91.67	-
Amount reversed during the year	-	7.38	-
<b>Closing Balance</b>	<b>118.33</b>	<b>100.70</b>	<b>98.76</b>
<b>viii) Provision for Superannuation / Pension Fund</b>			
As per last Balance Sheet	42.23	33.84	33.84
Additions during the year	5.94	42.23	-
Amount used during the year	42.21	33.84	-
Amount reversed during the year	0.02	-	-
<b>Closing Balance</b>	<b>5.94</b>	<b>42.23</b>	<b>33.84</b>



(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ix) <b>Provision For Wage Revision 3rd Pay Revision Committee</b>			
Additions during the year	103.33	-	-
<b>Closing Balance</b>	<b>103.33</b>	<b>-</b>	<b>-</b>
<b>B. OTHERS</b>			
i) <b>Provision For Tariff Adjustment</b>			
As per last Balance Sheet	263.29	155.63	155.63
Additions during the year	94.83	109.78	-
Amount used during the year	252.36	2.12	-
<b>Closing Balance</b>	<b>105.76</b>	<b>263.29</b>	<b>155.63</b>
ii) <b>Provision For Committed Capital Expenditure</b>			
As per last Balance Sheet	69.77	49.34	49.34
Additions during the year	125.06	24.43	-
Amount used during the year	6.82	4.06	-
Unwinding of discount	0.20	0.06	-
<b>Closing Balance</b>	<b>188.21</b>	<b>69.77</b>	<b>49.34</b>
iii) <b>Provision for Restoration expenses of Insured Assets</b>			
As per last Balance Sheet	49.31	-	-
Additions during the year	43.43	66.37	-
Amount used during the year	45.23	17.06	-
<b>Closing Balance</b>	<b>47.51</b>	<b>49.31</b>	<b>-</b>
iv) <b>Provision For Livelihood Assistance</b>			
As per last Balance Sheet	7.25	-	-
Additions during the year	6.53	7.24	-
Amount used during the year	0.02	-	-
Unwinding of discount	0.27	0.01	-
<b>Closing Balance after Fair Value Adjustment</b>	<b>14.03</b>	<b>7.25</b>	<b>-</b>
v) <b>Provision - Others</b>			
As per last Balance Sheet	674.21	628.28	628.28
Additions during the year	144.84	225.56	-
Amount used during the year	143.70	126.56	-
Amount reversed during the year	21.92	53.07	-
<b>Closing Balance</b>	<b>653.43</b>	<b>674.21</b>	<b>628.28</b>
<b>TOTAL</b>	<b>1,489.95</b>	<b>1,263.04</b>	<b>1,036.25</b>

**Explanatory Note: -**

- The Board has resolved to implement the directions of the Ministry of Power (MoP) vide its letter no. 11/17/2009-NHPC/Vol. III dated 27th December 2013 conveying the approval of Competent Authority about pay scales in respect of below Board level Executives that the pay scales shall be fixed w.e.f. 01.01.2007 after correcting the aberrations in pay scales fixed w.e.f. 01.01.1997 and the deviant pay scales fixed w.e.f. 01.01.1997 shall not be regularized. The MoP has confirmed vide letter no. 11/17/2009-NHPC-Vol. III dated 25th Feb., 2016 that the recovery of personal pay adjustment w.e.f. 01.02.2014 is in conformity with the said directive of the Competent Authority. Accordingly, personal pay advance of ₹ Nil and ₹ 31.03 Crores has been set-off against the balance of provision for wage revision as on 31st March 2017 and 31st March 2016 respectively. However, NHPC Officers Association has got a stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits). In view of the directions of the Hon'ble High Court, Personal Pay Adjustments to the employees is continued to be paid along with the Salary. Thus, the cumulative amount provided towards the Personal Pay Adjustment w.e.f 01/02/2014 to 31.03.2017 under the head "Provision for Wage Revision" is ₹ 10.10 Crore (including provision for the current year ₹ 2.91 Crore) with corresponding amount shown as "Advance paid."
- Information about Provisions are given in para 24 of Note 34 of Balance Sheet

**NOTE NO. 23 CURRENT TAX LIABILITIES (NET)**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Income Tax</b>			
As per last Balance Sheet	744.97	583.50	251.62
Additions during the year	706.56	744.97	583.50
Amount adjusted during the year	(744.97)	-	-
Amount used during the year	-	583.50	251.62
<b>Closing Balance</b>	<b>706.56</b>	<b>744.97</b>	<b>583.50</b>
Less: Current Advance Tax	762.49	638.31	522.40
Net Current Tax Liabilities (Net)	(55.93)	106.66	61.10
Less: Current Tax Assets (Shown in Note No-12.2)	55.93	-	-
Wealth Tax	-	-	1.66
<b>TOTAL</b>	<b>-</b>	<b>106.66</b>	<b>62.76</b>

**NOTE NO. 24 REVENUE FROM OPERATIONS**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>I Operating Revenue</b>		
<b>A SALES</b>		
SALE OF POWER	6,537.67	6,953.07
ADVANCE AGAINST DEPRECIATION -Written back during the year	60.68	50.17
Less :		
Sales adjustment on a/c of Foreign Exchange Rate Variation	51.81	64.65
Tariff Adjustments	94.83	109.78
Regulated Power Adjustment	27.71	111.18
Income from generation of electricity – precommissioning (Transferred to Expenditure Attributable to Construction)	0.56	0.51
Rebate to customers	12.92	12.55
<b>Sub - Total (A)</b>	<b>6,410.52</b>	<b>6,704.57</b>
<b>B INCOME FROM FINANCE LEASE</b>	206.35	213.20
<b>C INCOME FROM OPERATING LEASE</b>	522.59	347.94
<b>D REVENUE FROM CONTRACTS, PROJECT MANAGEMENT AND CONSULTANCY WORKS</b>		
Contract Income	-	3.76
Revenue from Project management/ Consultancy works	52.07	30.46
<b>Sub - Total (D)</b>	<b>52.07</b>	<b>34.22</b>
<b>Sub Total-I (A+B+C+D)</b>	<b>7,191.53</b>	<b>7,299.93</b>
<b>II OTHER OPERATING REVENUE</b>		
Interest from Beneficiary States (Revision of Tariff)	79.64	53.07
<b>Sub Total-II</b>	<b>79.64</b>	<b>53.07</b>
<b>TOTAL (I+II)</b>	<b>7,271.17</b>	<b>7,353.00</b>
<b>Explanatory Note: -</b>		
1) Amount of earlier year sales arising out of finalisation of tariff included in current period Sales.	105.87	140.01

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
2) 'Deemed generation' included in Sale of the Power as allowed by 'CERC'	115.98	77.14
3) Due to non payment of dues by some of the beneficiaries, share of power allocated to them has been regulated in terms of CERC Regulation No.L-1/42/2010-CERC Dated 28th September 2010 and accordingly amount stated herein are included in sales towards regulated power, which has been sold through bidding at Power Exchange. ibid regulation further provides that margin earned on such sale after adjusting expenditure for effecting sale of regulated power should be passed on to beneficiaries, whose power has been regulated.	61.19	195.02
4) Amount adjusted from sale of power on account of regulated power against the outstanding dues of those beneficiaries.	15.76	72.01
5) Amount of sales not yet billed included in Sales.	1,005.66	753.72
6) Tariff regulation notified by CERC vide notification dated 21.02.2014 inter-alia provides that capital cost considered for fixation of tariff for current tariff period shall be subject to truing up at the end of the tariff period, which may result in increase or decrease in tariff. Accordingly, stated amount has been provided in the books during the year as an abundant precaution.	94.83	109.78
7) In terms of regulation No. 49 of tariff regulation issued vide Central Electricity Regulatory Commission (CERC) notification No. L-1/144/2013-CERC dated 21st February, 2014, deferred tax liabilities for the period upto 31st March 2009 whenever it materializes is recoverable directly from the beneficiaries and are accounted for on yearly basis. Accordingly, stated amount has been included in sale of power in relevant year.	192.87	191.11

**NOTE NO. 25 OTHER INCOME**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A) Dividend Income</b>		
- Dividend from subsidiaries	204.49	118.29
- Dividend -Others	3.00	2.64
<b>B) Interest Income</b>		
Interest from Investments carried at FVTOCI	31.19	39.64
Interest - Government Securities (8.5% tax free bonds issued by the State Governments)	-	16.35
Adjustment on a/c of Effective Interest - Grant in aid	4.60	0.05
Effective Interest On Investments - Debt Instruments	0.25	0.23
<b>Interest on</b>		
Loan to State Government in settlement of dues from customers	0.54	2.69
Loan to Government of Arunachal Pradesh	43.09	39.53
Deposit Account	388.38	487.50
Employee's Loans and Advances	12.01	11.55
Employee's Loans and Advances-Adjustment on a/c of Effective Interest	2.35	2.34
Others	40.84	53.55

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>C) Other Non Operating Income</b>		
Late payment surcharge	526.75	24.07
Realization of Loss Due To Business Interruption	111.80	89.99
Net gain/(loss) on sale of Investments carried at FVTOCI	-	9.02
Net gain/(loss) on sale of Investments carried at FVTPL	6.54	4.15
Profit on sale of assets	0.46	0.51
Income from Insurance Claim	7.20	41.24
Liability/ Provisions not required written back #	48.51	45.42
Others	42.76	82.98
Exchange rate variation	4.52	2.21
<b>Sub-total</b>	<b>1,479.28</b>	<b>1,073.95</b>
Less: Income transferred to Expenditure Attributable to Construction	13.23	64.78
Less: Income transferred to Advance/ Deposit from Client/ Contractees and against Deposit Works	7.38	17.10
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,458.67</b>	<b>992.07</b>

**Explanatory Note: -**
**1 # Detail of Liability/Provisions not required written back**

a) Bad & Doubtful Capital Advances(*1 under Note No. 4)	-	-
b) Bad & Doubtful Deposits(*2 under Note No. 4)	-	-
c) Diminution in value of stores and spares (*1 under Note 5)	1.75	0.30
d) Bad and doubtful debts (*1 under Note 7)	-	0.21
e) Bad & Doubtful Employees Loans - current (*1 under Note 10)	-	0.06
f) Provision for doubtful claims (*1 under Note No.11)	5.61	0.09
g) Provisions for Doubtful Accrued Interest (*3 under Note No. 13)	2.55	-
h) Provisions for Doubtful Deposits (*1 under Note No. 13)	-	0.01
i) Provisions for doubtful advances (Contractors & Suppliers) (*2 under Note No. 13)	-	-
j) Provision for project expenses awaiting write off sanction (*4 under Note No. 13)	-	-
k) Provision for losses pending investigation/awaiting write off / sanction (*5 under Note No. 13)	0.10	0.02
l) Provision for wage revision (Sl.no-A(vi) of Note No-22)	-	0.11
m) Provision for PRP / Incentive /Productivity Linked Incentive (Sl. no-A(vii) of Note No-22)	-	7.38
n) Provision for Superannuation/Pension Fund (Sl.no-A(viii) of Note No-22)	0.02	-
o) Provision for Retirement benefits (Gratuity, Leave Encashment, REHS, Memento etc) (Sl.no-A(I,ii,iii,iv) of Note No-17 and Sl.no-A(I,ii,iii,iv,v) of Note No.-22)	-	-
p) Provision for tariff adjustment [Sl. No B(i) under Note 22]	-	-
q) Provision for Committed Capital Expenditure (Sl.no-B(i) of Note No-17 and Sl.no-B(ii) of Note No.-22)	-	-
r) Provision for Livelihood Assistance (Sl.no-B(ii) of Note No-17 and Sl.no-B(iv) of Note No.-22)	-	-

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
s) Provision for Restoration expenses of Insured Assets (Sl.no-B(iii) of Note No-22)	-	-
t) Write back of Project expenses provided for	-	31.28
u) Others	38.48	5.96
<b>TOTAL</b>	<b>48.51</b>	<b>45.42</b>

- 2 Total carried forward to Statement of Profit & Loss includes ₹ 26.99 Crore (Previous year ₹ 25.76 Crore) relating to Subansiri Lower Project as explained in para 25(A) of Note no-34. However Regulatory Deferral Account Balances for an equivalent amount of ₹ 26.99 Crore pertaining to Subansiri Lower Project has been recognised as per Ind AS 114-“Regulatory Deferral Accounts”.

**NOTE NO. 26 GENERATION AND OTHER EXPENSES**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. GENERATION EXPENSES</b>		
(i) Water Usage Charges	748.40	771.11
(ii) Consumption of stores and spare parts	25.27	19.76
<b>B. Direct Expenditure on Contract, Project Management and Consultancy Works</b>	-	0.05
<b>C. REPAIRS &amp; MAINTENANCE</b>		
Building	80.64	60.94
Machinery	63.69	57.56
Others	149.65	140.77
<b>D. OTHER EXPENSES</b>		
Rent & Hire Charges	44.98	42.39
Rates and taxes	2.66	15.10
Insurance	132.79	123.87
Security expenses	217.11	183.16
Electricity Charges	49.30	52.27
Travelling and Conveyance	26.09	23.79
Expenses on vehicles	8.93	8.38
Telephone, telex and Postage	18.94	15.04
Advertisement and publicity	13.03	13.72
Entertainment and hospitality expenses	0.29	0.32
Printing and stationery	5.84	5.40
Consultancy charges - Indigenous	13.20	10.80
Audit expenses (Refer explanatory note-3 below)	2.40	1.93
Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	4.98	10.51
Expenditure on land not belonging to company	6.19	3.81
Loss on Assets	2.16	2.20
Losses out of insurance claims (upto excess clause)	1.90	14.25
Losses out of insurance claims (beyond excess clause)	6.98	41.24
Books & Periodicals	0.29	0.25
Donation	5.00	-

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
CSR/ Sustainable Development	75.82	72.65
Community Development Expenses	0.01	0.06
Directors' expenses	0.17	0.13
Research and development expenses	-	0.72
Interest on Arbitration/ Court Cases	30.19	13.94
Interest to beneficiary states	52.22	27.58
Expenses for Regulated Power	4.39	13.75
Less: - Exp Recoverable on Regulated Power	(4.39)	(13.75)
Exchange rate variation	0.47	4.92
Other general expenses	106.17	87.23
<b>Total (A+B+C+D)</b>	<b>1,895.76</b>	<b>1,825.85</b>
Less: Amount transferred to Expenditure Attributable to Construction	72.28	88.41
Less: Recoverable from Deposit Works	1.14	2.44
Less: Transfer of Generation & other expenses - IPO/Buyback	9.33	-
	<b>1,813.01</b>	<b>1,735.00</b>
<b>E. PROVISIONS</b>		
Bad and doubtful debts provided	19.57	0.53
Bad and doubtful advances / deposits provided	4.38	-
Bad and doubtful claims provided	22.46	8.37
Doubtful Interest Provided for	19.79	20.27
Diminution in value of stores and spares	0.52	0.69
Project expenses provided for	41.34	359.65
Provision for fixed assets/ stores provided for	2.77	6.37
Provision for Interest to Beneficiary	14.08	-
Others	-	0.09
<b>Sub-total</b>	<b>124.91</b>	<b>395.97</b>
Less: Amount transferred to Expenditure Attributable to Construction	5.23	5.03
	<b>119.68</b>	<b>390.94</b>
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,932.69</b>	<b>2,125.94</b>
<b>Explanatory Note: -</b>		
1 The Company's significant leasing arrangements are in respect of operating leases of premises for offices, guest houses & transit camps. These leasing arrangements, which are not non-cancellable, are usually renewable on mutually agreeable terms. Lease payments in respect of premises for offices, guest houses & transit camps are shown in Rent.		
2 Pending notification of revision order by CERC in respect of truing up application filed by the company under CERC notification dated 19.01.2009, stated amount has been provided in the books during the year towards Interest to Beneficiary States, which may have to be paid in case of reduction in tariff as a result of said revision order.	14.08	-



(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
3 Detail of audit expenses are as under: -		
i) <b>Statutory auditors</b>		
<b>As Auditor</b>		
Audit Fees	0.64	0.53
Tax Audit Fees	0.19	0.17
<b>In other Capacity</b>		
Taxation Matters	0.01	0.02
Other Matters/services	0.49	0.37
<b>Reimbursement of expenses</b>	0.92	0.68
ii) <b>Cost Auditors</b>		
Audit Fees	0.15	0.13
<b>Reimbursement of expenses</b>	0.00	0.03
<b>Total Audit Expenses</b>	<b>2.40</b>	<b>1.93</b>
4 Total carried forward to Statement of Profit & Loss includes ₹ 101.98 Crore (Previous year ₹ 116.61 Crore) relating to Subansiri Lower Project as explained in para 25(A) of Note no-34. However Regulatory Deferral Account Balances for an equivalent amount of ₹ 78.68 Crore pertaining to Subansiri Lower Project has been recognised as per Ind AS 114-"Regulatory Deferral Accounts".		

**NOTE NO. 27 EMPLOYEE BENEFITS EXPENSE**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries, wages, allowances	1,408.45	1,172.51
Gratuity, Contribution to provident fund & pension scheme (incl. administration fees)	327.20	220.01
Staff welfare expenses	79.36	115.16
Leave Salary & Pension Contribution	0.09	0.01
Amortisation Expenses Of Deferred Employee Cost	5.51	5.78
<b>Sub-total</b>	<b>1,820.61</b>	<b>1,513.47</b>
Less: Employee Cost transferred to Expenditure Attributable to Construction	244.35	353.52
Less: Recoverable from Deposit Works	1.34	1.59
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,574.92</b>	<b>1,158.36</b>

**Explanatory Note: -**

- The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees. These leasing arrangements, which are not non-cancellable, are usually renewable on mutually agreeable terms. Lease payments in respect of premises for residential use of employees is included in Salaries, wages, allowances.
- Gratuity, Contribution to provident fund & pension scheme include contributions:
 

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
i) towards Employees Provident Fund	74.38	72.79
ii) towards Employees Defined Contribution Superannuation Scheme	86.48	122.84
- Total carried forward to Statement of Profit & Loss includes ₹ 92.74 Crore (Previous year ₹ 107.49 Crore) relating to Subansiri Lower Project as explained in para no 25(A) of Note no-34. However Regulatory Deferral Account Balances for an equivalent amount of ₹ 92.74 Crore pertaining to Subansiri Lower Project has been recognised as per Ind AS 114-"Regulatory Deferral Accounts".

**NOTE NO. 28 FINANCE COST**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A Interest :</b>		
Government of India loan	30.37	19.97
Bonds	749.33	688.65
Foreign loan	26.27	28.92
Term loan	607.24	767.32
Adjustment on account of effective Interest - Grant in Aid	12.38	2.74
<b>Sub-total</b>	<b>1,425.59</b>	<b>1,507.60</b>
<b>B Exchange differences regarded as adjustment to borrowing cost</b>		
Exchange differences regarded as adjustment to interest cost	2.28	179.93
Less: Interest adjustment on account of Foreign Exchange Rate Variation	(2.28)	(179.93)
<b>Sub-total</b>	<b>-</b>	<b>-</b>
<b>C Other Borrowing Cost</b>		
Bond issue/ service expenses	0.37	0.34
Commitment fee	-	0.05
Guarantee fee on foreign loan	22.96	20.44
Other finance charges	5.86	4.23
Adjustment on account of effective Interest	3.34	3.41
Provisions-Adjustment For Time Value	1.90	1.77
<b>Sub-total</b>	<b>34.43</b>	<b>30.24</b>
<b>Total (A + B + C)</b>	<b>1,460.02</b>	<b>1,537.84</b>
Less: Finance Cost transferred to Expenditure Attributable to Construction	386.80	465.74
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,073.22</b>	<b>1,072.10</b>

**Explanatory Note: -**

- Total carried forward to Statement of Profit & Loss includes ₹ 365.32 Crore (Previous year ₹ 396.22 Crore) relating to Subansiri Lower Project as explained in para no 25(A) of Note no-34. However Regulatory Deferral Account Balances for an equivalent amount of ₹ 365.32 Crore pertaining to Subansiri Lower Project has been recognised as per Ind AS 114-"Regulatory Deferral Accounts".

**NOTE NO. 29 DEPRECIATION AND AMORTIZATION EXPENSES**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Depreciation & Amortisation Expenses	1,409.63	1,380.84
Depreciation adjustment on account of Foreign Exchange Rate Variation	(1.71)	(0.96)
<b>Sub-total</b>	<b>1,407.92</b>	<b>1,379.88</b>
Less: Depreciation & Amortisation Expenses transferred to Expenditure Attributable to Construction	19.48	20.73
Less: Recoverable from Deposit Works	0.04	0.08
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,388.40</b>	<b>1,359.07</b>

**Explanatory Note: -**

Total carried forward to Statement of Profit & Loss includes ₹ 6.96 Crore (Previous year ₹ 7.64 Crore) relating to Subansiri Lower Project as explained in para no 25(A) of Note no-34. However Regulatory Deferral Account Balances for an equivalent amount of ₹ 6.96 Crore pertaining to Subansiri Lower Project has been recognised as per Ind AS 114-"Regulatory Deferral Accounts".

**NOTE NO. 30 TAX EXPENSE**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>Current Tax</b>		
Income Tax Provision	706.56	744.97
Adjustments for Income Tax *	(116.99)	(23.67)
<b>Total current tax expense</b>	<b>589.57</b>	<b>721.30</b>
<b>Deferred Tax- *</b>		
Decrease (increase) in deferred tax assets		
Relating to origination and reversal of temporary differences	(88.59)	19.93
<b>(Decrease) increase in deferred tax liabilities</b>		
Relating to origination and reversal of temporary differences	488.89	167.23
<b>Total deferred tax expenses (benefits)</b>	<b>400.30</b>	<b>187.16</b>
Less: Recoverable for tariff period upto 2009	(126.12)	(99.27)
Less: Deferred Tax Adjustment Against Deferred Tax Liabilities	436.98	257.12
<b>Net Deferred Tax</b>	<b>89.44</b>	<b>29.31</b>
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>679.01</b>	<b>750.61</b>

\* Adjustment in current tax expense is in respect of refunds of tax of earlier periods received from Income Tax Authorities in the current year.

**Explanatory Notes:-**

<b>i) Reconciliation of tax expense and the accounting profit multiplied by India's domestic rate.</b>	<b>For the year ended 31st March, 2017</b>	<b>For the year ended 31st March, 2016</b>
Profit from continuing operations before income tax expenses	3,474.60	3,180.50
Profit from discontinuing operations before income tax expenses	-	-
<b>Total</b>	<b>3,474.60</b>	<b>3,180.50</b>
Applicable tax rate (%)	34.608	34.608
<b>Computed tax expense</b>	<b>1,202.49</b>	<b>1,100.71</b>
<b>Tax effect of additions/deletions considered while calculating taxable income</b>		
CSR/ Sustainable Development/ Community Development Expenses	26.24	25.15
Recoverable portion of Deferred Tax	126.12	99.27
Exempt and Tax Free Income	(72.00)	(48.44)
Tax Incentives	(442.73)	(491.15)
Adjustment for current tax of prior periods	(116.99)	(23.67)
MAT Credit Available/(utilization)	(43.00)	(107.05)
Reversal of Deferred Tax Assets	-	195.79
Other Items	(1.12)	-
<b>Income Tax Expenses</b>	<b>679.01</b>	<b>750.61</b>
<b>ii) Amounts recognised directly in Equity</b>		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited/(credited) to equity:		
Current Tax	Nil	Nil
Deferred tax	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>
<b>iii) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	Nil	Nil
Potential tax benefit @ 30%	Nil	Nil

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
iv) <b>Unrecognised temporary differences</b>		
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised.		
Undistributed Earnings	Nil	Nil
Unrecognised deferred tax liabilities relating to the above temporary differences	Nil	Nil

**NOTE NO. 31 MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>Movement on account of:-</b>		
a) Employee Remuneration & Benefits	292.52	106.24
b) Generation & Other exps.	78.68	66.26
c) Depreciation	6.96	7.64
d) Finance Cost	365.32	396.22
e) Other Income	(26.99)	(25.46)
f) Exchange Differences on Monetary Items	(2.50)	-
<b>TOTAL</b>	<b>713.99</b>	<b>550.90</b>

**NOTE NO. 32 EXPENDITURE ATTRIBUTABLE TO CONSTRUCTION FORMING PART OF CAPITAL WORK IN PROGRESS**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, allowances	122.12	139.94
Gratuity and contribution to provident fund	27.67	22.71
Staff welfare expenses	7.85	9.92
Leave Salary & Pension Contribution	-	0.01
<b>Sub-total</b>	<b>157.64</b>	<b>172.58</b>
<b>B. REPAIRS &amp; MAINTENANCE</b>		
Building	3.77	4.66
Machinery	0.01	0.04
Others	2.24	4.35
<b>Sub-total</b>	<b>6.02</b>	<b>9.05</b>
<b>C. ADMINISTRATION &amp; OTHER EXPENSES</b>		
Rent	9.75	9.56
Rates and taxes	0.69	0.15
Insurance	0.16	0.15
Security expenses	15.86	16.60
Electricity Charges	3.34	3.56
Travelling and Conveyance	2.73	2.92
Expenses on vehicles	0.98	1.60
Telephone, telex and Postage	2.51	2.66
Advertisement and publicity	0.32	0.50

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Printing and stationery	0.79	0.79
Design and Consultancy charges:		
- Indigenous	1.34	2.01
Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	3.63	9.85
Expenditure on land not belonging to company	5.92	2.60
Assets/ Claims written off	0.07	-
Land Acquisition and Rehabilitation Expenditure	2.69	-
Losses on sale of assets	0.01	-
Other general expenses	7.81	8.33
Exchange rate variation (Debit)	-	2.47
<b>Sub-total</b>	<b>58.60</b>	<b>63.75</b>
<b>D. FINANCE COST</b>		
Interest on :		
Bonds	240.33	230.53
Term loan	137.21	231.17
Bond issue/ service expenses	0.18	0.25
Other finance charges	0.79	0.57
Interest on loans from Central Government-adjustment on account of effective interest	7.21	2.68
Interest on security deposit/ retention money-adjustment on account of effective interest	0.59	0.53
<b>Sub-total</b>	<b>386.31</b>	<b>465.73</b>
<b>E. PROVISIONS</b>	<b>5.23</b>	<b>5.00</b>
<b>Sub-total</b>	<b>5.23</b>	<b>5.00</b>
<b>F. DEPRECIATION AND AMORTISATION EXPENSES</b>	<b>17.58</b>	<b>16.28</b>
<b>Sub-total</b>	<b>17.58</b>	<b>16.28</b>
<b>G. C.O./Regional Office Expenses:</b>		
Other Income	(2.59)	(6.92)
Generation, Administration and Other Expenses	7.66	15.61
Employee Benefits Expense	86.71	180.94
Depreciation & Amortisation Expenses	1.90	4.45
Finance Cost	0.49	0.01
Provisions	-	0.03
<b>Sub-total</b>	<b>94.17</b>	<b>194.12</b>
<b>H. LESS: RECEIPTS AND RECOVERIES</b>		
Income from generation of electricity – precommissioning	0.56	0.51
Interest on loans and advances	(1.70)	32.29
Exchange rate variation (Credit)	-	0.90
Provision/Liability not required written back	3.59	3.89
Hire charge - plant and machinery	0.95	0.36
Miscellaneous receipts	7.80	20.42
<b>Sub-total</b>	<b>11.20</b>	<b>58.37</b>
<b>TOTAL (A+B+C+D+E+F+G-H)</b>	<b>714.35</b>	<b>868.14</b>

**NOTE-33: DISCLOSURE ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**
**1. Fair Value Measurement**
**A) Financial Instruments by category**

Financial assets	Notes	As at 31st March, 2017				As at 31st March, 2016				(₹ in Crore)	
		FVTOCI	Amortised Cost			FVTOCI	Amortised Cost			As at 01st Apr, 2015	
<b>Non-current Financial assets</b>											
(i) <b>Non-current investments</b>											
a) In Equity Instrument (Quoted)	3.1	112.44	-			77.65	-	98.43		-	
b) In Debt Instruments (Govt./PSU)-Quoted	3.1	406.97	-			390.95	-	781.61		-	
<b>Sub-total</b>		<b>519.41</b>	<b>-</b>			<b>468.60</b>	<b>-</b>	<b>880.04</b>		<b>-</b>	
(ii) <b>Loans</b>											
a) Employees	3.2		135.96				117.60			99.99	
b) Loan to Government of Arunachal Pradesh (including Interest accrued)	3.2 & 3.3		521.84				478.75			439.23	
c) Others			-				-			12.68	
(iii) <b>Others</b>											
-Bank Deposits with more than 12 Months Maturity (Including interest accrued)	3.3		0.39				-			-	
<b>Total Non-current Financial assets</b>		<b>519.41</b>	<b>658.19</b>			<b>468.60</b>	<b>596.35</b>	<b>880.04</b>		<b>551.90</b>	
<b>Current Financial assets</b>											
(i) Current Investments	6		-				1.13			257.57	
(ii) Trade Receivables	7		1,492.90				1,554.44			2,064.16	
(iii) Cash and cash equivalents	8		59.89				1,194.39			185.69	
(iv) Bank balances	9		1,473.25				4,682.36			5,236.42	
(v) Loans	10		26.88				58.33			80.83	
(vi) others (Excluding lease receivables)	11		1,799.91				2,081.07			1,922.04	
<b>Total Current Financial Assets</b>		<b>-</b>	<b>4,852.83</b>			<b>-</b>	<b>9,571.72</b>	<b>-</b>		<b>9,746.71</b>	
<b>Total Financial Assets</b>		<b>519.41</b>	<b>5,511.02</b>			<b>468.60</b>	<b>10,168.07</b>	<b>880.04</b>		<b>10,298.61</b>	
<b>Financial Liabilities</b>											
(i) Long-term borrowings	16.1		17,245.64				18,181.08			18,171.04	
(ii) Other Financial Liabilities	16.2		25.63				37.62			73.93	
iii) Borrowings-Short Term	20.1		302.50				-			-	
(iv) Trade Payables including MSME	20.2		147.08				122.14			152.91	
(v) Other Current financial liabilities											
a) Current maturities of long term borrowings	20.3		1,678.59				1,757.14			1,665.31	
b) Interest accrued but not due on borrowings	20.3		428.56				377.24			308.39	
c) Other Current Liabilities	20.3		393.84				465.55			433.76	
<b>Total Financial Liabilities</b>		<b>-</b>	<b>20,221.84</b>			<b>-</b>	<b>20,940.77</b>	<b>-</b>		<b>20,805.34</b>	



## B) FAIR VALUATION MEASUREMENT

### (i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the following three levels prescribed under Ind AS-113 "Fair Value Measurements"

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and traded bonds that have quoted price. The fair value of all equity instruments including bonds which are traded in the recognised Stock Exchange and money markets are valued using the closing prices as at the reporting date.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This includes security deposits/retention money and loans at below market rates of interest.

### (a) Financial Assets Measured at Fair Value-Recurring Fair Value Measurement:

	Note No.	As at 31st March, 2017 Level 1	As at 31st March, 2016 Level 1	As at 01st Apr, 2015 Level 1
<b>Financial Assets at FVTOCI</b>				
(i) Investments-				
- In Equity Instrument (Quoted)	3.1	112.44	77.65	98.43
- In Debt Instruments (Govt./PSU)-Quoted	3.1	406.97	390.95	781.61
<b>Total</b>		<b>519.41</b>	<b>468.60</b>	<b>880.04</b>

#### Note:

All other financial assets and financial liabilities have been measured at amortised cost at Balance Sheet date and classified as non-recurring fair value measurement. During the year, Company does not made any transfer within the levels of fair value hierarchy.

### (b) Financial Assets/Liabilities measured at amortised cost for which Fair Values are disclosed:

Particulars	Note No.	As at 31st March, 2017			As at 31st March, 2016			As at 01st Apr, 2015		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets										
(i) Loans	3.2									
a) Employees			138.38			136.97			99.99	
b) Loan to Government of Arunachal Pradesh (including Interest accrued)			521.84			478.75			439.23	
c) Others			-			-			12.68	

Particulars	Note No.	As at 31st March, 2017			As at 31st March, 2016			As at 01st Apr, 2015		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
(ii) Others	3.3	0.38			-					
-Bank Deposits with more than 12 Months Maturity (Including interest accrued)										
<b>Financial Liabilities</b>										
(i) Long-term borrowings including current maturities and accrued interest	16.1 & 20.3		16,802.15	1,425.34		17,755.41	1,250.95		17,406.24	1,130.19
(ii) Other Long Term Financial Liabilities	16.2			26.76			39.31			73.93

(c) Fair value of Financial Assets and Liabilities measured at Amortised Cost

Particulars	Note No.	As at 31st March, 2017		As at 31.03.2016		As of 01.4.2015	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>							
(i) Loans	3.2						
a) Employees		135.96	138.38	117.60	136.97	99.99	99.99
b) Loan to Government of Arunachal Pradesh (including Interest accrued)		521.84	521.84	478.75	478.75	439.23	439.23
c) Others		-	-	-	-	12.68	12.68
(ii) Others	3.3						
-Bank Deposits with more than 12 Months Maturity (Including interest accrued)		0.39	0.38	-	-	-	-
<b>Total Financial Assets</b>		<u>658.19</u>	<u>660.61</u>	<u>596.35</u>	<u>615.72</u>	<u>551.90</u>	<u>551.90</u>
<b>Financial Liabilities</b>							
(i) Long-term borrowings including Current maturities and accrued Interest	16.1	19,352.79	18,227.49	20,315.46	19,006.36	20,144.74	18,536.43
(ii) Other Long Term Financial Liabilities	16.2	25.63	26.76	37.62	39.31	73.93	73.93
<b>Total Financial Liabilities</b>		<u>19,378.42</u>	<u>18,254.25</u>	<u>20,353.08</u>	<u>19,045.67</u>	<u>20,218.67</u>	<u>18,610.36</u>

Note:-

1. The Carrying amounts of current investments, Trade and other receivables, Cash and cash equivalents, Short-term loans and advances, Short term borrowings, Trade payables and other current financial liabilities are considered to be the same as their fair values, due to their short term nature.
2. For financial assets and financial liabilities measured at fair value, the carrying amounts are equal to the fair value.

**(d) Valuation techniques and process used to determine fair values**

- (1) The Company values financial assets or financial liabilities using the best and most relevant data available. Specific valuation techniques used to determine fair value of financial instruments includes:
  - Use of Quoted market price or dealer quotes for similar instruments.
  - Fair value of remaining financial instruments is determined using discounted cash flow analysis.
- (2) The discount rate used to fair value financial instruments classified at Level -3 is based on the Weighted Average Rate of company's outstanding borrowings except subordinate debts and foreign currency borrowings.
- (3) As per Ind AS 109, financial liabilities that are subsequently measured at amortised cost are recognised initially at fair value minus transaction costs using the effective interest method. Since the transaction costs incurred on long term borrowings are not material, as such the company has not applied the effective interest method for initial recognition of such liabilities.

## 2. Financial Risk Management

### (A) Financial risk factors

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash & Cash equivalents, Other Bank Balances, Trade receivables and financial assets measured at amortised cost, Lease Receivable	Aging analysis, credit rating.	Diversification of bank deposits, letter of credit for selected customers.
Liquidity Risk	Borrowings and other facilities	Rolling cash flow forecasts & Budgets	Availability of committed credit lines and borrowing facilities
Market Risk- Interest rate	Long term borrowings at variable rates	Sensitivity Analysis	1. Diversification of fixed rate and floating rates 2. Refinancing 3. Actual Interest is recovered through tariff as per CERC Regulation
Market Risk- security prices	Investment in equity and debt securities	Sensitivity Analysis	Portfolio diversification
Market Risk- foreign exchange	Recognised financial liabilities not denominated in INR.	Sensitivity Analysis	Foreign exchange rate variation is recovered through tariff as per CERC Regulation.

#### i) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables/leased assets) and from its financing activities including deposits with banks and financial institutions.

#### ii) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

#### iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company operates in a regulated environment. Tariff of the company is fixed by the Central Electricity Regulatory Commission (CERC) through Annual Fixed Charges (AFC) comprising the following five components: 1. Return on Equity (RoE), 2. Depreciation, 3. Interest on Loans, 4. Operation & Maintenance Expenses and 5. Interest on Working Capital Loans. In addition to the above Foreign Currency Exchange variations and Taxes are also recoverable from Beneficiaries in terms of the Tariff Regulations. Hence variation in interest rate, currency exchange rate variations and other price risk variations are recoverable from tariff and do not impact the profitability of the company.

### (B) Credit Risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

#### i) Trade Receivables & lease receivables

The Company extends credit to customers in normal course of business. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are mainly state government authorities and operate in largely independent markets.

CERC tariff regulations 2014-19 allows the Company to raise bills on beneficiaries for late-payment surcharge, which adequately compensates the Company for time value of money arising due to delay in payment. Further, the fact that beneficiaries are primarily State Governments/ State Discoms and considering the historical credit loss experience for trade receivables, the Company does not envisage either impairment in the value of receivables from beneficiaries or loss due to time value of money due to delay in realization of trade receivables. However, the Company assesses outstanding trade receivables on an ongoing basis considering changes in operating results and payment behaviour and provides for expected credit loss on case-to-case basis. As at the reporting date, company does not envisage any default risk on account of non-realisation of trade receivables. Accordingly, the Company has not applied the practical expedient of calculation of expected credit losses on trade receivables using a provision matrix.

Lease receivables of the company are with regard to Power Purchase Agreements classified as embedded Finance Lease as per Appendix C of Ind AS 17- 'Leases' in respect of two power stations as referred to in Note No. 34-Other Explanatory Notes to Accounts. The Power Purchase Agreements are for sale of power to single beneficiary and recoverability of interest income and principal on leased assets i.e. PPE of the power stations are assessed on the same basis as applied for trade receivables.

#### Expected credit loss for Trade Receivables:

(₹ in Crore)			
Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Gross Carrying Amount	1547.30	1589.27	2098.93
less : Expected Credit Losses (Provision for loss allowance)	54.40	34.83	34.77
Carrying amount of Trade Receivables	1492.90	1554.44	2064.16

#### Expected credit loss for Lease Receivables:

(₹ in Crore)			
Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Gross Carrying Amount	1624.49	1711.81	1758.50
less : Expected Credit Losses (Provision for loss allowance)	-	-	-
Carrying amount of Lease Receivables	1624.49	1711.81	1758.50

#### Reconciliation of Loss allowance Provisions:

Particulars	(₹ in Crore)
Loss allowance on 1st April 2015	34.77
Changes in Loss allowances	0.06
Loss allowance on 31st march 2016	34.83
Changes in Loss allowances	19.57
Loss allowance on 31st march 2017	54.40

#### ii) Financial assets at amortised cost

**Employee Loans:** The Company has given loans to employees at concessional rates as per Company's policy which have been measured at amortised cost at Balance Sheet date. The recovery of the loan is on fixed instalment basis from the monthly salary of the employees. The loans are secured by way of mortgage/hypothecation of the assets for which such loans are given. Management has assessed the past data and does not envisage any probability of default on these loans.

**Loans to Govt. of Arunachal Pradesh:** The Company has given loan to Govt. of Arunachal Pradesh at 9% rate of interest as per the terms and conditions of MOU signed between the Company and Govt of Arunachal Pradesh for

construction of hydroelectric projects in the state. The loan has been measured at amortised cost. The loan is recoverable from the share of free power of the state government from the first hydroelectric project to be commissioned in the state. Management does not envisage any probability of default on the loan.

### iii) Financial instruments and cash deposits

The Company considers factors such as track record, size of the bank, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the banks with which the Company has also availed borrowings. The Company invests surplus cash in short term deposits with scheduled banks. The company has balances and deposits with banks which are well diversified across private and public sector banks with limited exposure with any single bank.

### (C) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

- i) The Company's objective is to maintain optimum levels of liquidity at all times to meet its cash and collateral requirements. The Company relies on a mix of borrowings and excess operating cash flows to meet its need for funds. The current committed lines of credit and internal accruals are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet capital expenditure and operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the borrowing limits or covenants (where applicable) are not breached on any of its borrowing facilities.

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	(₹ in Crore)		
	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
At Floating Rate	25.00	25.00	25.00
<b>Total</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>

### ii) Maturities of Financial Liabilities:

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 1 year is equal to their carrying balances as the impact of discounting is not significant.

#### For year Ended 31st March 2017

(₹ in Crore)						
Contratual maturities of financial liabilities	Note No.	Outstanding Debt as on 31.03.2017	Within 1 Year	More than 1 Year & Less than 3 Years	More than 3 Year & Less than 5 Years	More than 5 Year
1. Borrowings	16.1 & 20.3	19,292.74	1,678.59	3,520.07	3,056.27	11,037.81
2. Other financial Liabilities	16.2 & 20.3	860.40	823.71	12.07	0.44	24.19
3. Trade Payables	20.2	147.08	147.08	-	-	-
<b>Total Financial Liabilities</b>		<b>20,300.22</b>	<b>2,649.38</b>	<b>3,532.14</b>	<b>3,056.71</b>	<b>11,061.99</b>

#### For year Ended 31st March 2016

(₹ in Crore)						
Contratual maturities of financial liabilities	Note No.	Outstanding Debt as on 31.03.2016	Within 1 Year	More than 1 Year & Less than 3 Years	More than 3 Year & Less than 5 Years	More than 5 Year
1. Borrowings	16.1 & 20.3	20,142.43	1,757.15	3,483.57	3,452.32	11,449.38
2. Other financial Liabilities	16.2 & 20.3	895.83	844.05	24.98	4.24	22.56
3. Trade Payables	20.2	122.14	122.14	-	-	-
<b>Total Financial Liabilities</b>		<b>21,160.39</b>	<b>2,723.34</b>	<b>3,508.55</b>	<b>3,456.56</b>	<b>11,471.95</b>



As at 1st April 2015

(₹ in Crore)						
Contratual maturities of financial liabilities	Note No.	Outstanding Debt as on 01.4.2015	Within 1 Year	More than 1 Year & Less than 3 Years	More than 3 Year & Less than 5 Years	More than 5 Year
1. Borrowings	16.1 & 20.3	19,836.34	1,665.31	3,403.63	3,330.69	11,436.71
2. Other financial Liabilities	16.2 & 20.3	838.83	742.16	73.46	4.88	18.34
3. Trade Payables	20.2	152.91	152.91	-	-	-
<b>Total Financial Liabilities</b>		<b>20,828.08</b>	<b>2,560.38</b>	<b>3,477.09</b>	<b>3,335.57</b>	<b>11,455.05</b>

**(D) Market Risk:**

The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligation provisions and on the non-financial assets and liabilities. The sensitivity of the relevant item of the Statement of Profit and Loss is the effect of the assumed changes in the respective market risks. The Company's activities expose it to a variety of financial risks, including the effects of changes in interest rates.

**(i) Interest rate risk and sensitivity**

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates. Company's policy is to maintain most of its borrowings at fixed rate. Company's fixed rate borrowings are carried at amortised cost and are not subject to interest rate risk. Further the company refinance these debts as and when favourable terms are available. The company is also compensated for variability in floating rate through recovery by way of tariff adjustments under CERC tariff regulations.

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31st March, 2017 weighted average interest rate	As at 31st March, 2017 (₹ in Crore)	As at 31st March, 2016 weighted average interest rate	As at 31st March, 2016 (₹ in Crore)	As at 01st Apr, 2015 weighted average interest rate	As at 01st Apr, 2015 (₹ in Crore)
Floating Rate Borrowings (INR)	9.13%	2,473.60	9.59%	3,586.49	10.22%	3,809.38
Floating Rate Borrowings (FC)	0.58%	214.36	0.70%	326.35	0.73%	383.99
Fixed Rate Borrowings (INR)	7.02%	15,006.64	7.43%	14,680.37	7.60%	14,323.58
Fixed Rate Borrowings (FC)	1.82%	1,229.63	1.83%	1,345.01	1.99%	1,319.39
<b>Total</b>		<b>18,924.23</b>		<b>19,938.22</b>		<b>19,836.34</b>

**Interest Rate Sensitivity Analysis**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. With all other variables held constant, the following table demonstrates the impact of borrowing cost on floating rate portion of loans and borrowings.

(₹ in Crore)		
Particulars	Effect on Profit before Tax	
	31st march 2017	31st march 2016
Borrowing in INR-Interest rates-decreased by 5 basis points (decreased by 70 basis points during 2015-16)*	0.79	16.69
Borrowing in FC-Interest rates-increased by 55 basis points	(0.17)	(0.16)
Borrowing in FC-Interest rates-decreased by 110 basis points	0.33	0.32

However there is no impact on profit or loss for increase and decrease in interest rates, as the same is recoverable from beneficiaries through tariff.

**(ii) Price Risk:**
**(a) Exposure**

The company's exposure to price risk arises from investment in equity shares and debt instruments classified in the financial statements as Fair Value Through OCI. Company's investment in equity shares are listed in recognised stock exchange and are publicly traded in the stock exchanges. Company's investment in debt instruments comprise quoted Government Securities and Public Sector Bonds and are publicly traded in the market. The investment has been classified under non-current investment in Balance Sheet.

**(b) Price Risk Sensitivity**
**For Investment in Equity Instruments (Investment in equity shares of IOB and PTC)**

The table below summarises the impact of increase/decrease in the market price of investment in equity instruments on the company's equity for the year:

Particulars	31st March 2017		31st March 2016	
	% change	Impact on other components of equity (₹ in Crore)	% change	Impact on other components of equity (₹ in Crore)
Investment in Equity shares of :				
PTC India Ltd	17.08%	19.14	21.74%	16.69
Indian Overseas Bank	15.50%	0.15	19.30%	0.21

Sensitivity has been worked out based on the previous 3 years average of six monthly fluctuations in the share price as quoted on the National Stock Exchange (NSE).

**For Investment in Debt Instruments (Investments in Govt and PSU Bonds)**

The table below summarises the impact of increase/decrease of the market value of the debt instruments on company's equity for the year:

Particulars	31st March 2017		31st March 2016	
	% change	Impact on other components of equity (₹ in Crore)	% change	Impact on other components of equity (₹ in Crore)
Government Securities	3.49	11.81	0.60	1.90
PSU Tax Free Bonds	5.77	4.91	0.34	0.26

**(iii) Foreign Currency Risk**

The company is compensated for variability in foreign currency exchange rate through recovery by way of tariff adjustments under the CERC Tariff Regulations.

**(a) Foreign Currency Risk Exposure:**

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows :

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Financial Liabilities:</b>			
Foreign currency loan (₹ in Crore)	1,443.98	1,671.36	1,703.38
Other Financial Liabilities (₹ in Crore)	54.04	49.76	42.62
<b>Net Exposure to foreign currency risk(liabilities)</b>	<b>1,498.02</b>	<b>1,721.12</b>	<b>1,746.00</b>

**(b) Sensitivity Analysis**

There is no impact of foreign currency fluctuations on the profit of the company as these are either adjusted to the carrying cost of respective fixed asset/Capital Work-in-Progress or recovered through tariff as per CERC Tariff Regulation 2014-19.

### (3) Capital Management

#### (a) Capital Risk Management

The primary objective of the Company's capital management is to maximize the shareholder value. CERC Tariff Regulations prescribe Debt : Equity ratio of 70:30 for the purpose of fixation of tariff of Power Projects. Accordingly the company manages its capital structure to maintain the normative capital structure prescribed by the CERC.

The Company monitors capital using Debt : Equity ratio, which is net debt divided by total capital. The Debt : Equity ratio are as follows:

(₹ in Crore)

Statement of Debt : Equity Ratio			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Total Debt	18,924.23	19,938.22	19,836.35
(b) Total Capital	26,942.13	29,761.15	29,072.16
Debt : Equity Ratio (a/b)	0.70	0.67	0.68

Note: For the purpose of the Company's capital management, capital includes issued capital and reserves. Net debt includes interest bearing loans and borrowings.

#### (b) Loan Covenants:

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:-

1. Company shall maintain credit rating AAA and if rating comes down, rate of interest shall be increased by 25 basis point for each notch below AAA rating in accordance with the applicable rates.
2. Debt to net worth should not exceed 2:1.
3. The ratio of total liabilities to tangible net worth ratio shall not exceed 3:1.
4. The ratio of EBITDA to interest expense will at no time be less than 1.75 during the currency of loan.
5. The Govt. holding in the company not to fall below 51%.

During the year the company has complied with the above loan covenants.

#### (c) Dividends:

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>(i) Equity Shares</b>		
Final dividend for the year 2015-16 of INR 0.58 per fully paid share approved in Sep-2016 paid in Oct-2016. (31st March 2016- INR 0.40 fully paid share for FY 2014-15).	642.11	442.83
DDT on final Dividend	89.08	90.15
Interim dividend for the year ended 31st March 2017 of ₹ 1.70 (31st March 2016 - INR 0.92) per fully paid share.	1,882.02	1,018.50
DDT on Interim Dividend	383.14	207.34
<b>(ii) Dividend not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 0.10 (31st March 2016 - INR 0.58) per fully paid up Share. The proposed dividend is subject to the approval of shareholders in the ensuing AGM.	102.59	642.11
DDT on Proposed Dividend	20.89	89.08

#### For and on behalf of the Board of Directors

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

#### As per report of even date

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**(VASU GUPTA)**  
Partner  
M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

## Note No. - 34: Other Explanatory Notes to Accounts

### 1. Disclosures relating to Contingent Liabilities:-

#### a) Claims against the Company not acknowledged as debts in respect of:

##### (i) Capital works

Contractors have lodged claims aggregating to ₹ 9,612.16 Crore (previous year ₹ 9,180.71 Crore and as at 01.04.2015 ₹ 9,014.70 Crore) against the Company on account of rate & quantity deviation, cost relating to extension of time and idling charges due to stoppage of work/delays in handing over the site etc. These claims are being contested by the company as being not admissible in terms of provisions of the respective contracts or are lying at arbitration tribunal/other forums/under examination with the Company. It includes ₹ 2,858.26 Crore (previous year ₹ 2,172.15 Crore and as at 01.04.2015 ₹ 1,491.31 Crore) towards arbitration awards including updated interest thereon, against the Company, which have been challenged/decided to be challenged in the Court of Law.

The Management has assessed the above claims and recognized a provision of ₹ 452.88 Crore (previous year ₹ 537.66 Crore and as at 01.04.2015 ₹ 429.61 Crore) based on probability of outflow of resources embodying economic benefits and estimated ₹ 7,848.60 Crore (previous year ₹ 8,459.20 Crore and as at 01.04.2015 ₹ 8,207.65 Crore) as the amount of contingent liability i.e. amounts for which Company may be held contingently liable. In respect of such estimated contingent claims either outflow of resources embodying economic benefits is not probable or a reliable estimate of the amount required for settling the obligation cannot be made. In respect of the rest of the claims/obligations, possibility of any outflow in settlement is considered as remote.

##### (ii) Land Compensation cases

In respect of land acquired for the projects, some of the land losers have filed claims for higher compensation amounting to ₹ 36.09 Crore (Previous year ₹ 54.99 Crore and as at 01.04.2015 ₹ 47.53 Crore) before various authorities/courts. Pending settlement, the Company has assessed and provided an amount of ₹ 16.73 Crore (Previous year ₹ 26.81 Crore and as at 01.04.2015 ₹ 35.16 Crore) based on probability of outflow of resources embodying economic benefits and estimated ₹ 19.36 Crore (previous year ₹ 28.18 Crore and as at 01.04.2015 ₹ 12.37 Crore) as the amount of contingent liability as outflow of resources is considered as not probable. In respect of the rest of the claims/obligations, possibility of any outflow in settlement is considered as remote.

##### (iii) Disputed Tax Demands

Disputed Income Tax/Sales Tax/Service Tax/ other taxes/duties matters pending before various appellate authorities amount to ₹ 395.48 Crore (previous year ₹ 326.63 Crore and as at 01.04.2015 ₹ 307.95 Crore). Pending settlement, the Company has assessed and provided an amount of ₹ 21.95 Crore (previous year ₹ 25.42 Crore and as at 01.04.2015 ₹ 25.40 Crore) based on probability of outflow of resources embodying economic benefits and rest of the claims i.e. ₹ 373.53 Crore (previous year ₹ 301.21 Crore and as at 01.04.2015 ₹ 282.26 Crore) are being disclosed as contingent liability as outflow of resources is considered not probable. In respect of the rest of the claims/obligations, possibility of any outflow in settlement is considered as remote.

##### (iv) Others

Claims on account of other miscellaneous matters amount to ₹ 622.81 Crore (previous year ₹ 573.59 Crore and as at 01.04.2015 ₹ 655.15 Crore). These claims are pending before various forums. Pending settlement, the Company has assessed and provided an amount of ₹ 36.52 Crore (previous year ₹ 34.62 Crore and as at 01.04.2015 ₹ 28.94 Crore) based on probability of outflow of resources embodying economic benefits and estimated ₹ 584.41 Crore (previous year ₹ 537.08 Crore and 01.04.2015 ₹ 624.43 Crore) as the amount of contingent liability as outflow of resources is considered as not probable. In respect of the rest of the claims/obligations, possibility of any outflow in settlement is considered as remote.

The above is summarized as at 31.03.2017 as below:

(₹ in Crore)

Sl. No.	Particulars	Claims as on 31.03.2017	Provision against the claims	Contingent liability as on 31.03.2017	Contingent liability as on 31.03.2016	Addition of contingent liability for the period
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)=(v)-(vi)
1.	Capital Works	9,612.16	452.88	7,848.60	8,459.20	(610.60)
2.	Land Compensation cases	36.09	16.73	19.36	28.18	(8.82)
3.	Disputed tax matters	395.48	21.95	373.53	301.21	72.32
4.	Others	622.81	36.52	584.41	537.08	47.33
	<b>Total</b>	<b>10,666.54</b>	<b>528.08</b>	<b>8,825.90</b>	<b>9,325.67</b>	<b>(499.77)</b>

The above is summarized as at 31.03.2016 as below:

(₹ in Crore)

Sl. No.	Particulars	Claims as on 31.03.2016	Provision against the claims	Contingent liability as on 31.03.2016	Contingent liability as on 01.04.2015	Addition of contingent liability for the period
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)=(v)-(vi)
1.	Capital Works	9,180.71	537.66	8,459.20	8,207.65	251.55
2.	Land Compensation cases	54.99	26.81	28.18	12.37	15.81
3.	Disputed tax matters	326.63	25.42	301.21	282.26	18.95
4.	Others	573.59	34.62	537.08	624.43	(87.35)
	<b>Total</b>	<b>10,135.92</b>	<b>624.51</b>	<b>9,325.67</b>	<b>9126.71</b>	<b>198.96</b>

- (b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- (c) It is not practicable to ascertain and disclose the uncertainties relating to outflow in respect of contingent liabilities.
- (d) There is possibility of reimbursement to the company of ₹ 221.02 Crore (previous year ₹ 183.51 Crore and as at 01.04.2015 ₹ 240.85 Crore) towards above contingent liabilities.
- (e) An amount of ₹ 49.29 Crore (previous year ₹ 63.24 Crore and as at 01.04.2015 ₹ 53.19 Crore) stands paid towards above contingent liabilities to contest the cases and is being shown as Current Assets.
- (f) The company's management does not expect that the above claims/obligations (including under litigation), when ultimately concluded and determined, will have a material and adverse effect on the company's results of operations or financial condition.

(g) Category of agency wise details of contingent liability as at 31.03.2017 are as under:

(₹ in Crore)

Sl. No.	Category of Agency	Claims as on 31.03.2017	Provision against the claims/ Paid during the year	Contingent liability as on 31.03.2017	Contingent liability as on 31.03.2016	Addition(+)/ deduction (-) from contingent liability during the year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)=(v)-(vi)
1	Central Govt. departments	51.08	3.03	48.05	66.44	(18.39)
2	State Govt. departments or Local Bodies	383.60	54.69	328.91	269.17	59.74
3	CPSEs	134.20	1.07	131.25	188.64	(57.39)
4	Others	10,097.66	469.29	8,317.69	8,801.42	(483.73)
	<b>TOTAL</b>	<b>10,666.54</b>	<b>528.08</b>	<b>8,825.90</b>	<b>9325.67</b>	<b>(499.77)</b>

2. **Contingent Assets:** Contingent assets in respect of the company are on account of the following:

a) **Counter Claims lodged by the company on other entities:**

The company has lodged counter claims aggregating to ₹ 399.74 Crore (previous year ₹ 395.06 Crore and as at 01.04.2015 ₹ 389.61 Crore) against claims of other entities. These claims have been lodged on the basis of contractual provisions and are being contested at arbitration tribunal/other forums/under examination with the counterparty. It includes ₹ 317.90 Crore (previous year ₹ 317.90 Crore and as at 01.04.2015 ₹ 317.12 Crore) towards arbitration awards including updated interest thereon.

Based on Management assessment the inflow of economic benefits of ₹ 317.90 Crore (previous year ₹ 317.90 Crore and as at 01.04.2015 ₹ 317.12 Crore) are probable and for rest of the claims, possibility of any inflow is remote.

b) **Late Payment Surcharge:**

CERC (Terms & Conditions of Tariff) Regulations 2014-19 provide for levy of Late Payment Surcharge by generating company in case of delay in payment by beneficiaries beyond 60 days from the date of presentation of bill. However, in view of significant uncertainties in the ultimate collection from the beneficiaries as resolved by the management an amount of ₹ 435.20 Crore as on 31.03.2017 (previous year ₹ 762.39 Crore and as at 01.04.2015 ₹ 477.99 Crore) has not been recognised.

c) **Revenue to the extent not recognised in respect of power stations:**

CERC (Terms & Conditions of Tariff) Regulations for the tariff period 2014-19 allows additional capitalisation of capital expenditure for computation of tariff as per declaration by the company at the beginning of the tariff period and after due diligence by CERC. Cases where additional capitalisation has exceeded the amount declared by the company including new items are not included in revenue pending approval of CERC. Management has assessed these expenditures and considers that inflow of ₹ 688.76 Crore as at 31.03.2017 (previous year ₹ 389.16 Crore and as at 01.04.2015 ₹ 220.12 Crore) by way of tariff is probable.

d) **Other Cases**

The Management has assessed the claims and estimates that inflow of economic benefits of ₹ 4.00 Crore (previous year ₹ 3.26 Crore and as at 01.04.2015 ₹ 2.59 Crore) are probable. In addition to Business Interruption Losses of Uri-II Power Station amounting to ₹ 166.27 Crore (previous year ₹ 242.28 Crore and as at 01.04.2015 ₹ Nil); Chutak Power Station ₹ 18.07 Crore (previous year ₹ 19.87 Crore and as at 01.04.2015 ₹ Nil); Dhauliganga Power Station ₹ 161.61 Crore (previous year ₹ 154.71 Crore and as at 01.04.2015 ₹ 191.57 Crore) discussed at Para 26 (i), (ii) and (iii) respectively in this note. Total amount of Contingent Assets under this category works out to ₹ 349.95 Crore (previous year ₹ 420.12 Crore and as at 01.04.2015 ₹ 194.16 Crore).



Contingent Assets are summarized below:

		(₹ in Crore)		
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
(i)	(ii)	(iii)	(iv)	(v)
1.	Counter claims lodged by the company	317.90	317.90	317.12
2.	Late Payment Surcharge	435.20	762.39	477.99
3.	Revenue to the extent not recognised in respect of power stations	688.76	389.16	220.12
4.	Other cases	349.95	420.12	194.16
	<b>Total</b>	<b>1791.81</b>	<b>1889.57</b>	<b>1209.39</b>

3. Estimated amount of contracts remaining to be executed on capital account and not provided for are as under:

		(₹ in Crore)		
S.No	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
(i)	(ii)	(iii)	(iv)	(v)
1.	Property Plant and Equipment (including CWIP)	3,025.15	2,786.72	3,559.64
2.	Investment Property	-	-	-
3.	Intangible Assets	1.37	0.74	0.74
	<b>Total</b>	<b>3,026.52</b>	<b>2,787.46</b>	<b>3,560.38</b>

4. Pending approval of competent authority, provisional payments / provisions made towards executed quantities of works of some of the items beyond the approved quantities as also for extra items totalling to ₹ 10.05 Crore (previous year ₹ 74.95 Crore and as at 01.04.2015 ₹ 42.71 Crore) are included in Capital Work-in-Progress/Property Plant & Equipment.

5. Other disclosure under IND AS 11- 'Construction Contracts' are as under:

		(₹ in Crore)		
Sl.	Particulars	31.03.2017	31.03.2016	01.04.2015
(i)	(ii)	(iii)	(iv)	(v)
1.	Aggregate amount of costs incurred and recognised profits (less recognised losses) on contracts in progress upto reporting date.	364.88	226.95	409.32
2.	Amount of advances received.	345.06	200.56	411.55
3.	Amount of retention.	-	-	-
4.	The gross amount due from customers for contract works as an asset.	-	-	-
5.	The gross amount due to customers for contract works as a liability.	-	-	-

6. The effect of foreign exchange fluctuation during the year is as under:

		(₹ in Crore)	
		For the Year ended 31.03.2017	For the Year ended 31.03.2016
(i)	Amount charged to Statement of Profit & Loss excluding depreciation (as FERV)	0.83	1.14
(ii)	Amount charged to Statement of Profit & Loss excluding depreciation (as Borrowing Cost)*	2.15	179.92
(iii)	Amount charged to Expenditure attributable to Construction (as FERV)	-	1.57
(iv)	Amount charged to Capital work-in-progress (as FERV)	-	-
(v)	Amount adjusted by addition to the carrying amount of property, plant & equipment	(7.58)	22.33
(vi)	Amount charged to Regulatory Deferral Account Balances	1.10	-

\* There is however no impact on profitability of the Company, as the impact of change in foreign exchange rates is recoverable from beneficiaries in terms of prevailing CERC (Terms & Conditions of tariff) Regulations. The exchange rate variation for the year is transferred to deferred foreign currency fluctuation assets (recoverable from beneficiaries) as per Significant Accounting Policy adopted in IGAAP, which is allowed to be continued for long-term foreign currency monetary items recognised till 31.03.2016 as per exemption given in IND AS 101- First Time Adoption of Ind AS.

**7. Operating Segment:**

- a) Electricity generation (including income from embedded Finance / Operating leases) is the principal business activity of the Company. Other operations viz., Contracts, Project Management and Consultancy works do not form a reportable segment as per the Ind AS – 108 on 'Operating Segment'.
- b) The Company is having a single geographical segment as all its Power Stations are located within the Country.
- c) Information about major customers: Revenue of ₹ 4,094.88 Crore (For 2015-16 ₹ 4,080.24 Crore) is derived from following customers as per details below:

Sl. no	Name of Customer	Revenue from customer (₹ In Crore)		Revenue from customer as a % of total revenue	
		For the Year ended 31.03.2017	For the Year ended 31.03.2016	For the Year ended 31.03.2017	For the Year ended 31.03.2016
1	UP Power Corporation Limited	1349.29	1393.46	19.17%	19.58%
2	Power Development Department, Jammu & Kashmir Govt.	1230.90	1268.18	17.49%	17.82%
3	Punjab State Power Corporation Ltd.	806.14	880.44	11.45%	12.37%
4	West Bengal State Electricity Distribution Co. Limited.	708.55	538.16	10.07%	7.56%
<b>Total</b>		<b>4,094.88</b>	<b>4,080.24</b>	<b>58.18%</b>	<b>57.33%</b>

- d) Revenue from External Customers: The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is as under:

		(₹ in Crore)	
S.No	Revenue from External Customers	For the Year ended 31.03.2017	For the Year ended 31.03.2016
1	Ethiopia	-	2.62
2	Bhutan	21.55	16.40
3	Tazakistan	2.52	-
<b>Total</b>		<b>24.07</b>	<b>19.02</b>

**8. Related Party Disclosures are given below:**
**(a) Interest in Subsidiaries:**

Name of Companies	Principle place of operation	Principal activities	Proportion of Ownership interest as at		
			31.03.2017	31.03.2016	01.04.2015
NHDC LTD	India	Power Generation	51.08%	51.08%	51.08%
Loktak downstream Hydroelectric Corporation Limited	India	Power Generation	74.00%	74.00%	74.00%
Bundelkhand Saur Urja Limited	India	Power Generation	99.99%	99.99%	99.99%

**(b) Interest in Joint Ventures:**

Name of Companies	Principal place of operation	Proportion of Ownership interest as at		
		31.03.2017	31.03.2016	01.04.2015
National High Power Test Laboratory (P) Ltd.	India	20.00%	21.64%	21.64%
Chenab Valley Power Projects Private Ltd.	India	49.78%	49.98%	49.98%

**(c) List of Other Related Parties:**

Name of Related Parties	Principal place of operation	Nature of Relationship
NHPC Ltd. Employees Provident Fund	India	Post-employment benefit plan of NHPC
NHPC Ltd. Employees Group Gratuity Assurance Fund	India	Post-employment benefit plan of NHPC
NHPC Ltd. Retired Employees Health Scheme Trust	India	Post-employment benefit plan of NHPC

**(d) Key Management Personnel:**

S.No	Name	Position Held
1	Shri Krishna Mohan Singh	Chairman & Managing Director
2	Shri Radheshyam Mina	Director (Personnel) Superannuated on 31/01/2017
3	Shri Jayant Kumar	Director (Finance) Superannuated on 28/02/2017
4	Shri Ratish Kumar	Director (Projects)
5	Shri Balraj Joshi	Director (Technical)
6	Shri Nikhil Kumar Jain	Director (Personnel) w.e.f. 07/02/2017
7	Shri Mahesh Kumar Mittal	Director (Finance) w.e.f. 01/03/2017
8	Prof. Kanika T Bhal	Independent Director
9	Prof. Arun Kumar	Independent Director
10	Shri Satya Prakash Mangal	Independent Director
11	Shri Farooq Khan	Independent Director (Retired on 17/08/2016)
12	Smt. Krishna Tyagi	Government Nominee Director
13	Ms. Archana Agrawal	Government Nominee Director
14	Shri Vijay Gupta	Company Secretary

**(e) Name and Nature of Relationship with Government:**

S.No	Name of the Government	Nature of Relationship with NHPC
1	Government of India	Shareholder having control over company
2	BHEL, IOCL, SAIL, PGCIL, BSNL, EESL, ITDCL, MTNL, NLCL, VSNL, CISE, KVs, POSOCO, PTC, NCCBM, GSI, BPCL, CPRI and NIIL.	Entities controlled by the same Government (Central Government) that has control over NHPC

**(f) Key Management Personnel (KMP) compensation:**

(₹ in Crore)		
Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
i) Short Term Employee Benefits	3.73	1.86
ii) Post-Employment Benefits	0.37	0.28
iii) Other Long Term Benefits	0.28	0.23

(₹ in Crore)		
Other Transactions with KMP	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Sitting Fees and other reimbursements to non-executive/independent directors	0.03	0.02
Interest Received during the year	0.02	0.01

(g) Transactions with Related Parties-Following transactions occurred with related parties:

(₹ in Crore)

Particulars	During the FY 2016-17	During the FY 2015-16
(i)	(ii)	(iii)
<b>i) Transaction with Government that has control over company (NHPC)- Central Govt.</b>		
Services Received by the Company	99.24	74.56
Services Provided by the Company	3.05	0.08
Sale of goods/Inventory	31.43	20.89
<b>ii) Transaction with Entities controlled by the same Government that has control over company (NHPC)</b>		
Purchase of property/Other assets	73.22	80.89
Purchase of goods/Inventory	32.49	25.50
Services Received by the Company	58.29	45.74
Services Provided by the Company	26.31	36.17
<b>iii) Transaction with Subsidiaries (NHDC, LDHCL &amp; BSUL)</b>		
Services Provided by the Company	2.42	1.63
Deputation of Employees by the company	4.10	1.22
Deputation of Employees to the company	0.03	-
Dividend Received by the company	204.49	118.29
<b>iv) Transaction with Joint Ventures (CVPPL &amp; NHPTL)</b>		
Services Provided by the Company	7.40	3.14
Deputation of Employees by the company	5.41	1.39
Finance including loans & equity contributions	386.50	-
<b>v) Transaction with Trust created for Post employment Benefit plans of NHPC</b>		
<b>1. EPF Trust</b>		
Contribution to Trusts	279.82	272.93
<b>2. Gratuity Trust</b>		
Contribution to Trusts	(5.46)	(17.15)
Refund from Trusts (Payments)	63.06	64.64
<b>3. REHS Trust</b>		
Contribution to Trusts	74.05	39.55
Refund from Trusts (Payments)	19.58	10.27
<b>4. Social Security Scheme Trust</b>		
Contribution to Trusts	8.43	8.92
<b>5. EDCSS Trust</b>		
Contribution to Trusts	76.16	111.74
<b>Total of transactions with above trusts</b>		
Contribution to Trusts	433.00	415.99
Refund from Trusts	82.64	74.91
<b>Total</b>	<b>350.36</b>	<b>341.08</b>

**(h) Outstanding Balances with Related Parties:**

(₹ in Crore)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
(i)	(ii)	(iii)	(iv)
<b>i) Balances with Government that has control over company (NHPC)- Central Govt.</b>			
Payables by the Company	17.72	14.28	14.70
Receivables by the Company	26.26	7.09	20.18
Loan from Government (Subordinate debts)	3400.80	3033.80	2733.80
<b>ii) Balances with Entities controlled by the same Government that has control over company (NHPC)</b>			
Payables by the Company	46.77	55.25	72.67
Receivables by the Company	24.96	28.78	22.86
<b>iii) Balances with Subsidiaries (NHDC, LDHCL &amp; BSUL)</b>			
Receivables by the Company	9.72	3.64	1.26
<b>iv) Balances with Joint Ventures (CVPPL &amp; NHPTL)</b>			
Receivables by the Company	193.97	282.00	282.37
<b>v) Balances with KMP</b>			
Receivables by the Company	0.05	0.10	0.13
<b>vi) Balances with Trust created for Post- employment Benefit plans of NHPC</b>			
<b>Receivable by Company</b>			
1. Gratuity Trust	38.24	41.54	21.59
<b>Payable by the Company</b>			
1. EPF Trust	25.06	24.07	23.21
2. REHS Trust	38.92	12.17	-
3. Social Security Scheme Trust	0.67	0.73	0.76
4. EDCSS Trust	5.89	5.97	5.26

The Company has business transactions with the state governments and entities controlled by the Govt. of India. Transactions with these entities are carried out at market terms on arms-length basis through a transparent price discovery process against open tenders, except in a few cases of procurement of spares/services from Original Equipment Manufacturer (OEM) for proprietary items/or on single tender basis due to urgency, compatibility or other reasons. Such single tender procurements are also done through a process of negotiation with prices benchmarked against available price data of same/similar items. Therefore, party-wise details of such transactions with have not been given since such transactions are carried out in the ordinary course of business at normal commercial terms and not considered to be significant.

9. **Particulars of Security:** The carrying amount of assets mortgaged / hypothecated as security for borrowings are as under.

(₹ in Crore)

Sl. No	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	<b>First Charge</b>			
1	Property Plant & Equipment	14,484.71	14,543.38	15,365.64
2	Capital Work In Progress	6,127.83	5,911.56	5,276.62
3	Financial Assets- Others	567.77	582.31	609.62
	<b>Total</b>	<b>21,180.31</b>	<b>21,037.25</b>	<b>21,251.88</b>

## 10. Disclosures Regarding Employee Benefit Obligations:

### (A) Defined Contribution Plans-

- (i) **Social Security Scheme:** The Company has a Social Security Scheme in lieu of compassionate appointment. The Company also makes a matching contribution per month per employee and such contribution was to be made for 8 years to build up corpus from the date the scheme is in operation i.e. 01.06.2007, which has been extended for another 2 years. The scheme has been created to take care of and helping bereaved families in the event of death or permanent total disability of its employee. The expenses recognised during the year towards social security scheme is ₹ 4.23 Crore (Previous Year ₹ 4.46 Crore).
- (ii) **Employees Defined Contribution Superannuation Scheme (EDCSS):** The Company has an employee defined contribution superannuation scheme for providing pension benefits to employees. As per the scheme, each employee contributes @ 5% of Basic Pay & Dearness Allowance. The company contributes to the extent of balance available after deducting employers' contribution to Provident Fund, contribution to Gratuity Trust and REHS Trust, from the amount worked out @ 30% of the Basic Pay & DA. The Scheme is managed by Life Insurance Corporation of India. The expenses recognised during the period towards Employees Defined Contribution Superannuation Scheme (EDCSS) is ₹ 76.18 Crore (Previous Year ₹ 111.54 Crore).

### (B) Defined Benefit Plans- Company has following defined post-employment obligations :

#### (a) Description of Plans:

- (i) **Provident Fund:** The Company pays fixed contribution to Provident Fund at predetermined rates to a separate Trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expense and is charged to the Statement of Profit & Loss/Expenditure Attributable to Construction. The obligation of the Company is to make fixed contribution and to ensure a minimum rate of return to the members as specified by Government of India (GoI).
- (ii) **Gratuity:** The Company has a defined benefit gratuity plan. The ceiling limit of gratuity is fixed as per the Payment of Gratuity Act, 1972, whereby every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹ 0.10 Crore on superannuation, resignation, termination, disablement or on death. However, as per the 3rd Pay Revision Committee recommendations for revision of pay for CPSUs, the ceiling limit of gratuity has been proposed to be revised to ₹ 0.20 Crore w.e.f. 01.01.2017, which has been considered for calculating the obligation in respect of gratuity for FY 2016 - 17. The plan is being managed by a separate Trust created for the purpose and obligation of the company is to make contribution to the Trust based on actuarial valuation.
- (iii) **Retired Employees Health Scheme (REHS):** The Company has a Retired Employee Health Scheme, under which retired employee and spouse of retiree, spouse and eligible dependent children of deceased employees are provided medical facilities in the Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. The liability for the same is recognised on the basis of actuarial valuation. The Scheme is being managed by a separate Trust created for the purpose and obligation of the company is to make contribution to the Trust based on actuarial valuation.
- (iv) **Allowances on Retirement/Death:** Actual cost of shifting from place of duty at which employee is posted at the time of retirement to any other place where he / she may like to settle after retirement is paid as per the rules of the Company. In case of death, family of deceased employee can also avail this facility. The liability for the same is recognised on the basis of actuarial valuation.
- (v) **Memento to employees on attaining the age of superannuation:** The Company has a policy of providing Memento valuing ₹ 5000/- to employee on superannuation. The liability for the same is recognised on the basis of actuarial valuation.



**(b) Disclosure of Balance Sheet amounts and sensitivity analysis of Plans:**

**(i) Provident Fund :** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

Particulars	(₹ in Crore)		
	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2015-16</b>			
<b>Opening Balance as at 01.04.2015</b>	<b>2,102.59</b>	<b>2139.78</b>	<b>(37.19)</b>
Current Service Cost	73.86	-	73.86
Past Service Cost	-	-	-
Interest Expenses/ (Income)	168.21	171.18	(2.97)
<b>Total Amount recognised in Profit or Loss</b>	<b>242.07</b>	<b>171.18</b>	<b>70.89</b>
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/(Income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/Losses	31.36	14.45	16.91
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>31.36</b>	<b>14.45</b>	<b>16.91</b>
Contributions:-			
- Employers	-	73.86	(73.86)
- Plan participants	208.56	208.56	-
Benefit payments	(383.13)	(383.13)	-
<b>Closing Balance as at 31.03.2016</b>	<b>2201.45</b>	<b>2224.70</b>	<b>(23.25)</b>

Particulars	(₹ in Crore)		
	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2016-17</b>			
<b>Opening Balance as at 01.04.2016</b>	<b>2201.45</b>	<b>2224.70</b>	<b>(23.25)</b>
Current Service Cost	78.09	-	78.09
Past Service Cost	-	-	-
Interest Expenses/ (Income)	176.12	177.98	(1.86)
<b>Total Amount recognised in Profit or Loss</b>	<b>254.21</b>	<b>177.98</b>	<b>76.23</b>
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/(Income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	0.10	-	0.10
Experience (gains)/Losses	11.24	13.04	(1.8)
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>11.34</b>	<b>13.04</b>	<b>(1.70)</b>
Contributions:-			
- Employers	-	78.09	(78.09)
- Plan participants	214.14	214.14	-
Benefit payments	(353.71)	(353.71)	-
<b>Closing Balance as at 31.03.2017</b>	<b>2327.43</b>	<b>2354.24</b>	<b>(26.81)</b>

The net liability disclosed above related to funded and unfunded plans are as follows:

(₹ in Crore)

Particulars	31st March 2017	31st March 2016	1st April 2015
Present Value of funded obligations	2,327.43	2,201.45	2,102.59
Fair value of Plan Assets	(2,354.24)	(2,224.70)	(2139.78)
<b>Deficit/(Surplus) of funded plans</b>	<b>(26.81)</b>	<b>(23.25)</b>	<b>(37.19)</b>
Unfunded Plans	-	-	-
<b>Deficit/(Surplus) before asset ceiling</b>	<b>(26.81)</b>	<b>(23.25)</b>	<b>(37.19)</b>

**Sensitivity Analysis** – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

Particulars	Change in Assumptions		Increase in Assumption		Decrease in Assumptions	
Opening Balance	31st March 2017	31st March 2016	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Discount Rate	0.50%	0.50%	Decrease by 0.005%	0.004%	Increase by 0.005%	0.005%

- (ii) **Gratuity:** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2015-16</b>			
<b>Opening Balance as at 01.04.2015</b>	<b>615.70</b>	<b>644.27</b>	<b>(28.57)</b>
Current Service Cost	24.77	-	24.77
Past Service Cost	-	-	-
Interest Expenses/ (Income)	49.25	51.54	(2.29)
<b>Total Amount recognised in Profit or Loss</b>	<b>74.02</b>	<b>51.54</b>	<b>22.48</b>
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	2.45	(2.45)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/Losses	(37.18)	-	(37.18)
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>(37.18)</b>	<b>2.45</b>	<b>(39.63)</b>
<b>Contributions:-</b>			
- Employers	-	6.09	(6.09)
- Plan participants	-	-	-
Benefit payments	(64.39)	(67.92)	3.53
<b>Closing Balance as at 31.03.2016</b>	<b>588.15</b>	<b>636.43</b>	<b>(48.28)</b>

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2016-17		
<b>Opening Balance as at 01.04.2016</b>	<b>588.15</b>	<b>636.43</b>	<b>(48.28)</b>
Current Service Cost	32.98	-	32.98
Past Service Cost	140.14	-	140.14
Interest Expenses/ (Income)	47.05	50.91	(3.86)
<b>Total Amount recognised in Profit or Loss</b>	<b>220.17</b>	<b>50.91</b>	<b>169.26</b>
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	0.93	(0.93)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	12.36	-	12.36
Experience (gains)/Losses	0.22	-	0.22
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>12.58</b>	<b>0.93</b>	<b>11.65</b>
Contributions:-			
- Employers	-	-	-
- Plan participants	-	15.23	(15.23)
Benefit payments	(62.83)	(87.06)	24.23
<b>Closing Balance as at 31.03.2017</b>	<b>758.07</b>	<b>616.44</b>	<b>141.63</b>

The net liability disclosed above related to funded and unfunded plans are as follows:

(₹ in Crore)

Particulars	31st March 2017	31st March 2016	1st April 2015
Present Value of funded obligations	758.08	588.15	615.70
Fair value of Plan Assets	616.45	636.43	644.27
<b>Deficit/(Surplus) of funded plans</b>	<b>141.63</b>	<b>(48.28)</b>	<b>(28.57)</b>
Unfunded Plans	-	-	-
<b>Deficit/(Surplus) before asset ceiling</b>	<b>141.63</b>	<b>(48.28)</b>	<b>(28.57)</b>

**Sensitivity Analysis – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:**

Particulars	Change in assumptions			Increase in assumptions			Decrease in assumptions	
	31.03.2017	31.03.2016		31.03.2017	31.03.2016		31.03.2017	31.03.2016
Discount Rate	0.50%	0.50%	Decrease by	2.70%	3.14%	Increase by	2.86%	3.34%
Salary growth rate	0.50%	0.50%	Increase by	1.13%	3.38%	Decrease by	1.29%	3.20%

(iii) **Retired Employees Health Scheme (REHS):** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

(₹ in Crore)			
Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2015-16		
<b>Opening Balance as at 01.04.2015</b>	<b>515.72</b>	<b>-</b>	<b>515.72</b>
Current Service Cost	12.03	-	12.03
Past Service Cost	-	-	-
Interest Expenses/ (Income)	41.26	-	41.26
<b>Total Amount recognised in Profit or Loss</b>	<b>53.29</b>	<b>-</b>	<b>53.29</b>
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	33.62	(33.62)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/Losses	37.15	-	37.15
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>37.15</b>	<b>33.62</b>	<b>3.53</b>
Contributions:-			
-Employers	-	555.66	(555.66)
-Plan participants	-	-	-
Benefit payments	(13.77)	(5.56)	(8.21)
<b>Closing Balance as at 31.03.2016</b>	<b>592.39</b>	<b>583.72</b>	<b>8.67</b>

(₹ in Crore)			
Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2016-17		
<b>Opening Balance as at 01.04.2016</b>	<b>592.39</b>	<b>583.72</b>	<b>8.67</b>
Current Service Cost	13.95	-	13.95
Past Service Cost	-	-	-
Interest Expenses/ (Income)	47.39	46.70	0.69
<b>Total Amount recognised in Profit or Loss</b>	<b>61.34</b>	<b>46.70</b>	<b>14.64</b>
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	5.27	(5.27)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	41.66	-	41.66
Experience (gains)/Losses	23.02	-	23.02
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>64.68</b>	<b>5.27</b>	<b>59.41</b>
Contributions:-			
-Employers	-	47.40	(47.40)
-Plan participants	-	-	-
Benefit payments	(19.23)	(19.68)	0.45
<b>Closing Balance as at 31.03.2017</b>	<b>699.18</b>	<b>663.41</b>	<b>35.77</b>

The net liability disclosed above related to funded and unfunded plans are as follows:

(₹ in Crore)

Particulars	31st March 2017	31st March 2016	1st April 2015
Present Value of funded obligations	699.18	592.39	-
Fair value of Plan Assets	663.40	583.72	-
<b>Deficit/(Surplus) of funded plans</b>	<b>35.78</b>	<b>8.67</b>	-
Unfunded Plans	-	-	515.72
<b>Deficit/(Surplus) before asset ceiling</b>	<b>35.78</b>	<b>8.67</b>	<b>515.72</b>

**Sensitivity Analysis – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:**

Change in assumptions			Increase in assumptions			Decrease in assumptions		
31.03.2017 31.03.2016			31.03.2017 31.03.2016			31.03.2017 31.03.2016		
Discount Rate	0.50%	0.50%	Decrease by	6.05%	7.21%	Increase by	6.40%	7.98%

- (iv) **Allowances on Retirement/Death:** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2015-16		
<b>Opening Balance as at 01.04.2015</b>	<b>4.95</b>	-	<b>4.95</b>
Current Service Cost	0.19	-	0.19
Past Service Cost	-	-	-
Interest Expenses/ (Income)	0.40	-	0.40
<b>Total Amount recognised in Profit or Loss</b>	<b>0.59</b>	-	<b>0.59</b>
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/Losses	(0.54)	-	(0.54)
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>(0.54)</b>	-	<b>(0.54)</b>
<b>Contributions:-</b>			
- Employers	-	-	-
- Plan participants	-	-	-
Benefit payments	(0.11)	-	(0.11)
<b>Closing Balance as at 31.03.2016</b>	<b>4.89</b>	-	<b>4.89</b>

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2016-17		
<b>Opening Balance as at 01.04.2016</b>	4.89	-	4.89
Current Service Cost	0.20	-	0.20
Past Service Cost	-	-	-
Interest Expenses/ (Income)	0.39	-	0.39
<b>Total Amount recognised in Profit or Loss</b>	<b>0.59</b>	-	<b>0.59</b>
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	0.14	-	0.14
Experience (gains)/Losses	(0.33)	-	(0.33)
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>(0.19)</b>	-	<b>(0.19)</b>
<b>Contributions:-</b>			
- Employers	-	-	-
- Plan participants	-	-	-
Benefit payments	(0.35)	-	(0.35)
<b>Closing Balance as at 31.03.2017</b>	<b>4.94</b>	-	<b>4.94</b>

The net liability disclosed above related to unfunded plans.

**Sensitivity Analysis – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:**

	Change in assumptions			Increase in assumptions			Decrease in assumptions	
	31.03.2017	31.03.2016		31.03.2017	31.03.2016		31.03.2017	31.03.2016
Discount Rate	0.50%	0.50%	Decrease by	2.84%	2.89%	Increase by	3.00%	3.06%

- (v) **Memento to employees on attaining the age of superannuation:** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2015-16		
<b>Opening Balance as at 01.04.2015</b>	2.75	-	2.75
Current Service Cost	0.10	-	0.10
Past Service Cost	-	-	-
Interest Expenses/ (Income)	0.22	-	0.22
<b>Total Amount recognised in Profit or Loss</b>	<b>0.32</b>	-	<b>0.32</b>



(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2015-16		
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/Losses	(0.21)	-	(0.21)
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>(0.21)</b>	<b>-</b>	<b>(0.21)</b>
<b>Contributions:-</b>			
-Employers	-	-	-
-Plan participants	-	-	-
Benefit payments	(0.30)	-	(0.30)
<b>Closing Balance as at 31.03.2016</b>	<b>2.56</b>	<b>-</b>	<b>2.56</b>

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2016-17		
<b>Opening Balance as at 01.04.2016</b>	<b>2.56</b>	<b>-</b>	<b>2.56</b>
Current Service Cost	0.10	-	0.10
Past Service Cost	-	-	-
Interest Expenses/ (Income)	0.20	-	0.20
<b>Total Amount recognised in Profit or Loss</b>	<b>0.30</b>	<b>-</b>	<b>0.30</b>
<b>Remeasurements</b>			
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	0.07	-	0.07
Experience (gains)/Losses	(0.21)	-	(0.21)
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>(0.14)</b>	<b>-</b>	<b>0.14</b>
<b>Contributions:-</b>			
-Employers	-	-	-
-Plan participants	-	-	-
Benefit payments	(0.28)	-	(0.28)
<b>Closing Balance as at 31.03.2017</b>	<b>2.44</b>	<b>-</b>	<b>2.44</b>

The net liability disclosed above related to unfunded plans.

**Sensitivity Analysis – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:**

Particulars	Change in assumptions			Increase in assumptions			Decrease in assumptions	
	31.03.2017	31.03.2016		31.03.2017	31.03.2016		31.03.2017	31.03.2016
Discount Rate	0.50%	0.50%	Decrease by	5.93%	2.89%	Increase by	6.11%	3.06%

(c) Defined Benefit Plans: Significant estimates: Actuarial assumptions:

Particulars	31st March 2017	31st March 2016	1st April 2015
Discount Rate	7.50%	8.00%	8.00%
Salary growth rate	6.00%	6.00%	6.00%

(d) The major categories of Plan Assets are as follows:

Provident Fund:

(₹ in Crore)

Particulars	31st March 2017			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	1263.90	-	1263.90	55.25
Corporate Bonds	985.53	-	985.53	43.08
<b>Investment Funds</b>				
Mutual Funds	30.33	-	30.33	1.33
LIC	-	-	-	-
<b>Cash &amp; Cash Equivalents</b>		7.79	7.79	0.34
<b>Total</b>	<b>2279.76</b>	<b>7.79</b>	<b>2287.55</b>	<b>100.00</b>

(₹ in Crore)

Particulars	31st March 2016			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	1157.12	-	1157.12	53.57
Corporate Bonds	987.65	-	987.65	45.73
<b>Investment Funds</b>				
Mutual Funds	12.84	-	12.84	0.59
LIC	-	-	-	-
<b>Cash &amp; Cash Equivalents</b>	-	2.30	2.30	0.11
<b>Total</b>	<b>2157.61</b>	<b>2.30</b>	<b>2159.91</b>	<b>100.00</b>

(₹ in Crore)

Particulars	1st April 2015			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	1058.20	-	1058.20	50.92
Corporate Bonds	1017.70	-	1017.70	48.97
<b>Cash &amp; Cash Equivalents</b>	-	2.13	2.13	0.10
<b>Total</b>	<b>2075.90</b>	<b>2.13</b>	<b>2078.03</b>	<b>100.00</b>

**Gratuity**

(₹ in Crore)

Particulars	31st March 2017			
	Quoted	Unquoted	Total	In %
<b>Investment Funds</b>				
LIC Scheme *	-	616.45	616.45	99.98
<b>Cash &amp; Cash Equivalents</b>	-	0.11	0.11	0.02
<b>Total</b>	-	<b>616.56</b>	<b>616.56</b>	<b>100.00</b>

Particulars	31st March 2016			
	Quoted	Unquoted	Total	In %
<b>Investment Funds</b>				
LIC Scheme *	-	636.32	636.32	99.98
<b>Cash &amp; Cash Equivalents</b>	-	0.10	0.10	0.02
<b>Total</b>	-	<b>636.43</b>	<b>636.43</b>	<b>100.00</b>

Particulars	1st April 2015			
	Quoted	Unquoted	Total	In %
<b>Investment Funds</b>				
LIC Scheme *	-	644.18	644.18	99.99
<b>Cash &amp; Cash Equivalents</b>	-	0.09	0.09	0.01
<b>Total</b>	-	<b>644.27</b>	<b>644.27</b>	<b>100.00</b>

**\* Note for Gratuity Disclosure:**

NHPC Limited Gratuity Fund Trust has invested the funds of the trust in the group gratuity scheme in non-unit linked Traditional fund of Life Insurance Corporation of India (LIC) under a scheme of insurance duly approved for this purpose by IRDA.

**Retired Employees Health Scheme (REHS):**

(₹ in Crore)

Particulars	31st March 2017			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	-	-	-	-
Corporate Bonds	637.75	-	637.75	98.45
<b>Cash &amp; Cash Equivalents</b>	-	10.06	10.06	1.55
<b>Total</b>	<b>637.75</b>	<b>10.06</b>	<b>647.81</b>	<b>100.00</b>

(₹ in Crore)

Particulars	31st March 2016			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	-	-	-	-
Corporate Bonds	559.10	-	559.10	98.17
<b>Cash &amp; Cash Equivalents</b>	-	10.43	10.43	1.83
<b>Total</b>	<b>559.10</b>	<b>10.43</b>	<b>569.53</b>	<b>100.00</b>

- (e) **Risk Exposure:** Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Description of Risk Exposures:**

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

- A) Salary Increase- Actual salary increase will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
  - B) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
  - C) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
  - D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
  - E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.
- (f) **Defined benefit liability and employer contributions:** Funding levels are monitored on an annual basis and the current contribution rate is 30% of basic salary & dearness allowance. The Company considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

Expected contributions to defined-benefit plans for the year ending March 31, 2018 are ₹ 137.86 Crore.

The average duration of the defined benefit obligations is 9.62 Years (2016 - 9.58 years, 2015 - 9.48 Years).

The expected maturity analysis of undiscounted defined benefit plans is as follows:

**The expected maturity analysis of Provident Fund (NHPC Ltd. Employees Provident Fund)**

(₹ in Crore)					
Particulars	Between 0-1 years	Between 1-5 years	Between 5-10 years	Over 10 years	Total
31.03.2017	332.55	826.73	516.92	651.24	2327.44
31.03.2016	313.48	746.83	546.24	594.90	2201.45

**The expected maturity analysis of Gratuity (NHPC Ltd. Employees Group Gratuity Assurance Fund), Post employment Medical Benefits (NHPC Ltd. Retired Employees Health Scheme Trust), Allowances on Retirement/Death and Memento.**

(₹ in Crore)					
Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>31.03.2017</b>					
Gratuity	109.31	68.97	180.38	399.41	758.07
Post-employment Medical Benefits (REHS)	27.30	29.12	98.51	544.25	699.18
Allowances on Retirement/Death	0.61	0.57	1.49	2.27	4.94
Memento to employees on attaining the age of superannuation	0.30	0.28	0.74	1.12	2.44
<b>TOTAL</b>	<b>137.52</b>	<b>98.94</b>	<b>281.11</b>	<b>947.05</b>	<b>1,464.62</b>
<b>31.03.2016</b>					
Gratuity	69.94	22.25	171.55	324.41	588.15
Post-employment Medical Benefits (REHS)	23.13	24.97	86.12	458.16	592.38
Allowances on Retirement/Death	0.61	0.19	1.52	2.56	4.88
Memento to employees on attaining the age of superannuation	0.32	0.10	0.80	1.34	2.56
<b>TOTAL</b>	<b>94.01</b>	<b>47.51</b>	<b>260.00</b>	<b>786.47</b>	<b>1,187.99</b>

- (C) **Other long-term employee benefits (Leave Benefit):** The Company provides for earned leave and half-pay leave to the employees which accrue annually @ 30 days and 20 days respectively. The maximum ceiling of encashment of earned leave is limited to 300 days. However, any shortfall in the maximum limit of 300 days in earned leave on superannuation shall be fulfilled by half pay leave to that extent. The liability for the same is recognised on the basis of actuarial valuation.

**11. Other disclosures as per Schedule-III of the Companies Act, 2013 are as under:-**

(₹ in Crore)		
Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
a)* Value of imports calculated on CIF basis:		
i) Capital Goods	26.43	4.33
b)* Expenditure in Foreign Currency		
i) Interest	26.27	28.92
ii) Other Misc. Matters	76.05	140.76
c)* Value of spare parts and Components consumed in operating units.		
i) Imported	-	0.63
ii) Indigenous	19.44	37.35
d)* Earnings in foreign currency		
i) Others	-	2.62

\* Accrual basis.

**12. Earnings Per Share:**

- a) The Earnings Per Share (Basic and Diluted) are as under:

	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Earnings per Share before Regulatory Income (₹) – Basic & Diluted	1.88	1.70
Earnings per Share after Regulatory Income (₹) – Basic & Diluted	2.53	2.19
Face value per share (₹)	10	10

- b) **Reconciliation of Earning Used in calculating Earnings Per Share:**

	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Net Profit after Tax but before Regulatory Income used as numerator (₹ in Crore)	2,081.60	1,878.99
Net Profit after Tax and Regulatory Income used as numerator (₹ in Crore)	2,795.59	2,429.89

- c) **Reconciliation of weighted Average number of shares used as denominator :**

	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Weighted Average number of equity shares used as denominator	1106,17,77,011	1107,06,68,496

**13. Disclosure related to confirmation of balances is as under:**

- a) Balances shown under Materials issued to contractors, claims recoverable including insurance claims are subject to reconciliation/ confirmation and respective consequential adjustments. Claims recoverable also include claims in respect of projects handed over or decided to be handed over to other agencies in terms of Government of India directives.

- b) The confirmation from external parties in respect of Trade Receivables, Trade Payables, Deposits, Advances to Contractors/Suppliers/Service Providers/Others including for capital expenditure and material issued to contractors is sought for outstanding balances of ₹ 0.05 Crores or above in respect of each party as at 31st December of every year. Status of confirmation of balances as at December 31, 2016 as well as outstanding as on 31.03.2017 is as under:

(₹ in Crore)			
Particulars	Outstanding amount as on 31.12.2016	Amount confirmed	Outstanding amount as on 31.03.2017
Trade receivable	2404.47	1934.04	1992.33
Deposits, Advances to contractors/ suppliers/service providers/ others including for capital expenditure and material issued to contractors	1127.81	484.56	1066.86
Trade/Other payables	266.44	106.50	350.29
Security Deposit/Retention Money payable	105.79	56.32	103.00

- c) In the opinion of management, unconfirmed balances will not have any material impact.
14. Prior to transition to Ind AS, capital expenditure incurred for creation of facilities, over which the Company does not have control but which is essential principally for construction of the project, was charged to 'Expenditure Attributable to Construction (EAC) as a part of Capital Work in Progress (CWIP) on the basis of attributability of such costs to the creation of major assets of the project. With the introduction of IND AS, this accounting treatment is specifically covered under Para 9 of Ind AS-16, "Property, Plant & Equipment" which prescribes Unit of Measure approach under which management of an entity is competent to apply its judgment to recognition criteria based on its specific circumstances.
15. **Disclosure related to Corporate Social Responsibility (CSR)**
- (i) The breakup of CSR expenditure under various heads of expenses incurred is as below:-

(₹ in Crore)			
S.No	Heads of Expenses constituting CSR expenses	2016-17	2015-16
1	Health Care and Sanitation	15.31	5.07
2	Education & Skill Development	50.36	4.69
3	Women Empowerment /Senior Citizen	0.18	0.02
4	Environment	0.60	0.57
5	Art & Culture	0.64	0.25
6	Ex-Armed Forces	0.05	-
7	Sports	0.33	0.07
8	National Welfare Fund	0.02	-
9	Technology & Research	-	-
10	Rural Development	5.52	2.53
11	Capacity Building	0.27	0.03
12	Swachh Vidyalaya Abhiyan	0.75	59.45
13	Swachh Bharat Abhiyan	1.79	-
	<b>Total amount</b>	<b>75.82</b>	<b>72.68</b>



**(ii) Other disclosures:-**

- (a) As per Section 135 read with Section 198 of Companies Act 2013, the amount required to be spent towards CSR works out to ₹ **44.23 Crore** for FY 2016-17. The Board of Directors had allocated total budget of ₹ **109.43 Crore** for FY 2016-17 (more than 2% of average net profit of preceding three financial years in terms of section 135 read with section 198 of Companies Act, 2013).
- (b) Details of expenditure incurred during the year ended on 31.03.2017 paid in cash and yet to be paid in cash along with the nature of expenditure (capital or revenue nature) is as under:-

(₹ in Crore)			
	Paid (a)	Yet to be paid (b)	Total (a+b)
(i) Construction/Acquisition of any asset	17.78	0.81	18.59
(ii) On purpose other than (i) above	56.05	1.18	57.23
<b>Total</b>	<b>73.83</b>	<b>1.99</b>	<b>75.82</b>

- (c) As stated above, a sum of ₹ **1.99 Crore** out of total expenditure of ₹ **75.82 Crore** is yet to be paid to concerned parties which are included in the relevant head of accounts pertaining to liabilities.
16. Disclosures as required under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 read with notification of Ministry of Corporate Affairs dated 04.09.2015 (Refer Note no. 20.2 and 20.3 of the Balance Sheet) are as under:

(₹ in Crore)			
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier on Balance Sheet date:		
a)	Trade Payables:		
-	Principal	4.28	1.23
-	Interest	-	0.20
b)	Others:		
-	Principal	1.51	0.88
-	Interest	-	-
(ii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
(iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(iv)	The amount of interest accrued and remaining unpaid as on Balance Sheet date	-	0.20
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

**17. Disclosure on details of Specified Bank Notes (SBN) held and transacted during the period 09.11.2016 to 30.12.2016 is as under:**

	SBNs*	Other Denomination Notes	Total
(₹ in Crore)			
Closing cash in hand as on 08th November 2016	0.14	0.02	0.16
(+) Permitted receipts	0.02	1.56	1.58
(-) Permitted payments	-	1.22	1.22
(-) Amount deposited in Banks	0.16	0.26	0.42
Closing cash in hand as on 30th December 2016	-	0.10	0.10

\* Specified Bank Notes are as defined in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs No. S.O. 3407(E), dated 08th November 2016.

**18. Disclosures regarding leases as per IND AS -17 "Leases":**

**A) Finance Lease - Company as Lessor**

The Company has entered into an arrangement with a single beneficiary, PDD J&K for sale of the entire power generated by two power stations, namely Nimmo Bazgo Power Station & Chutak Power Station for 35 years, which is equal to the expected life of these Power Stations. Under the agreements, the customer is obliged to purchase the output at prices determined by the Central Electricity Regulatory Commission (CERC). The Company has classified these Power Stations as embedded Finance Lease as per Appendix-C to Ind AS 17- Leases. Other Financial Assets (Current and Non-Current) include lease receivables representing the present value of future lease rentals receivable on the embedded finance lease arrangements entered into by the company.

Details of gross investment in lease and present value of minimum lease payments receivables at the end of financial year are as under:

**(a) Gross investment in the Lease :**

	31-Mar-17	31-Mar-16	01-Apr-15
(₹ in Crore)			
Particulars			
Within one year	257.71	293.66	259.90
After one year but not more than five years	972.62	995.28	1048.40
More than five years	4270.70	4503.43	4741.44
<b>Total</b>	<b>5501.03</b>	<b>5792.37</b>	<b>6049.74</b>

**(b) Present value of minimum lease payments receivable:**

	31-Mar-17	31-Mar-16	01-Apr-15
(₹ in Crore)			
Particulars			
Within one year	57.89	87.31	46.70
After one year but not more than five years	248.68	240.69	264.71
More than five years	1317.92	1383.80	1447.09
<b>Total</b>	<b>1624.49</b>	<b>1711.80</b>	<b>1758.50</b>

**(c) Reconciliation between the gross investment in the lease and the present value of minimum lease payments receivable is as follows:**

	31-Mar-17	31-Mar-16	01-Apr-15
(₹ in Crore)			
Particulars			
Gross investment in Lease	5501.03	5792.37	6049.74
<b>Adjustments:</b>			
Less: Un-earned Finance Income	3688.24	3894.59	4107.79
Less: Unguaranteed residual value	188.30	185.98	183.45
<b>Present value of Minimum Lease Payment (MLP)</b>	<b>1624.49</b>	<b>1711.80</b>	<b>1758.50</b>

**B) Operating Lease -Company as Lessor :**

The Company has entered into an arrangement with West Bengal State Electricity Board for sale of power from TLDP-III and TLDP-IV power stations for a period of 5 years and with Jodhpur Vidyut Vitran Nigam Ltd. for sale of power from Wind Power Project, Jaisalmer for a period of 3 years. Under the agreements, the customer is obliged to purchase the output at prices determined by the Central Electricity Regulatory Commission. Accordingly, the Company has classified these Power Stations as Operating Leases as per Appendix-C to Ind AS 17- Leases.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Particulars	(₹ in Crore)		
	31-Mar-17	31-Mar-16	01-Apr-15
Within one year	568.86	521.32	342.41
After one year but not more than five years	607.87	1176.73	1698.05
<b>Total</b>	<b>1176.73</b>	<b>1698.05</b>	<b>2040.46</b>

19. The management is of the opinion that no case of impairment of assets exists under the provisions of Ind AS-36 on "Impairment of Assets" as at 31st March 2017.
20. Verified Emission Reductions (VERs) are nil, hence no disclosure.
21. As per Hydro Policy 2008, energy corresponding to 100 units of electricity is to be provided to each Project Affected Family (PAF) notified by the State Government through the concerned distribution licensee for a period of 10 years from the date of commissioning of a project. Notification by the respective State Governments regarding PAFs is yet to be made. Since the total saleable energy of a power station is to be arrived at by deducting such free power from the design energy, there would not be any impact on the profit of the Company.
22. Pending approval of tariff for the period 2014-19 by Central Electrical Regulatory Commission (CERC) as per notification no. L-1/144/2013/CERC dated 21st February 2014, sales have been recognized provisionally as per tariff notified by CERC for the period 2009-14 in respect of Sewa-II, Chamara-III, TLDP-III and Parbati-III Power Stations. CERC Regulations for the tariff period 2014-19 provide for recovery of income tax from the beneficiaries by way of grossing up of the Return on Equity with effective tax rate of the respective financial year i.e. actual tax paid during the year on the generating income.
23. The Board of Directors of the Company approved a proposal for buyback of equity shares at its meeting held on February 7, 2017. Further to the said approval, the Company completed buyback of 81,13,47,977 shares of ₹ 10 each (representing 7.33% of total paid up equity capital as per the financial statements of the company for March 31, 2016) on March 27, 2017, from the shareholders on a proportionate basis by way of a tender offer at a price of ₹ 32.25 per equity share for an aggregate amount of ₹ 2616.60 Crore in accordance with the provisions of the Companies Act, 2013 and the SEBI regulations.

**24. Nature and details of provisions (refer Note No. 17 and 22 of Balance Sheet)**
**(i) General**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(ii) Provision for employee benefits:**
**a) Provision for Performance Related Pay/Incentive:**

Short-term Provision has been recognised in the accounts towards Performance Related Pay/ incentive to employees for the year (Previous Year 2015-16) on management estimates as per company's rules in this regard which are based on the guidelines of the Department of Public Enterprises, Government of India.

**b) Provision For Wage Revision as per 3rd Pay Revision Committee (PRC):**

Short term provision for wage revision of the employees of the company has been recognised in the accounts for the period 1.01.2017 to 31.03.2017 as per the recommendations of 3rd PRC constituted by the Government of India.

**(iii) Other Provisions:**

**a) Provision For Tariff Adjustment:**

Provision for tariff adjustment is made on estimated basis against probable refund to beneficiaries on reassessment of tariff billed pending approval of Tariff/truing up for the period 2014-19 by Central Electricity Regulatory Commission(CERC).

**b) Provision for Livelihood Expenses:**

Provision has been recognised at discounted value adjusted for average inflation in the accounts towards special financial package finalised in consultation with the State Government and approved by the Board of Directors of NHPC for livelihood assistance of the project affected families (PAFs) in Parbati-II and Parbati-III. As per the package, pending finalisation of modalities of payment, one eligible person from each PAF shall be provided livelihood assistance equivalent to minimum wage of unskilled category as per the Government of Himachal Pradesh/ Central Government whichever is higher on monthly instalment basis, for the periods as under:

- i) Till the date of superannuation for PAFs eligible for employment.
- ii) For 2000 days to those PAFs left with zero balance land but excluded for employment.
- iii) For 1000 days to all remaining PAFs.

**c) Provision for Committed Capital Expenditure:**

Provision has been recognised at discounted value for Capital Expenditure to be incurred towards environment, compensatory afforestation, local area development, etc. which was a pre-condition while granting approval for construction of the project and expenditure towards which had not been completed till commissioning of the project. Such provisions are adjusted against the incurrence of actual expenditure as per demand raised by the concerned State Government Authorities.

**d) Provision for restoration expenses of insured assets:**

Provision has been recognised in the accounts based on management estimates for restoration of damaged assets insured under Mega & CPM Policy. Utilization of the provision is to be made against incurrence of actual expenditure towards restoration of the assets.

**e) Provisions- Others:**

This includes mainly the provisions recognised in the accounts towards claims against the Company. These provisions have been created on the basis of management estimates considering the probability of outflow of resources embodying economic benefits. Utilization/outflow of the provision is to be made on the outcome of the case.

Other provisions under this category include provision towards wage revision of Central Government Employees whose services are utilised by the company.

**25. Disclosures relating to creation of Regulatory Deferral Account balances as per Ind AS 114:**

The Company is principally engaged in the construction & operation of hydroelectric power projects. The price (tariff) to be charged by the company for electricity sold to its customers is determined by Central Electricity Regulatory Commission (CERC) under applicable CERC (terms & conditions of tariff) Regulations. The said price (tariff) is based on allowable costs like interest costs, depreciation, operation & maintenance including a stipulated return. This form of rate regulation is known as cost-of-service regulations. The basic objective of such regulations is to give the entity the opportunity to recover its costs of providing the goods or services plus a fair return.

For the purpose, the Company is required to make an application to CERC based on capital expenditure incurred duly certified by the Auditors or already admitted by CERC or projected to be incurred upto the date of commercial operation and additional capital expenditure duly certified by the Auditor or projected to be incurred during tariff year. The tariff determined by CERC is recovered from the customers (beneficiaries) on whom the same is binding.

The above rate regulation does result into creation of right (asset) or an obligation (liability) as envisaged in the accounting framework which is not the case in other industries. Guidance Note on Accounting for Rate Regulated

Activities (previous GAAP) issued by the ICAI is applicable to entities that provide goods or services whose prices are subject to cost-of-service regulations and the tariff determined by the regulator is binding on the customers (beneficiaries). As per guidance note, a regulatory asset is recognised when it is probable (a reasonable assurance) that the future economic benefits associated with it will flow to the entity as a result of the actual or expected actions of the regulator under applicable regulatory framework and the amount can be measured reliably.

As explained above, all operating activities of the Company are subject to cost-of-service regulations as it meets the criteria set out in the guidance note and is hence applicable to the Company.

The guidance note also provides that in some cases, a regulator permits an entity to include in the rate base, as part of the cost of self-constructed (tangible) fixed assets or internally generated intangible assets, amounts that would otherwise be recognised as expense in the statement of profit and loss in accordance with Accounting Standards.

With effect from 01.04.2016, such rate regulated items are to be accounted for as per Ind AS 114 'Regulatory Deferral Accounts.' Ind AS 114 allows an entity to continue to apply previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances. For this purpose, Guidance Note of the ICAI on 'Accounting for Rate Regulated Activities' shall be considered to be the previous GAAP.

#### A) Regulatory Deferral Account balances in respect of Subansiri Lower Project:

Construction activities at site of Subansiri Lower Project have been interrupted w.e.f. 16.12.2011 due to protest of anti-dam activists and case pending at National Green Tribunal. Technical and administrative work is however continuing. Management is making all out efforts to restart the work at site. In line with the opinion of Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), borrowing cost of ₹ 1943.89 Crore (upto previous year ₹ 1578.57 Crore) and employee benefit expense, administration & other cost of ₹ 754.10 Crore (upto previous year ₹ 602.71Crore) has been charged to the Statement of Profit & Loss till 31.03.2017.

During FY 2014-15, the company had, however, adopted the accounting as per Guidance Note on Rate Regulated Activities issued by the ICAI which allows recognition of 'Regulatory Asset' and corresponding 'Regulatory Income' of the right to recover such expense which are not allowed to be capitalized as part of cost of relevant fixed asset in accordance with the Accounting Standards, but are nevertheless permitted by Central Electricity Regulatory Commission (CERC), the regulator, to be recovered from the beneficiaries in future through tariff. This accounting policy has been followed by the company till FY 2015-16.

Since Ind AS 114 'Regulatory Deferral Accounts' allows an entity to continue to apply previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances and recognises the Guidance Note of the ICAI on 'Accounting for Rate Regulated Activities' as the previous GAAP, the company has continued with the accounting policy for regulatory deferral account balances in its first Ind AS Financial Statements for FY 2016-17.

Accordingly, the company has created regulatory assets and recognized corresponding regulatory income as under:

(₹ in Crore)			
Regulatory asset created in relation to:	Upto 31.03.2016	During the year ended 31.03.2017	Upto 31.03.2017
Borrowing Costs	1578.57	365.32	1,943.89
Employee Benefit expense	394.90	92.74	487.64
Administrative & Other Expense	207.81	58.65	266.46
<b>Total</b>	<b>2181.28</b>	<b>516.71</b>	<b>2,697.99</b>

After Commercial Operation Date (COD) of the Project, balance lying in the Regulatory Deferral Accounts in respect of Subansiri Lower Project shall be amortized/ liquidated in proportion to depreciation following the rates and methodology notified under CERC Tariff Regulations over the life of the Project, i.e. 35 years

Certain risks and uncertainties might affect the future recovery of the Regulatory Deferral Debit balances being created in respect of Subansiri Lower Project. These are:

- a) **Demand Risk:** Recovery of the Regulatory Deferral Account Balances shall be by way of depreciation through tariff. Accordingly, the same is affected by the normal risks and uncertainties impacting sale of electricity in India like difficulty in signing of long term PPAs, etc.

**b) Regulatory Risk:**

- 1) Tariff Regulations 2014-19 allows consequential costs leading to cost escalation impacting Contract prices, Interest during Construction (IDC) and Incidental Expenditure during Construction (IEDC) in force-majeure situations like the one currently being faced by the Project. Any changes in tariff regulations beyond the current period regarding admissibility of costs in force-majeure situations may adversely affect the creation and recovery of these regulatory deferral balances.
- 2) Tariff regulations further provide that if the delay is not attributable to the generating company but is due to uncontrollable factors, IEDC may be allowed after due prudence check. Any disallowance of expenditure after prudence check can affect the recoverability of the regulatory deferral account balances being created.

**B) Regulatory Deferral Account balances in respect of exchange differences on Foreign Currency Monetary items:**

As per Para 6(e) of Ind AS 23- "Borrowing Costs", borrowing cost on foreign currency loans to the extent treated as an adjustment to interest costs is allowed to be capitalised during construction period. Further, Para 28 of Ind AS 21- "The Effects of Changes in Foreign Exchange Rates" provides that exchange differences arising on settlement or translation of monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized as Profit or Loss in the period in which they arise.

Para D13AA of Ind AS 101- "First Time Adoption of Ind AS" provides that a first-time adopter may continue the policy adopted for accounting of exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, for periods beginning on or after 01.04.2016, all exchange differences arising on translation/ settlement of monetary items other than exchange difference on borrowings to the extent treated as an adjustment to interest cost during construction period are to be charged to the Statement of Profit & Loss. All foreign currency borrowings in the books of the company were drawn prior to 01.04.2004.

As per the CERC Tariff Regulations, any gain or loss on account of exchange risk variation shall be recoverable as part of capital cost for calculation of tariff on Commercial Operation Date (COD) of a project and on actual payment basis during O&M period. Further, CERC in past tariff orders has allowed exchange differences incurred during the construction period as a part of capital cost.

Keeping in view the provisions of Ind AS 114- "Regulatory Deferral Accounts" as regards recognition and CERC Tariff Regulations 2014-19 as regards recoverability, exchange differences arising on translation/ settlement of foreign currency monetary items to the extent charged to the Statement of Profit & Loss and further recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are being recognized as 'Regulatory Deferral Account balances' w.e.f. 01.04.2016. These balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries after Date of Commercial Operation (COD) of the Project.

The regulated assets (+)/liability (-) recognized in the books to be recovered from or payable to beneficiaries in future periods are as follows:

(₹ in Crore)

Sl. No.	Particulars	Regulatory Deferral Account Balances
A	Opening balance as on 01.04.2016	-
B	Addition during the year (assets (+)/ liability (-))	(2.50)
C	Amount collected (-)/refunded (+) during the year	-
D	Regulatory income/(expense) recognized in the Statement of Profit & Loss (B-C)	(2.50)
E	Closing balance as on 31.03.2017 (A+D)	(2.50)

Certain risks and uncertainties might affect the future recovery of the Regulatory Deferral account balances being created in respect of exchange differences on Foreign Currency Monetary items. These are:

- a) **Demand Risk:** Recovery/payment of the regulatory deferral debit/credit balance shall be by way of billing to the beneficiaries. Accordingly, the same is affected by the normal risks and uncertainties impacting sale of electricity in India like difficulty in signing of long term PPAs, etc.
- b) **Regulatory Risk:** Tariff Regulations 2014-19 allows recovery of exchange risk variation through tariff as part of capital cost during construction period and on actual payment basis during O&M period. Any changes in tariff regulations beyond the current period regarding allowability of such costs in tariff may adversely affect the creation and recovery of these regulatory deferral account balances.



**C) Regulatory Deferral Account Balances in respect of expenditure recognised due to recommendations of 3rd PRC for Pay Revision of CPSUs:**

Pay Revision of employees of CPSUs is due from 1st January, 2017. According to the recommendations of the committee constituted for the purpose by the Government of India, in addition to enhancing Basic Pay, DA and allowances w.e.f. 01.01.2017, the ceiling limit of Gratuity has been proposed for enhancement from the existing ₹0.10 Crores to ₹0.20 Crores w.e.f. 01.01.2017.

Impact of proposed revision of pay for Financial Year 2016-17 includes expense recognised in the Statement of Profit & Loss towards provision for enhancement in pay and allowances for the period 01.01.2017 to 31.03.2017 and expense recognised in Profit & Loss/ Other Comprehensive Income (OCI) on actuarial valuation due to enhancement of ceiling limit of Gratuity in respect of Operational Power Stations including expenditure of Corporate Office and Regional Offices allocated to such units.

CERC Tariff Regulations 2014-19 read with the Statement of Reasons CERC (Terms and Conditions of Tariff) Regulations, 2014 provides that the impact of actual increase in employee cost on account of wage revision of operational Power Stations is recoverable from the beneficiaries in future through tariff. Further, during the tariff period 2004-09, CERC had allowed recovery of the actual increase in employee cost on account of wage revision (w.e.f. 01.01.2007) upto 50% of the salary and wages (Basic + DA) of the employees of the petitioner company as on 31.12.2006 from the beneficiaries in twelve equal monthly instalments.

Keeping in view the provisions of Ind AS 114- "Regulatory Deferral Accounts" as regards recognition and CERC Tariff Regulations 2014-19 as regards recoverability, additional expenditure on employee benefits due to pay revision, to the extent charged to the Statement of Profit & Loss or to Other Comprehensive Income and further recoverable from the beneficiaries in subsequent periods as per Tariff Regulations and earlier approval of the CERC, are being recognized as 'Regulatory Deferral Account balances'. These balances are to be adjusted from the year in which they become recoverable from the beneficiaries as per approval of the CERC.

The Regulatory Deferral Account Balance (assets) recognized in the books to be recovered from the beneficiaries in future periods are as follows:

Regulatory Deferral Account Balances relating to items recognised in the Statement of Profit & Loss:

(₹ in Crore)		
Sl. No.	Particulars	Regulatory Deferral Account Balances
A	Opening balance as on 01.04.2016	-
B	Addition during the year (+)	199.78
C	Amount collected during the year (-)	-
D	Regulatory income recognized in the Statement of Profit & Loss (B+C)	199.78
E	Closing balance as on 31.03.2017 (A+D)	199.78

Regulatory Deferral Account Balances relating to items recognised in Other Comprehensive Income:

(₹ in Crore)		
Sl. No.	Particulars	Regulatory Deferral Account Balances
A	Opening balance as on 01.04.2016	-
B	Addition during the year (+)	9.05
C	Amount collected during the year (-)	-
D	Regulatory income recognized in Other Comprehensive Income (B+C)	9.05
E	Closing balance as on 31.03.2017 (A+D)	9.05

Certain risks and uncertainties might affect the future recovery of the Regulatory Deferral account balances being created in respect of additional expenditure due to revision of pay of employees. These are:

- Demand Risk:** Recovery/payment of the regulatory deferral debit/credit balance shall be by way of billing to the beneficiaries. Accordingly, the same is affected by the normal risks and uncertainties impacting sale of electricity in India like difficulty in signing of long term PPAs, etc.
- Regulatory Risk:** Tariff Regulations 2014-19 allows recovery of additional employee cost on account of pay revision through tariff. Any changes in tariff regulations beyond the current period regarding allowability of such costs in tariff may adversely affect the creation and recovery of these regulatory deferral balances.

- 26 (i) Uri-II Power Station, where accidental fire broke out on 20.11.2014, resulting in stoppage of generation, has since been restored during the months of June, July & August 2015. The Assets of the power station and loss of generation are covered under Mega Risk Policy. Status of Insurance claim as on 31.03.2017 is as under:

(₹ in Crore)

Particulars of claims	Updated claim lodged	Amount received	Amount charged to Statement of P&L	Balance receivable		
				As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Against material damage	63.20	46.00	3.16	14.04	33.23	66.74
Business Interruption Loss	276.27	110.00	-	166.27*	242.28*	NA
<b>Total</b>	<b>339.47</b>	<b>156.00</b>	<b>3.16</b>	<b>180.31</b>	<b>275.51</b>	<b>66.74</b>

\* Included in Contingent Assets in Para 2 to Note 34

- 26 (ii) Chutak Power Station, which was under shutdown w.e.f. 28.06.2015 due to sudden rise of water in Power House upto Turbine floor and partially Generator floor, has been restored during the months of August and September 2015. The Assets of the power station and loss of generation are covered under Mega Risk Policy. Status of Insurance claim as on 31.03.2017 is as under:

(₹ in Crore)

Particulars of claims	Updated claim lodged	Amount received	Amount charged to Statement of P&L	Balance receivable		
				As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Against material damage	7.93	-	2.00	5.93	5.93	NA
Business Interruption Loss	19.87	1.80	-	18.07*	19.87*	NA
<b>Total</b>	<b>27.80</b>	<b>1.80</b>	<b>2.00</b>	<b>24.00</b>	<b>25.80</b>	<b>NA</b>

\* Included in Contingent Assets in Para 2 to Note 34

- 26 (iii) Dhauliganga Power Station which was closed due to cloud burst and high flood on 17.06.2013 has since been restored during the months of May/June 2014. The Assets of the power station and Loss of Generation are covered under Mega Risk Policy. Status of Insurance claim as on 31.03.2017 is as under:

(₹ in Crore)

Particulars of claims	Updated claim lodged	Amount received	Amount charged to Statement of P&L	Balance receivable		
				As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Against material damage	189.50	105.00	2.00	82.50	135.91	121.48
CPM damage	0.31	0.30	0.01	-	0.43	NA
<b>Business Interruption Loss:</b>						
-On account of generation loss	348.36	190.00	-	158.36*	154.71*	191.57*
-On account of increased cost of working	3.25	-	-	3.25*	NA	NA
<b>Total</b>	<b>541.42</b>	<b>295.30</b>	<b>2.01</b>	<b>244.11</b>	<b>291.05</b>	<b>313.05</b>

\* Included in Contingent Assets in Para 2 to Note 34

27. Board of Directors in its meeting held on 20.03.2014 discussed that the viability of Bursar HE Project is dependent upon financial support from Govt. of India and Govt. of Jammu & Kashmir. Ministry of Power (MOP), Govt. of India was approached to provide funding for Survey & Investigation of Bursar Project to make it viable. As advised by the MoP, Ministry of Water Resources (MoWR) was approached to provide funds. In the meeting held with MoWR on 27.04.2015, it has been informed by the representatives of MoWR that the request of NHPC for release of funds for preparation of DPR is under consideration for approval of Govt. of India. Investigation works on the project are continued and the expenditure of ₹ **225.25 Crore** have been incurred and carried forward in capital work in progress. However, as an abundant precaution, provision for this amount has been made in the books of accounts.
28. Kotlibhel-1A project is one of the 24 hydro-electric projects located in the State of Uttarakhand which is covered by the order dated 13.08.2013 of Hon'ble Supreme Court of India directing MoEF not to grant these projects environmental/ forest clearance until further order and to examine the significant impact on the bio-diversity of Alaknanda & Bhagirathi river basin. Pending adjudication about the fate of this project, the expenditure incurred amounting to ₹ **305.52 Crore** upto 31.03.2017 have been carried under capital work in progress. However, as an abundant precaution, provision for this amount has been made in the books of accounts.
29. In terms of Board Resolution No.6 (2) of the 356th meeting of the Board of Directors held on 05/02/2013 an amount of ₹ **2.49 Crore** has been paid till 31.03.2017 to the State Forest Department towards Basin Study for Tawang I & II projects and other projects in the basin to be reimbursable by the Government of Arunachal Pradesh (GoAP) on pro-rata basis. However as per management, the chance of such recovery is remote and hence such expenditure has been debited to Capital Work in Progress.
30. The Ministry of Environment, Forests & Climate Change (MoEF& CC) vide letter No. F.No.8-85/2011-FC dated 15.04.2015 has accorded the "in-principle" approval for diversion of forest land for construction of Dibang Multipurpose Project (2880 MW). Further, Environment clearance to the Project has been accorded by MoEF& CC vide letter dated 19.05.2015. In view of above, a sum of ₹ **213.84 Crore** incurred on the Project is being carried forward as Capital Work in Progress.
31. Pursuant to meeting of ACB of the company held on 27th May 2017, representation has been sent to the Ministry of Corporate Affairs (MCA) vide letter no. NH/CS/433 dated 29th May 2017 seeking clarification/ exemption on applicability of the Ministry of Corporate Affairs (MCA) notification no. G.S.R. 639(E) dated 29.06.2016. Management is of the opinion that the security deposits held are in the form of retention money for the performance of the contract for supply of goods and provision of services and accordingly not to be treated as deemed deposits in terms of amended rule 2(1)(c)(xii) of the Companies (Acceptance of Deposits) Amendment Rules 2016. In case opinion of the MCA is contrary to the same, exemption has also been sought for the current financial year and compliance thereafter has been assured.

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**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**As per report of even date**

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**(VASU GUPTA)**  
Partner  
M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

## Note No. 35: First time adoption of IND AS

### Transition from Indian GAAP to IND AS

These financial statements, for the year ended 31st March, 2017, are the first financial statements the Company has prepared in accordance with Ind AS. For periods upto and including the year ended 31 March, 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

The accounting policies set out in Note No. 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS Balance Sheet as of 1 April 2015 (date of transition). In preparing its opening Ind AS Balance Sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed:** Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### i) Optional exemptions:

- a) **Deemed Cost for Property, Plant and Equipment, Investment Property and Intangible Assets:** Since there is no change in functional currency, the Company has availed exemption under paragraph D7AA of appendix C to IND AS 101 which permits a first time adopter to continue with the carrying values of its Property, Plant & Equipment, Investment Property and Intangible Assets as at the date of transition to IND AS measured at their previous GAAP carrying value.
- b) **Long Term Foreign Currency Monetary Items:** Paragraph D13AA of appendix C to Ind AS 101 permits a first time adopter to continue the policy adopted for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended immediately before the beginning of the first Ind AS financial reporting period as per previous GAAP. The company has availed the exemption under paragraph D13AA and has continued to apply the accounting policy earlier adopted for accounting of exchange differences arising on restatement of long-term foreign currency monetary items recognised till 31.03.2016.
- c) **Designation of previously recognised financial instruments:** Paragraph D19 of Ind AS 101 allows an entity to designate investment in equity instruments at Fair Value through Other Comprehensive Income (FVTOCI) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly the company has elected to avail the exemption and designate its investment in equity instruments at Fair value through Other Comprehensive Income (FVTOCI).
- d) **Investment in Subsidiaries and joint ventures:** Paragraph D15 of Ind AS 101 allows an entity to measure investment in subsidiaries, joint ventures and associates at previous GAAP carrying amount at the date of transition to Ind AS. The Company has availed the exemption with regard to measuring the investment in subsidiaries and joint venture as at date of transition at deemed cost which is previous GAAP carrying amount at that date.
- e) **Leases:** Appendix C to Ind AS 17- Leases requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, the assessment should be carried out at the inception of the contract or arrangement. Paragraph D9 of Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such arrangements/contracts based on the conditions in place as at the date of transition.

#### ii) Mandatory exceptions:

- a) **Estimates:** An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the previous GAAP (after adjustment to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for the following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- All assets and liabilities have been classified into financial assets/liabilities and non-financial assets/liabilities.
  - Investments in Equity instruments carried at Fair Value through Other Comprehensive Income (FVTOCI).
  - Investment in debt instruments carried at FVTOCI.
  - Fair valuation of loans to employee such as house building advance, car advance, computer advance and scooter advance using discounted cash flow method. Comparative prevailing interest rate of SBI has been used as discount rate to arrive at the fair value of above said advances.
  - Non-current interest free financial liabilities like Retention money/ security deposit have been fair valued using discounted cash flow method. The weighted average cost of debt of the company for FY 2014-15 has been used as discount rate.
- b) **Classification and measurement of financial assets:** Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
- c) **Government Loan:** Ind AS 101 requires a first-time adopter to apply the requirements in Ind AS 109, *Financial Instruments*, and Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to Ind ASs. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS Balance Sheet. An entity shall apply Ind AS 109 to the measurement of such loans drawn after the date of transition to Ind ASs. Consequently, the company has used its previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance Sheet.

**B) Reconciliations between previous GAAP and Ind AS:**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

**(i) RECONCILIATION OF TOTAL EQUITY AS AT 31<sup>ST</sup> MARCH, 2016 AND 1st APRIL 2015**

		(₹ in Crore)	
	Notes to reconciliation on first time adoption	31st March 2016	1st April 2015
<b>Total Equity(Shareholder's Fund) as per Previous GAAP</b>		<b>28,751.95</b>	<b>28,286.39</b>
<b>Adjustments :</b>			
Impact of arrangements/contracts containing a lease	1	128.12	117.81
Fair valuation of Investments	2	86.01	116.27
Fair valuation of Financial Assets and Financial liabilities other than investments	3	13.46	18.58
Rebate to Customers (Upfront Provision)	4	(0.62)	(0.56)
Discounting of Provisions	5	7.94	9.71
Proposed Dividend (including dividend tax)	6	772.81	532.98
Investments-adjustment of premium/discount on acquisition	7	0.66	0.43
Remeasurement of Post Employment Benefit Obligations	9	(12.75)	-
Change in policy for recognition of Property, Plant & Equipment (PPE)	8	17.08	-
Tax effect of adjustments made on transition to Ind AS	10	(3.51)	(9.45)
<b>Total Adjustments</b>		<b>1009.20</b>	<b>785.77</b>
<b>Total equity as per IND AS</b>		<b>29,761.15</b>	<b>29,072.16</b>

**(ii) RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

(₹ in Crore)

Particulars	Notes to reconciliation on first time adoption	31st March 2016
Profit after tax as per Previous GAAP		2,440.14
<b>Adjustments:</b>		
Impact of arrangements/contracts containing a lease	1	10.31
Fair valuation of Financial Assets and Financial liabilities other than Investments	3	(5.12)
Rebate to Customers (Upfront Provision)	4	(0.06)
Discounting of Provisions	5	(1.77)
Investments-adjustment of premium/discount on acquisition	7	0.23
Change in policy for recognition of Property, Plant & Equipment (PPE)	8	17.08
Remeasurement of Post-Employment Benefit obligations	9	(36.85)
Tax effect of adjustments made on transition to Ind AS	10	5.94
<b>Total Adjustments</b>		<b>(10.24)</b>
<b>Profit after tax as per IND AS (A)</b>		<b>2429.90</b>
<b>Other comprehensive income</b>		
- Remeasurement of Post-Employment Benefit obligations	9	24.09
- Fair valuation of Equity Investment	2	(20.78)
- Fair valuation of Investment in Debt Instruments	2	(0.08)
<b>Other comprehensive income (B)</b>	<b>11</b>	<b>3.23</b>
<b>Total comprehensive income (A+B)</b>		<b>2433.13</b>

**(iii) IMPACT OF IND AS ADOPTION ON CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

(₹ in Crore)

	Notes to reconciliation on first time adoption	Previous GAAP	Adjustments	Ind AS
Net cash flow from Operating activities		4397.70	502.32	4900.02
Net cash flow from Investing activities		(851.08)	51.73	(799.35)
Net cash flow from Financing activities		(3091.97)	-	(3091.97)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>12</b>	<b>454.65</b>	<b>554.05</b>	<b>1008.70</b>
Cash and cash equivalents as at 1st April 2015		5422.11	(5236.42)	185.69
<b>Cash and cash equivalents as at 31st March 2016</b>		<b>5876.76</b>	<b>(4682.37)</b>	<b>1194.39</b>

**Notes to Reconciliation on First Time Adoption:**
**Note 1: Impact of Arrangements/Contracts Containing a Lease**

Under previous GAAP the investment in power generating stations had been accounted as fixed assets in the books of the company. These assets were carried at historical cost and depreciation was charged to the Statement of Profit and Loss. Revenue from these Power Stations was accounted on the basis of sale of power made to the beneficiaries. The Company has classified two Power Stations as Finance Lease arrangements as per Appendix-C to Ind AS 17- Leases. Accordingly the investment in the plant is recognised as a Lease Receivable and Property, Plant & Equipment (PPE) have been derecognised from the books of accounts. Each lease receipt is allocated between the Lease Receivable and income from Finance Lease. Consequent to the above the total equity has increased by ₹ 128.12 Crore as on March



31, 2016 (₹ 117.81 Crore as on April 1, 2015) and Total Comprehensive Income increased by ₹ 10.31 Crore for the year ended March 31, 2016 on account of reversal of depreciation charged to the Statement of Profit and Loss in excess of recovery toward lease receivables.

#### **Note 2: Fair valuation of investments**

Under the previous GAAP, investments in equity instruments and debt instruments were classified based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. Fair value changes with respect to investments in equity instruments and debt instruments designated as at FVTOCI have been recognised in FVTOCI – Equity investments Reserve and FVTOCI – Debt investments Reserve, as at the date of transition and in other comprehensive income for the year ended March 31, 2016. Consequent to the above, the total Equity as at March 31, 2016 increased by ₹ 86.01 Crore (₹ 116.27 Crore as at April 1, 2015) and Total Comprehensive Income for the year ended March 31, 2016 decreased by ₹ 20.86 Crore.

#### **Note 3: Fair valuation of Financial Assets and Financial liabilities on initial recognition**

Under the previous GAAP, long term employee loans (such as house building advance, car advance, computer advance and scooter advance) and long term retention money/security deposits (that are repayable in cash on completion of the contractual term) are recorded at their transaction value. Under Ind AS, all financial instruments are required to be initially recognised at fair value. Accordingly, the Company has fair valued these financial Instruments under Ind AS. Consequent to this change total equity increased by ₹ 13.46 Crore as at March 31, 2016 (₹ 18.58 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 decreased by ₹ 5.12 Crore due to unwinding of interest and amortisation of deferred employee cost, partially off-set by the notional interest income recognised on employee loans.

#### **Note 4: Rebate to customers (upfront provision)**

Under the previous GAAP rebate to customers was recognised in the Statement of Profit and Loss on actual basis. Revenue was being recognised on gross basis inclusive of rebate given to customers. Under Ind AS revenue arising on a transaction is to be measured at the fair value of the consideration received or receivable taking into account the amount of trade discounts/rebate allowed by the Company. Accordingly, sale of power has been disclosed net of rebate to customers. Rebate to customers is now required to be accounted on accrual basis by way of estimation.

Consequently total equity decreased by ₹ 0.62 Crore as at March 31, 2016 (₹ 0.56 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 decreased by ₹ 0.06 Crore due to upfront provisioning of rebate allowed to customers.

#### **Note 5: Discounting of provisions**

Under the previous GAAP, discounting of provisions was not allowed. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value is material. Accordingly, non-current provisions have been discounted to their present values. Consequently total equity increased by ₹ 7.94 Crore as at March 31, 2016 (₹ 9.71 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 decreased by ₹ 1.77 Crore due to unwinding of interest.

#### **Note 6: Proposed dividend**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend (including dividend distribution tax) of ₹ 772.81 Crore as at March 31, 2016 (₹ 532.98 Crore as at April 1, 2015) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

#### **Note 7: Investments-adjustment of premium/discount on acquisition**

Under previous GAAP, interest was recognised in statement of profit and loss without considering premium/discount on acquisition of debt instruments. Under Ind AS, such premium/discount on acquisition of investments in debt instruments is required to be deducted from the carrying amount of investment at initial recognition. Interest income from these financial assets is recognized in the Statement of Profit and Loss using the effective interest rate method after considering premium/ discount. Consequently total equity increased by ₹ 0.66 Crore as at March 31, 2016 (₹ 0.43 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 increased by ₹ 0.23 Crore due to adjustment of premium/discount on acquisition.

**Note 8: Change in the accounting policy for recognition/derecognition of Property Plant & Equipment (PPE):**

Under previous GAAP, machinery spares procured along with the Plant and Machinery or subsequently and whose use is expected to be irregular are capitalized, either separately (when cost of such spares are known) or with the mother plant. Written down value (WDV) of the subsequently purchased machinery spares was being charged off to Statement of Profit and Loss in the year in which they were replaced in place of retrieved spares, provided the spares so retrieved did not have any useful life. Similarly, value of such spares, procured and replaced in place of retrieved spares, were being charged off to Statement of profit and loss in that year itself, provided spares so retrieved did not have any useful life. Under Ind AS, Spares parts (procured along with the Plant & Machinery or subsequently) which meet the recognition criteria of PPE are capitalized. The carrying amount of those spare parts that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Consequently total equity increased by ₹ 17.08 Crore as at March 31, 2016 (₹ Nil as at April 1, 2015). The total comprehensive income for the year ended on 31 March 2016 increased by ₹ 17.08 Crore due to change in accounting policy for PPE.

**Note 9: Remeasurement of post-employment benefit obligations**

Under Ind AS 19- Employee Benefits, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in OCI instead of the Statement of Profit or Loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Consequently, the other comprehensive income for the year ended March 31, 2016 increased by ₹ 24.09 Crore (net of tax) while profit for the year decreased by ₹ 36.85 Crore. Accordingly total equity decreased by ₹ 12.75 Crore as at March 31, 2016 (₹ Nil as at April 1, 2015) due to tax impact on the amount classified to OCI.

**Note 10: Tax effect of adjustments made on transition to Ind AS**

Deferred tax has been recognised on all the adjustments made on transition to Ind AS. Accordingly total equity decreased by ₹ 3.51 Crore as at March 31, 2016 (decreased by ₹ 9.45 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 increased by ₹ 5.94 Crore due to such adjustments.

**Note 11: Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, fair value gains or (losses) on FVTOCI equity instruments and fair value gains or (losses) on FVTOCI debt instruments net of tax. The concept of Other Comprehensive Income did not exist under previous GAAP. The Total Comprehensive Income for the year ended March 31, 2016 increased by ₹ 3.23 Crore due to such adjustments.

**Note 12: Impact of Ind AS adoption on the cash flows for the year ended March 31, 2016**

Under the previous GAAP, all the Bank Balances were part of Cash & Cash Equivalents. However, as per IND AS, only short term Bank Deposit with original maturity of less than three months shall be part of Cash & Cash Equivalent. Accordingly Bank deposits amounting to ₹ 4682.37 Crore (previous year ₹ 5236.42 Crore) which were classified as Cash & Cash Equivalents in Indian GAAP are classified as "Financial Assets - Current - Bank Balances Other than Cash & Cash Equivalents" in Ind AS. The changes in Bank deposits which are not classified as Cash & Cash Equivalents of ₹ 554.05 Crore forms the part of Operating Activities in Cash Flow Statement.

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**As per report of even date**

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045  
**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N  
**(VASU GUPTA)**  
Partner  
M. No. 537545

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E  
**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

**For Standalone Financial Statements  
Form AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
 Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part "A": Subsidiaries**

1	Sl. No.	1	2	3
2	Name of the subsidiary	NHDC Ltd.	Loktak Downstream Hydroelectric Corporation Ltd.	Bundelkhand Saur Urja Ltd.
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March	31st March	31st March
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR
5	Share capital	19,625,800,000	1,176,923,090	10,000,000
6	Reserves & surplus	49,195,396,801	187,521,124	(3,968,319)
7	Total assets	88,085,964,615	1,421,327,534	132,519,596
8	Total Liabilities	19,264,767,814	56,883,320	126,487,915
9	Investments	Nil	Nil	Nil
10	Turnover	13,069,243,994	Nil	Nil
11	Profit before taxation*	12,603,552,213	16,321,264	431,709
12	Provision for taxation**	3,290,722,141	5,216,423	3,662,118
13	Profit after taxation	9,312,830,072	11,104,841	(3,230,409)
14	Proposed dividend	Nil	Nil	Nil
15	% of shareholding	51.08%	74.00%	99.99%

\* Including income on regulatory deferral account balances.

\*\* Provision for taxation includes tax expenses and tax on regulatory deferral account balances.

1. Names of subsidiaries which are yet to commence operations	1. Loktak Downstream Hydroelectric Corporation Ltd. 2. Bundelkhand Saur Urja Ltd.
2. Names of subsidiaries which have been liquidated or sold during the year.	Nil

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures		Chenab Valley Power Projects Pvt. Ltd.	National High Power Test Laboratory (P) Ltd.
1	Latest audited Balance Sheet Date	31st March 2017	31st March 2016
2	Shares of Associate/Joint Ventures held by the company on the year end No.	460,000,000	30,400,000
	Amount of Investment in Associates/Joint Venture	4,600,000,000	304,000,000
	Extend of Holding %	49.78%	20%
3	Description of how there is significant influence	N.A.	N.A.
4	Reason why the associate/joint venture is not consolidated	N.A.	N.A.
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	4,706,002,638	299,658,000
6	Profit / Loss for the year		
	i Considered in Consolidation	27,380,877	Nil
	ii Not Considered in Consolidation	27,622,893	Nil
1.	Names of associates or joint ventures which are yet to commence operations.	1. Chenab Valley Power Projects Pvt. Ltd.	
		2. National High Power Test Laboratory (P) Ltd.	
2.	Names of associates or joint ventures which have been liquidated or sold during the year.	National Power Exchange Ltd. has been liquidated during the year	

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**As per report of even date**  
**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**(VASU GUPTA)**  
Partner  
M. No. 537545

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

## INDEPENDENT AUDITOR'S REPORT

Annexure-XI

### TO THE MEMBERS OF NHPC LIMITED

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **NHPC LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and jointly controlled entities comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash flows and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports and the financial statements/financial information certified by the Management referred to in sub-paragraphs (a) & (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs (financial position) of the Group and jointly controlled entities as at 31st March, 2017, their consolidated profit(financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Emphasis of Matter

We draw attention to the following matters in the Notes to the consolidated Ind AS financial statements:

Sl. No.	Matter	Management's Reply
(a)	Note No. 2.2 para 2 to the consolidated Ind AS financial statements regarding expenditure incurred for conducting survey and investigation on projects either provided for on account of uncertainty about the outcome or being carried forward pending clearance with various authorities.	(a) In the opinion of the management, the projects on which survey & investigation expenditure is incurred are still active and accordingly, the expenditure incurred is being carried forward. However, provision wherever considered necessary has been made in the books.
(b)	Note No. 22 para 1 to the consolidated Ind AS financial statements regarding the stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board level executives.	(b) NHPC Officers Association has got stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment recovery. In view of the directions of the Hon'ble High Court, Personal Pay Adjustment is being paid along with the salary.
(c)	Note No. 34 para 3 to the consolidated Ind AS financial statements, regarding the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. In some of the cases the arbitration award has been decided against the company/ lost in lower courts and the company is pursuing the matter in higher courts. Management does not envisage any possible outflow in respect of decisions against the company other than those already provided for in the books of account.	(c) This disclosure in the ibid para has been made in compliance of provisions of Ind-AS 37 (Provisions, Contingent Liabilities and Contingent Assets).
(d)	Note No. 34 para 18 to the consolidated Ind AS financial statements about the various balances which are subject to reconciliation / confirmation and respective consequential adjustments.	(d) Disclosure through note is a statement of fact.
(e)	Note No. 34 para 33 to the consolidated Ind AS financial statements about the Kotlibhel-IA project, the fate of which depends upon suit pending adjudication before the Hon'ble Supreme Court of India.	(e) Disclosure through note is a statement of fact.

### Other Matters

- a) We did not audit the Ind AS financial statements/financial information of the following subsidiaries and jointly controlled entities whose Ind AS financial statements / financial information reflect the details given below of total assets as at 31st March 2017, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the consolidated Ind AS financial statements:

(₹ in Crore)			
Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
<b>Subsidiaries:</b>			
NHDC Limited	7802.31	1395.14	(212.47)
Loktak Downstream Hydroelectric Corporation Limited (LDHCLtd)	47.93	1.88	(0.005)
Bundelkhand Saur Urja Limited (BSUL)	9.62	0.04	0.04
<b>Joint Venture:</b>			
Chenab Valley Power Projects (P) Limited (CVPPPL)	10.60	(0.03)	-
<b>Total</b>	<b>7870.46</b>	<b>1397.03</b>	

These Ind AS financial statements /financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as relates to the amounts and disclosure included in respect of these subsidiaries and jointly controlled entities and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities is based solely on the reports of the other auditors.

- b) We did not audit the Ind AS financial statements/financial information of National High Power Test Laboratory Private Limited Joint Venture, whose Ind AS financial statements/financial information reflect the details given below of total assets as at 31st March 2017, total revenues and net cash flows for the year ended on that date, as considered in the consolidated Ind AS financial statements.

(₹ in Crore)			
Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
<b>Joint Venture:</b>			
National High Power Test Laboratory Private Limited (NHPTL)	(0.43)	0.03	-
<b>Total</b>	<b>(0.43)</b>	<b>0.03</b>	



These Ind AS financial statements/financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this Joint Venture, and our report in terms of sub section (3) of section 143 of the Act in so far as it relates to the aforesaid Joint Venture is based solely on such unaudited Ind AS financial statements/financial information. In our opinion and according to the information and explanations given to us by the management, these Ind AS financial statements/financial information are not material to the group.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Ind AS financial statements/financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of the subsidiaries and jointly controlled entities, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of cash flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.
  - e) In terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164 (2) of the Act regarding disqualification of directors, are not applicable to the Group and jointly controlled entities.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate Ind AS financial statements as also the other financial information of Jointly Controlled Entities, as noted in the 'Other Matters' paragraph:
    - i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entities – Refer **Note 34, para 3** to the consolidated Ind AS financial statements.
    - ii) The Group and its jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii) There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and jointly controlled entities incorporated in India.
    - iv) The Group and its jointly controlled entities have provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 in Note 34 para 22 to the consolidated Ind AS financial statements. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Group.

**For S N Dhawan & Co. LLP**  
**(Chartered Accountants)**  
 FR No. 000050N/N500045

**(S.K. KHATTAR)**  
 Partner  
 M. No. 084993

**For Gupta Gupta & Associates**  
**(Chartered Accountants)**  
 FR No. 001728N

**(VASU GUPTA)**  
 Partner  
 M. No. 537545

**For Ray & Ray**  
**(Chartered Accountants)**  
 FR No. 301072E

**(BARUN KUMAR GHOSH)**  
 Partner  
 M. No. 051028

Place : New Delhi  
 Date : May 30, 2017



**Annexure A referred to in paragraph 1(f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:-**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of **NHPC Limited** (hereinafter referred to as “the Holding Company”) and its subsidiary companies and its jointly controlled entities which are companies incorporated in India as of that date.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, subsidiary companies and its jointly controlled entities, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles including the Indian Accounting Standards (Ind AS). A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company, subsidiary companies and its jointly controlled entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiary companies and two jointly controlled entities, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For S N Dhawan & Co. LLP**  
 (Chartered Accountants)  
 FR No. 000050N/N500045

**(S.K. KHATTAR)**  
 Partner  
 M. No. 084993

**For Gupta Gupta & Associates**  
 (Chartered Accountants)  
 FR No. 001728N

**(VASU GUPTA)**  
 Partner  
 M. No. 537545

**For Ray & Ray**  
 (Chartered Accountants)  
 FR No. 301072E

**(BARUN KUMAR GHOSH)**  
 Partner  
 M. No. 051028

Place : New Delhi  
 Date : May 30, 2017

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017

(₹ in Crore)

PARTICULARS		Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>ASSETS</b>					
(1)	<b>NON-CURRENT ASSETS</b>				
a)	Property Plant and Equipment	2.1	20,238.44	20,700.20	20,478.29
b)	Capital Work In Progress	2.2	17,587.59	16,741.60	16,147.15
c)	Investment Property	2.3	4.49	4.49	4.49
d)	Other Intangible Assets	2.4	1,984.20	1,909.33	1,915.93
e)	Investments accounted for using the equity method	2.5.1	500.57	131.34	122.24
f)	<b>Financial Assets</b>				
i)	Investments	3.1	519.41	468.60	880.04
ii)	Trade Receivables	3.2	275.82	64.56	335.93
iii)	Loans	3.3	381.87	362.83	357.31
iv)	Other Financial Assets	3.4	6,186.62	6,148.32	6,460.36
g)	Non Current Tax Assets (Net)	12.1	115.49	79.90	87.99
h)	Other Non Current Assets	4	1,143.58	1,350.64	1,312.68
(2)	<b>CURRENT ASSETS</b>				
a)	Inventories	5	100.80	92.80	90.48
b)	<b>Financial Assets</b>				
i)	Investments	6	-	1.13	257.57
ii)	Trade Receivables	7	1,854.01	1,904.51	2,472.24
iii)	Cash & Cash Equivalents	8	73.57	1,420.52	196.35
iv)	Bank balances other than Cash & Cash Equivalents	9	3,398.89	5,863.01	6,418.72
v)	Loans	10	31.43	62.63	85.10
vi)	Other Financial Assets	11	2,238.17	2,930.56	2,812.02
c)	Current Tax Assets (Net)	12.2	78.30	28.18	-
d)	Other Current Assets	13	553.46	353.69	248.87
	<b>TOTAL ASSETS</b>		<b>57,266.71</b>	<b>60,618.84</b>	<b>60,683.76</b>
(3)	Regulatory Deferral Account Debit Balances	14	2910.42	2181.28	1630.38
	<b>TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES</b>		<b>60,177.13</b>	<b>62,800.12</b>	<b>62,314.14</b>
<b>EQUITY AND LIABILITIES</b>					
(1)	<b>EQUITY</b>				
(a)	Equity Share Capital	15.1	10,259.32	11,070.67	11,070.67
(b)	Other Equity	15.2	18,755.50	20,572.04	19,727.50
(2)	<b>NON CONTROLLING INTEREST</b>	15.3	3,382.24	3,168.10	2,990.36
(3)	<b>LIABILITIES</b>				
	<b>NON-CURRENT LIABILITIES</b>				
a)	<b>Financial Liabilities</b>				
i)	Borrowings	16.1	17,245.64	18,181.08	18,698.67
ii)	Other financial liabilities	16.2	25.84	40.13	75.55

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017 (Contd.)

(₹ in Crore)				
PARTICULARS	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
b) Provisions	17	505.58	424.55	889.81
c) Deferred Tax Liabilities (Net)	18	1,665.29	1,513.63	1,394.40
d) Other non-current Liabilities	19	2,767.96	2,740.37	2,639.42
<b>(4) CURRENT LIABILITIES</b>				
a) <b>Financial Liabilities</b>				
i) Borrowings	20.1	302.50	-	-
ii) Trade Payables	20.2			
Total outstanding dues of micro enterprises and small enterprises		6.32	1.89	0.42
Total outstanding dues of Creditors other than micro enterprises and small enterprises		151.27	128.54	163.46
iii) Other financial liabilities	20.3	2,521.12	2,622.42	2,625.65
b) Other Current Liabilities	21	856.17	768.43	714.79
c) Provisions	22	1,732.38	1,461.61	1,258.79
d) Current Tax Liabilities (Net)	23	-	106.66	64.65
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>60,177.13</b>	<b>62,800.12</b>	<b>62,314.14</b>
Significant Accounting Policies	1			
Expenditure Attributable to Construction (EAC) during the year forming part of capital work in progress	32			
Disclosure on Financial Instruments and Risk Management	33			
Other Explanatory Notes to Accounts	34			
Disclosure on First time adoption of IND AS	35			
Note 1 to 35 form integral part of the Accounts				

### For and on behalf of the Board of Directors

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

### As per report of even date

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**(VASU GUPTA)**  
Partner  
M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

			(₹ in Crore)	
	Note No.	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016	
<b>INCOME</b>				
i) Revenue from Continuing Operations	24	8,623.13	8,354.02	
ii) Other Income	25	1,503.78	1,092.41	
<b>TOTAL INCOME</b>		<b>10,126.91</b>	<b>9,446.43</b>	
<b>EXPENSES</b>				
i) Generation and Other Expenses	26	2,101.65	2,290.14	
ii) Employee Benefits Expense	27	1,678.16	1,242.12	
iii) Finance Costs	28	1,073.44	1,118.18	
iv) Depreciation & Amortization Expense	29	1,461.75	1,431.95	
<b>TOTAL EXPENSES</b>		<b>6,315.00</b>	<b>6,082.39</b>	
<b>Profit before Exceptional items, Rate Regulated Activities</b>		<b>3,811.91</b>	<b>3,364.04</b>	
<b>Share of net profit of investments accounted for using the equity method and Tax</b>				
Share of Net Profit of Joint Ventures accounted for using the equity method	2.5.2	2.74	1.23	
<b>Profit before Exceptional items, Rate Regulated Activities and Tax</b>		<b>3,814.65</b>	<b>3,365.27</b>	
Exceptional items		-	-	
<b>PROFIT BEFORE TAX</b>		<b>3,814.65</b>	<b>3,365.27</b>	
<b>Tax Expense</b>	30			
i) Current Tax		1,005.30	916.75	
ii) Adjustments for Income Tax		(116.75)	(22.98)	
iii) Deferred Tax		164.56	106.49	
<b>Total Tax Expense</b>		<b>1,053.11</b>	<b>1,000.26</b>	
<b>PROFIT FOR THE YEAR BEFORE NET MOVEMENTS IN REGULATORY DEFERRAL ACCOUNT BALANCES</b>		<b>2,761.54</b>	<b>2,365.01</b>	
Movement in Regulatory Deferral Account Balances	31	720.09	550.90	
Impact of Tax on Regulatory Deferral Accounts		1.30	-	
Movement in Regulatory Deferral Account Balances (Net of Tax)		718.79	550.90	
<b>PROFIT FOR THE YEAR AND NET MOVEMENTS IN REGULATORY DEFERRAL ACCOUNT BALANCES.</b>		<b>3,480.33</b>	<b>2,915.91</b>	
<b>Profit for the year from continuing operations (A)</b>		<b>3,480.33</b>	<b>2,915.91</b>	
<b>(B) OTHER COMPREHENSIVE INCOME</b>				
<b>(i) Items that will not be reclassified to profit or loss</b>				
(a) Re-measurements of the defined benefit plans		(66.93)	36.69	
Less: Income Tax on re-measurements of the defined benefit plans		(23.16)	12.70	
Less: Deferred Tax Adjustment Against Deferred Tax Liabilities on Regulatory Deferral Accounts		8.46	0.05	
Movement in Regulatory Deferral Account Balances- Re-measurements of defined benefit plans		9.05	-	
Less: Impact of Tax on Regulatory Deferral Accounts		-	-	
<b>Sub-total (a)</b>		<b>(43.18)</b>	<b>23.94</b>	
(b) Investment in Equity Instruments		34.79	(20.78)	
Less: Income Tax on investment in Equity Instruments		-	-	
<b>Sub-total (b)</b>		<b>34.79</b>	<b>(20.78)</b>	
<b>Total (i)=(a)+(b)</b>		<b>(8.39)</b>	<b>3.16</b>	
<b>(ii) Items that will be reclassified to profit or loss</b>				
Investment in Debt Instruments		15.78	(0.09)	
Less: Income Tax on investment in Debt Instruments		1.82	(0.01)	
<b>Total (ii)</b>		<b>13.96</b>	<b>(0.08)</b>	
<b>Other Comprehensive Income (B)=(i+ii)</b>		<b>5.57</b>	<b>3.08</b>	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)</b>		<b>3,485.90</b>	<b>2,918.99</b>	

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (Contd.)**

		(₹ in Crore)	
	Note No.	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
<b>Profit is attributable to:</b>			
Owners		3,029.42	2,601.73
Non-Controlling interests		450.91	314.18
		<b>3,480.33</b>	<b>2,915.91</b>
<b>Other comprehensive income is attributable to:</b>			
Owners		6.59	3.16
Non-Controlling interests		(1.02)	(0.08)
		<b>5.57</b>	<b>3.08</b>
<b>Total comprehensive income is attributable to:</b>			
Owners		3,036.01	2,604.89
Non-Controlling interests		449.89	314.10
		<b>3,485.90</b>	<b>2,918.99</b>
<b>Total comprehensive income attributable to owners arises from:</b>			
Continuing operations		3,036.01	2,604.89
Discontinued operations		-	-
		<b>3,036.01</b>	<b>2,604.89</b>
<b>Earning per share before movements in Regulatory Deferral Account Balances (Equity shares, face value of 10/- each)</b>			
Basic & Diluted		2.09	1.85
<b>Earning per share after movements in Regulatory Deferral Account Balances (Equity shares, face value of 10/- each)</b>			
Basic & Diluted		2.74	2.35
Significant Accounting Policies	1		
Expenditure Attributable to Construction (EAC) during the year forming part of capital work in progress	32		
Disclosure on Financial Instruments and Risk Management	33		
Other Explanatory Notes to Accounts	34		
Disclosure on First time adoption of IND AS	35		
Note 1 to 35 form integral part of the Accounts			

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**As per report of even date**

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**(VASU GUPTA)**  
Partner  
M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

(₹ in Crore)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax for the year including movements in Regulatory Deferral Account Balance	4,533.44	3,916.17
Less: Movement in Regulatory Deferral Account Balances	718.79	550.90
<b>Profit before Tax</b>	<b>3,814.65</b>	<b>3,365.27</b>
<b>ADD :</b>		
Depreciation	1,461.75	1,431.95
Finance Cost (Net of EAC)	1,073.44	1,118.18
Provisions (Net loss)	122.49	412.49
Expenditure towards Regulatory Deferral Account Balances (net of finance and depreciation)	346.50	147.04
Tariff Adjustment (loss)	134.17	110.48
Sales adjustment on a/c of FERV	51.81	64.65
Loss on sale of assets/Claims written off	2.29	2.21
	<u>3,192.45</u>	<u>3,287.00</u>
	<b>7,007.10</b>	<b>6,652.27</b>
<b>LESS :</b>		
Advance against Depreciation written back	60.68	50.17
Provisions (Net gain)	66.82	42.21
Net Gain/Loss on sale of Investments	6.54	13.17
Profit on Sale of Assets \ Realization of Loss	0.47	0.51
Dividend Income	3.00	2.64
Interest Income	663.74	745.90
Exchange rate variation	4.05	(1.14)
Other Adjustments	73.92	68.49
Share of Net Profit of Joint Ventures (accounted for using the equity method)	2.74	1.23
	<u>881.96</u>	<u>923.18</u>
<b>Cash flow from Operating Activities before Operating Assets &amp; Liabilities adjustments</b>	<b>6,125.14</b>	<b>5,729.09</b>
<b>Changes in Operating Assets and Liabilities:</b>		
Inventories	(8.41)	(2.41)
Trade Receivables	(167.45)	711.26
Other Financial Assets, Loans and Advances	3,224.11	720.17
Other Financial Liabilities & Provisions	539.09	(315.58)
	<u>3,587.34</u>	<u>1,113.44</u>
<b>Cash flow from operating activities before taxes</b>	<b>9,712.48</b>	<b>6,842.53</b>
Less : Taxes	<u>1,080.82</u>	<u>871.82</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>8,631.66</b>	<b>5,970.71</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - Net	(1,586.99)	(2,146.95)
Changes in Regulatory Deferral Account Balances	(347.81)	(147.04)
Realization/ (Payments) for Investments / Bonds	(632.08)	781.10
Dividend Income	3.00	2.64
Interest Income	699.40	764.03
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(1,864.48)</b>	<b>(746.22)</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (Contd.)**

	(₹ in Crore)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Buyback of Equity Shares (including Premium Payment)	(2,625.93)	-
Dividend and Tax on Dividend Paid (including Non-Controlling Interests)	(3,273.73)	(1,895.18)
Grant in aid from Govt of Madhya Pradesh	13.08	15.28
Borrowings	2,502.00	1,774.92
Repayment of Borrowings	(3,338.37)	(2,393.36)
Interest & Finance Charges	(1,391.18)	(1,501.98)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(8,114.13)</b>	<b>(4,000.32)</b>
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(1,346.95)</b>	<b>1,224.17</b>
Cash & Cash Equivalents at the beginning of the year	1,420.52	196.35
Cash & Cash Equivalents at the close of the year	73.57	1,420.52

**EXPLANATORY NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS**

- 1 Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months. The details of Cash & Cash equivalents as per Note 8 of the Balance Sheet is as under:

	(₹ in Crore)	
	As at 31st March, 2017	As at 31st March, 2016
Cash and Cash equivalents	73.57	1,420.52

**Cash and Cash equivalents includes:-**

- ₹ 7.74 Crore (Previous year ₹ 32.48 Crore), held for Rural Road and Rural Electrification works being executed by the Company on behalf of other agencies.
  - ₹ 10.36 Crore (Previous year ₹ 9.89 Crore) under lien with banks as per orders of Hon'ble Court of Law.
  - ₹ 2.68 Crore (Previous year ₹ 2.80 Crore) representing deposit by oustees towards Land for Land in respect of Omkareshwar Project, which is not available for use as on 31.03.2017.
- 2 Interest & finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 386.80 Crore (Previous year ₹ 465.74 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC) and borrowing cost of ₹ 365.32 Crore (Previous year ₹ 396.22 Crore) for Regulatory Deferral Account created during the period.
- 3 Amount of undrawn loan as on 31.03.2017 : ₹ 66.28 Crore (Previous Year ₹ 433.28 Crore) Subordinate Debt.

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**As per report of even date**

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**(VASU GUPTA)**  
Partner  
M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31<sup>ST</sup> MARCH, 2017

### A. EQUITY SHARE CAPITAL

Particulars	Note No.	Amount (₹ in Crore)
As at 1st April 2016	15.1	11,070.67
Changes in Equity Share Capital		(811.35)
As at 31st March 2017	15.1	10,259.32

### B. OTHER EQUITY

Attributable to equity holders													(₹ in Crore)
	Reserve & Surplus					Other Comprehensive Income							
	Capital Redemption Reserve	Securities Premium	Bond Redemption Reserve	Insurance Fund	Self Corporate Social Responsibility Fund	Research & Development Fund	General Reserve	Suplus/Retained Earnings	Equity Instruments through OCI	Debt Instruments through OCI	Total	Non Controlling Interest (NCI)	Total after NCI
Balance as at 1st April, 2016	1,230.07	2,868.74	1,324.20	-	17.26	45.52	10,224.43	4,775.81	65.29	20.72	20,572.04	3,168.10	23,740.14
Profit for the year	-	-	-	-	-	-	-	3,029.42	-	-	3,029.42	450.91	3,480.33
Other Comprehensive Income	-	-	-	-	-	-	-	(42.15)	34.79	13.96	6.60	(1.02)	5.58
Total Comprehensive Income	-	-	-	-	-	-	-	2,987.27	34.79	13.96	3,036.02	449.89	3,485.91
Transfer from Securities Premium	811.35	(811.35)	-	-	-	-	-	-	-	-	-	-	-
Utilization i.r.o Buy Back of Shares	-	(1,805.25)	-	-	-	-	-	-	-	-	(1,805.25)	-	(1,805.25)
Utilization i.r.o Buy Back Expenditures (Net)	-	(9.33)	-	-	-	-	-	-	-	-	(9.33)	-	(9.33)
Transfer to Retained Earning	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount written back from Bond Redemption Reserve	-	-	(109.42)	-	-	-	-	109.42	-	-	-	-	-
Transfer from Retained Earning	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	(2,524.13)	-	-	(2,524.13)	(195.87)	(2,720.00)
Tax on Dividend	-	-	-	-	-	-	-	(513.85)	-	-	(513.85)	(39.88)	(553.73)
Transfer to Bond Redemption Reserve	-	-	394.49	-	-	-	-	(394.49)	-	-	-	-	-
Transfer to Corporate Social Responsibility Fund	-	-	-	-	7.05	-	-	(7.05)	-	-	-	-	-
Transfer to Research & Development Fund	-	-	-	-	-	15.35	-	(15.35)	-	-	-	-	-
Total as on 31st March, 2017	2,041.42	242.81	1,609.27	-	24.31	60.87	10,224.43	4,417.63	100.08	34.68	18,755.50	3,382.24	22,137.74

#### For and on behalf of the Board of Directors

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050/N/500045

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**As per report of even date**  
**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**(VASU GUPTA)**  
Partner  
M. No. 537545

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31<sup>ST</sup> MARCH, 2016

### A. EQUITY SHARE CAPITAL

Particulars	Note No.	Amount (₹ in Crore)
As at 1st April 2015	15.1	11,070.67
Changes in Equity Share Capital		-
As at 31st March 2016	15.1	11,070.67

### B. OTHER EQUITY

Attributable to equity holders	Reserve & Surplus					Other Comprehensive Income			Total after NCI
	Capital Redemption Reserve	Securities Premium Reserve	Bond Redemption Reserve	Self Insurance Fund	Corporate Social Responsibility Fund	Research & Development Fund	General Reserve	Supplies/Retained Earnings	
Balance as at 1st April, 2015	1,230.07	2,868.74	1,247.89	917.93	36.67	31.81	9,306.50	3,971.62	22,717.86
Profit for the year	-	-	-	-	-	-	-	2,601.73	314.18
Other Comprehensive Income	-	-	-	-	-	-	-	24.02	(0.08)
Total Comprehensive Income	-	-	-	-	-	-	-	2,625.75	314.10
Reclassification of realised gain on debt Instruments through OCI	-	-	-	-	-	-	-	-	(9.40)
Transfer to Retained Earning	-	-	-	-	-	-	-	-	-
Amount written back from Bond Redemption Reserve	-	-	(109.43)	-	-	-	-	109.43	-
Amount written back from Corporate Social Responsibility Fund	-	-	-	-	(19.41)	-	-	19.41	-
Tax on Dividend - Write back	-	-	-	-	-	-	-	24.08	24.08
Amount utilised from Self Insurance Fund	-	-	-	(917.93)	-	-	917.93	-	-
Others	-	-	-	-	-	-	-	7.87	7.87
Transfer from Retained Earning	-	-	-	-	-	-	-	-	-
Dividend (FY 2014-15)	-	-	-	-	-	-	-	(442.83)	(556.13)
Tax on Dividend (FY 2014-15)	-	-	-	-	-	-	-	(114.23)	(137.29)
Dividend (Interim 2015-16)	-	-	-	-	-	-	-	-	(1,018.50)
Tax on Dividend (Interim 2015-16)	-	-	-	-	-	-	-	(1,018.50)	(207.34)
Transfer to Bond Redemption Reserve	-	-	185.74	-	-	-	-	(207.34)	-
Transfer to Research & Development Fund	-	-	-	-	-	13.71	-	(13.71)	-
Total as on 31st March, 2016	1,230.07	2,868.74	1,324.20	-	17.26	45.52	10,224.43	4,775.81	23,740.14

#### For and on behalf of the Board of Directors

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
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Partner  
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(Chartered Accountants)  
FR No. 301072E

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

## NOTE NO. 1: GROUP INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### (I) Reporting entity

NHPC Limited (the "Company") is a Company domiciled in India and limited by shares. The shares of the Company are publicly traded on the National Stock Exchange of India and BSE Limited. The address of the Company's registered office is NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad, Haryana-121003. The Company is primarily involved in the generation and sale of bulk power to various Power Utilities. Other business includes providing consultancy and project management & supervision.

NHPC Limited together with its subsidiaries and joint ventures is hereinafter referred to as the "Group". The Group's consolidated financial statements have been approved for issue by the Company's Board of Directors on May30, 2017.

### (II) Basis of preparation

#### (A) Statement of Compliance

These financial statements are prepared on accrual basis of accounting in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (The Act)[Companies (Indian Accounting Standards) Rules, 2015 & Companies (Indian Accounting Standards) Amendment Rules, 2016] and other applicable provisions of the Act, and the provisions of the Electricity Act, 2003 to the extent applicable. These are the Group's first Ind AS financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards' has been applied.

For all the periods upto and including March 31, 2016, the Group prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

Note 35 explains how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

#### (B) Basis of Measurement

The financial statements have been prepared on accrual basis of accounting under historical cost convention, except for following financial assets and financial liabilities which are measured at fair value:

- Certain financial assets and liabilities measured at fair value.
- Plan assets of defined employee benefit plans.

The methods used to measure fair values are discussed in Note 33.

#### (C) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Group's functional currency. All financial information presented in INR has been rounded off to the nearest Crore (upto two decimals).

#### (D) Basis of Consolidation

##### a) Subsidiaries

- i) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.
- ii) The Group combines the financial statements of the parent and its subsidiaries on a line by line basis, adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.
- iii) Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Balance Sheet, consolidated Statement of Profit and Loss and consolidated Statement of Changes in Equity.
- iv) A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.
- v) If the Group loses control over a subsidiary, it derecognizes the assets, liabilities, carrying amount of any non-controlling interests and the cumulative translation differences recorded in equity.

##### b) Joint ventures

- i) A joint venture is a joint arrangement whereby parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint ventures are initially recognised at cost and thereafter accounted for using the equity method.
- ii) Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and other comprehensive income of the investee in the Statement of Profit and Loss and Other Comprehensive Income of the Group. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.
- iii) When the Group's share of losses in a joint venture equals or exceeds its investment in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.
- iv) Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides

evidence of an impairment of the asset transferred. Where the accounting policies of joint ventures are different from those of the Group, appropriate adjustments are made for like transactions and events in similar circumstances to ensure conformity with the policies adopted by the group.

- v) Any gain or loss on dilution arising on a reduced stake in the joint venture, but still retaining the joint control, is recognised in the Statement of Profit and Loss.
- vi) When the investment ceases to be a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value with the change in carrying amount recognised in the Statement of Profit and Loss. The fair value of the retained interest becomes the initial carrying amount for the purpose of accounting for the retained interest as an associate or as a financial asset. Any amounts previously recognised in other comprehensive income in respect of that joint venture are reclassified to the Statement of Profit and Loss.

#### (E) Use of estimates and management judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures including contingent assets and liabilities at the Balance Sheet date. The estimates and management's judgements are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that may have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

#### Critical judgements and estimates

##### a) Determining whether an arrangement contains a lease

Appendix C, Ind AS 17 'Determining whether an arrangement contains a lease' requires an assessment of whether:

- fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- the arrangement conveys a right to use the asset.

Further, an arrangement conveys a right to use the asset if facts and circumstances indicate that it is remote that one or more parties other than the purchaser will take more than an insignificant amount of the output or other utility that will be produced or generated by the asset during the term of the arrangement, and the price that the purchaser will pay for the output is neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output.

The Group enters into power purchase agreements with beneficiaries. Power Purchase Agreements (PPA) in the nature of embedded lease with a single beneficiary where the minimum lease term is for the major part of the plant's economic life and the minimum lease payments amount to substantially all the fair value of the plant are considered as a Finance Lease. Other embedded leases are considered as Operating Lease.

For embedded leases in the nature of a Finance Lease, the investment in the plant is recognised as a Lease Receivable. The minimum lease payments are identified by segregating the embedded lease payments from the rest of the contract amounts. Each lease receipt is allocated between the receivable and finance lease income so as to achieve a constant rate of return on the Lease Receivable outstanding.

In the case of operating leases or embedded operating leases, the lease income from the operating lease is recognised in revenue on a straight-line basis over the lease term. The respective leased assets are included in the Balance Sheet based on their nature.

##### b) Useful life of Property, Plant and Equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets used for generation of electricity is determined by the Central Electricity Regulatory Commission (CERC) Tariff Regulations as mentioned in part B of Schedule II of the Companies Act, 2013 except for construction plant & machinery and computers & peripherals which are in accordance with Schedule II of the Companies Act, 2013.

##### c) Recoverable amount of property, plant and equipment and capital work in progress

The recoverable amount of property, plant and equipment and capital work in progress is based on estimates and assumptions, in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount resulting in impairment.

##### d) Post-retirement benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increase, the inflation rate and expected rate of return on plan assets. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have an impact on the resulting calculations.

**e) Revenue**

The Group records revenue from sale of power based on Tariff approved by the CERC, as per the principles of Ind AS 18. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

**f) Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has been made on the basis of best judgement by management regarding probable outflow of economic resources. Such estimation can change following unforeseeable developments.

**g) Recoverable Amount of Rate Regulated Assets**

The operating activities of the Group are subject to cost-of-service regulations whereby tariff charged for electricity generated is based on allowable costs like interest costs, depreciation, operation & maintenance including a stipulated return. Guidance Note on Rate Regulated Activities issued by the ICAI (previous GAAP) and Ind AS 114- 'Regulatory Deferral Accounts' permits an entity to include in the rate base, as part of the cost of self-constructed (tangible) fixed assets or internally generated intangible assets, amounts that would otherwise be recognised as an expense in the statement of profit and loss in accordance with Ind AS. The Group estimates that items of regulatory deferral accounts recognised in the financial statements are recoverable as per the current CERC Tariff regulations 2014-19. However, changes in CERC tariff regulations beyond the current tariff period may affect the recoverability of such balances.

**h) Impairment of Trade Receivables**

Considering the historical credit loss experience for trade receivables, the Group does not envisage either impairment in the value of receivables from beneficiaries or loss due to time value of money owing to delay in realization of trade receivables, except to the extent already provided for.

**i) Investment in Joint Ventures**

Investment has been carried at costs and as per assessment by the Group, there is no indication of impairment on such investments. Any changes in assumption may have a material impact on the measurement of the recoverable amount.

**j) Insurance Claim Recoverable**

The recoverable amount of insurance claims in respect of damages to Property, Plant and Equipment is based on estimates & assumptions as per terms and conditions of insurance policies.

**(III) SIGNIFICANT ACCOUNTING POLICIES-** A summary of the significant accounting policies applied in the preparation of consolidated financial statements as given below have been applied consistently to all periods presented in the financial statements.

**1.0 Property, Plant and Equipment (PPE)**

- Property, Plant and Equipment up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP. The Group has elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).
- An item of PPE is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.
- PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for use, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases.
- Expenditure incurred on renovation and modernization of PPE on completion of the originally estimated useful life of the power station resulting in increased life and/or efficiency of an existing asset, is added to the cost of the related asset. PPE acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.
- After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation/ amortisation and accumulated impairment losses, if any.
- Payments made/ liabilities created provisionally towards compensation (including interest on enhanced compensation awarded by the Court till the date of award), rehabilitation and other expenses including expenditure on Environment Management Plans relating to land in possession are treated as cost of land.
- Assets over which the Group has control, though created on land not belonging to the Group are included under Property, Plant and Equipment.
- Standby equipment and servicing equipment which meet the recognition criteria of Property, Plant and Equipment are capitalized.
- Spares parts (procured along with the Plant & Machinery or subsequently) which meet the recognition criteria are capitalized. The carrying amount of those spare parts that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Other spare parts are treated as "stores & spares" forming part of the inventory.
- If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/ inspection is used as an indication of what the cost of the existing part/ inspection component was, when the item was acquired or inspection carried out.



- k) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

## 2.0 Capital work in Progress

- a) Capital work in Progress up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP. The Group has elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).
- b) Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). Such costs comprise purchase price of assets including import duties and non-refundable taxes (after deducting trade discounts and rebates), expenditure in relation to survey and investigation activities of projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, etc.
- c) Costs including employee benefits, professional fees, expenditure on maintenance and up-gradation of common public facilities, depreciation on assets used in construction of project, interest during construction and other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are accumulated under "Expenditure Attributable to Construction (EAC)" and subsequently allocated on systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects.
- d) Capital Expenditure incurred for creation of facilities, over which the Group does not have control but the creation of which is essential principally for construction of the project is accumulated under "Expenditure Attributable to Construction" and carried under "Capital Work in Progress" and subsequently allocated on a systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects, keeping in view the "attributability" and the "Unit of Measure" concepts in Ind AS 16- "Property, Plant and Equipment". Expenditure of such nature incurred after completion of the project, is charged to the Statement of Profit and Loss.

## 3.0 Investment Property

Upto March 31, 2015, Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The Group has elected to avail the exemption granted by IND AS 101, "First time adoption of IND ASs" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of derecognition.

Transfers to or from investment property is made when and only when there is a change in use.

## 4.0 Intangible Assets

- a) Upto March 31, 2015, Intangible assets were carried in the Balance Sheet in accordance with Indian GAAP. The Group has elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).
- b) Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
- c) Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuees or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre-condition for the acquisition of the land for the purpose of the project, are accounted for as Land-Right to use.
- d) Software (not being an integral part of the related hardware) acquired for internal use, is stated at cost of acquisition less accumulated amortisation and impairment losses if any.
- e) An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

## 5.0 Foreign Currency Transactions

- a) Transactions in foreign currency are initially recorded at the functional currency spot rate at the date the transaction first qualifies for recognition. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the functional currency exchange rates prevailing on that date.
- b) Exchange differences relating to fixed assets/capital work-in-progress arising out of transaction entered into prior to April 1, 2004 are adjusted to the carrying cost of respective fixed asset/capital work-in-progress.
- c) Exchange differences arising from translation of foreign currency borrowings entered into prior to March 31, 2016 recoverable from or payable to beneficiaries in subsequent periods as per CERC Tariff regulations are recognised as "Deferred Foreign Currency Fluctuation Recoverable/ Payable Account" and adjusted from the year in which the same is recovered/ paid.
- d) Exchange differences arising from settlement/ translation of monetary items denominated in foreign currency entered into on or after 01.04.2016 to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognized as 'Regulatory Deferral Account Balances' during construction period and adjusted from the year in which the same become recoverable from or payable to the beneficiaries.

- e) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### 6.0 Regulatory Deferral Accounts

- Where an item of expenditure incurred during the period of construction of a project is recognised as expense in the Statement of Profit and Loss i.e. not allowed to be capitalized as part of cost of relevant PPE in accordance with the Ind AS, but is nevertheless permitted by CERC to be recovered from the beneficiaries in future through tariff, the right to recover the same is recognized as "Regulatory Deferral Account Balances."
- Expense/ income recognised in the Statement of Profit and Loss to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognised as "Regulatory Deferral Account Balances."
- These Regulatory Deferral Account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.
- Regulatory Deferral Account Balances are evaluated at each Balance Sheet date to ensure that the underlying activities meet the recognition criteria and it is probable that future economic benefits associated with such balances will flow to the entity. If these criteria are not met, the Regulatory Deferral Account Balances are derecognised.
- Regulatory Deferral Account Balances are tested for impairment at each Balance Sheet date.

#### 7.0 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Normally at initial recognition, the transaction price is the best evidence of fair value.

However, when the Group determines that transaction price does not represent the fair value, it uses inter-alia valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This categorisation is based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial assets and financial liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

#### 8.0 Investment in joint ventures

Investments in equity shares of joint ventures are carried at cost.

#### 9.0 Financial assets other than investment in joint ventures

A financial asset includes inter-alia any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial asset or to exchange financial asset or financial liability under conditions that are potentially favourable to the Group. A financial asset is recognized when and only when the Group becomes party to the contractual provisions of the instrument.

Financial assets of the Group comprise Cash and Cash Equivalents, Bank Balances, Investments in equity shares of companies & joint ventures, Trade Receivables, Advances to employees/ contractors, security deposit, claims recoverable etc.

##### a) Classification

The Group classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income (FVTOCI), and

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

##### b) Initial recognition and measurement

All financial assets except trade receivables are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

The Group measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

**c) Subsequent measurement**

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

**Debt instrument at Fair Value through Other Comprehensive Income (FVTOCI)**

A 'debt instrument' is classified as at FVTOCI if both the following criteria are met:

- i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii) The asset's contractual cash flows represent SPPI.

Debt instruments at fair value through Other Comprehensive Income are measured at each reporting date at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses, reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest income from these financial assets is included in other income using the EIR method.

**Equity investments:**

All equity investments in entities other than subsidiaries and joint ventures are measured at fair value. Equity instruments which are held for trading, if any, are classified at Fair Value Through Profit or Loss (FVTPL). For all other equity instruments, the Group classifies the same as at FVTOCI. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

All fair value changes on an equity instrument classified at FVTOCI, are recognized in the OCI. There is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Group's right to receive payments is established.

Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**d) Derecognition**

A financial asset is derecognised only when:

- i) The Group has transferred the rights to receive cash flows from the financial asset, or
- ii) Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**e) Impairment of financial assets**

In accordance with Ind-AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- i) Financial assets that are debt instruments, and are measured at amortised cost.
- ii) Financial assets that are debt instruments and are measured as at FVTOCI
- iii) Contract Assets under Ind AS 11, Construction Contracts
- iv) Lease Receivables under Ind AS 17, Leases.
- v) Trade Receivables under Ind AS 18, Revenue.

The Group follows 'simplified approach' permitted under Ind AS 109, "Financial Instruments" for recognition of impairment loss allowance on contract assets, lease receivables and trade receivables resulting from transactions within the scope of Ind AS 11, Ind AS 17 and Ind AS 18, which requires expected life time losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets, the Group assesses whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. For assessing increase in credit risk and impairment loss, the Group assesses the credit risk characteristics on instrument-by-instrument basis. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL. The amount of expected credit loss (or reversal) for the period is recognized as expense/income in the Statement of Profit and Loss.

#### 10.0 Inventories

Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipments and are valued at cost or net realizable value (NRV) whichever is lower. The cost is determined using weighted average cost formula and NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories is recognized as an expense in the period in which write-down or loss occurs. The amount of any reversal of the write-down of inventories arising from increase in the net realisable value is recognized as a reduction from the amount of inventories recognized as an expense in the period in which reversal occurs.

#### 11.0 Dividends

Dividends and interim dividends payable to the shareholders are recognised as change in equity in the period in which they are approved by the Group's shareholders and the Board of Directors respectively.

#### 12.0 Financial liabilities

Financial liabilities of the Group are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

The Group's financial liabilities include loans & borrowings, trade and other payables.

##### a) Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable and subsequently measured at amortised cost. Financial liabilities are classified as subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss or in the carrying amount of an asset if another standard permits such inclusion, over the period of the borrowings using the effective rate of interest.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### b) Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss or in the carrying amount of an asset if another standard permits such inclusion, when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

##### c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

##### d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 13.0 Government Grants

- a) The benefits of a government loan at a below market rate of interest is treated as Government Grant. The loan is initially recognised and measured at fair value and the government grant is measured as the difference between the initially recognized amount of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities and government grant is recognized initially as deferred income and subsequently in the Statement of Profit and Loss on a systematic basis over the useful life of the asset.
- b) Monetary grants received from the Government for creation of assets of Power Stations are recognised as deferred income and amortised over the useful life of the related assets.

#### 14.0 Provisions, Contingent Liabilities and Contingent Assets

- a) Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the Balance Sheet date. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third

party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision net of any reimbursement is presented in the Statement of Profit and Loss or in the carrying amount of an asset if another standard permits such inclusion.

- b) If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
- c) Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each Balance Sheet date and are adjusted to reflect the current management estimate.
- d) Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

#### 15.0 Revenue Recognition and Other Income

- a) Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuous management involvement and the amount of revenue can be measured reliably. Revenue from the sale of power is measured at the fair value of the consideration received or receivable.
- b) Revenue from the sale of power (except for power stations which are considered as Finance/Operating Lease) is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Stations where tariff is not notified, sale is recognized on provisional rates worked out by the Group based on the parameters and method adopted by the appropriate authority. Customers are billed on aperiodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue). Rebates given to beneficiaries as early payments incentives are deducted from the amount of revenue. Recovery/ refund towards foreign currency variation in respect of foreign currency loans and recovery towards Income Tax are accounted for on year to year basis.
- c) Recovery towards deferred tax items recognized till March 31, 2009 are accounted for when the same materialises.
- d) Incentives/Disincentives are recognised as per Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations. In case of Power Stations where tariff have not been notified, incentives/disincentives are recognized provisionally on assessment of the likelihood of acceptance of the same.
- e) Adjustments arising out of finalisation of Regional Energy Account (REA), though not material, are effected in the year of respective finalisation.
- f) Advance Against Depreciation (AAD) considered as deferred income up to 31st March 2009 is included in sales on straight line basis over the balance useful life after 31st March of the year closing after a period of 12 years from the date of commercial operation of the project, considering the total useful life of the project as 35 years.
- g) Revenue on Project Management / Construction Contracts/ Consultancy assignments is recognized on percentage of completion method. The percentage of completion is determined as proportion of "cost incurred up to reporting date" to "estimated cost to complete the concerned Project Management / Construction Contracts and Consultancy assignment".
- h) Dividend income is recognized when right to receive the same is established.
- i) Interest/Surcharge recoverable from customers and liquidated damages /interest on advances to contractors is recognised when no significant uncertainty as to measurability and collectability exists.
- j) For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the Statement of Profit and Loss.

#### 16.0 Employee Benefits

##### i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed or included in the carrying amount of an asset if another standard permits such inclusion as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term performance related cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate trusts and will have no legal or constructive obligation to pay further amounts. Obligations for



contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss or included in the carrying amount of an asset if another standard permits such inclusion in the periods during which services are rendered by employees. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Employees Defined Contribution Superannuation Scheme (EDCSS) for providing pension benefits and contribution to Social Security Scheme are accounted as defined contribution plan.

### iii) **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's Gratuity Scheme, Retired Employees Health Scheme (REHS), Provident Fund Scheme, Allowance on Retirement/Death and Memento on Superannuation to employees are in the nature of defined benefit plans.

The liability or asset recognised in the Balance Sheet in respect of Gratuity, Retired Employees Health Scheme and Provident Fund Scheme is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by actuary using the Projected Unit Credit Method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or included in the carrying amount of an asset if another standard permits such inclusion.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

### iv) **Other long-term employee benefits**

Benefits under the Group's leave encashment scheme constitute other long term employee benefits.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the Projected Unit Credit Method. Contributions to the scheme and actuarial gains or losses are recognised in the Statement of Profit and Loss or included in the carrying amount of an asset if another standard permits such inclusion in the period in which they arise.

### v) **Termination benefits**

The expenses incurred on terminal benefits in the form of ex-gratia payments and notice pay on voluntary retirement schemes are charged to the Statement of Profit and Loss in the year of incurrence of such expenses.

## 17.0 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying tangible assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Capitalisation of borrowing cost ceases when substantially all the activities necessary to prepare the qualifying tangible assets for their intended use are complete.

## 18.0 **Depreciation and amortization**

- a) Depreciation on additions to /deductions from Property, Plant and Equipment (PPE) during the year is charged on pro-rata basis from / up to the date on which the asset is available for use / disposal.
- b) Depreciation on Property, Plant and Equipment of Operating Units of the Group is charged to the Statement of Profit and Loss on straight-line method following the rates and methodology as notified by CERC for the fixation of tariff except for Construction Plant & Machinery and Computer & Peripherals.
- c)
  - i) Depreciation on Property, Plant and Equipment (except old and used) of other than Operating Units of the Group is charged to the extent of 90% of the cost of the asset following the rates notified by CERC for the fixation of tariff except for Construction Plant & Machinery and Computer & Peripherals.
  - ii) Depreciation on old and used items of PPE of other than Operating Units is charged on straight-line method to the extent of 90% of the cost of the asset over estimated useful life determined on the basis of technical assessment.
- d) Depreciation in respect of following items of PPE is charged on straight line method based on the life and residual value (5%) given in the Schedule II of the Companies Act, 2013:
  - (i) Construction Plant & Machinery
  - (ii) Computer & Peripherals
- e) Temporary erections are depreciated fully (100%) in the year of acquisition /capitalization by retaining Re. 1/- as WDV.
- f) Tangible Assets valuing Rs. 5000/- or less but more than Rs. 750/- are fully depreciated during the year in which asset is made available for use with Re. 1/- as WDV.



- g) Low value items, which are in the nature of assets (excluding immovable assets) and valuing upto Rs. 750/- are not capitalized and charged off to revenue in the year of use.
- h) Leasehold Land, in case of operating units, is amortized over the period of lease or 35 years whichever is lower, following the rates and methodology notified vide CERC tariff regulations.
- i) Leasehold Land, in case of units other than operating units, is amortized over the period of lease or 35 years whichever is lower.
- j) Tangible Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land from the date such asset is available for use or at the applicable depreciation rates & methodology notified by CERC tariff regulations for such assets, whichever is higher.
- k) Land-Right to use is amortized over a period of 30 years from the date of commercial operation of the project in line with CERC tariff regulations notified for tariff fixation.
- l) Cost of software recognized as 'Intangible Assets' is amortized on straight line method over a period of legal right to use or three financial years, whichever is earlier, starting from the year in which it is acquired.
- m) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, settlement of arbitration/court cases, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such assets at the rate of depreciation and methodology notified by CERC tariff regulations.
- n) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.
- o) Spares parts procured along with the Plant & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery at the rates and methodology notified by CERC.

#### 19.0 Impairment of non-financial assets other than inventories

- a. The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit and Loss.
- b. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.
- c. In case of expenditure on survey & investigation of projects, if it is decided to abandon such a project under survey & investigation, expenditure incurred thereon is charged to the Statement of Profit and Loss in the year in which such decision is taken.
- d. In case a project under Survey and Investigation remains in abeyance by the order of appropriate authority/ by injunction of court order, any expenditure incurred on such projects from the date of order/ injunction of court is provided in the books from the date of such order till the period project is kept in abeyance by such order/ injunction. Provision so made is however reversed on the revocation of aforesaid order/ injunction.
- e. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 20.0 Income Taxes

Income tax expense comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is also recognised directly in equity or in other comprehensive income.

##### a) Current tax

- i) The current tax is the expected tax payable on the taxable income for the year on the basis of the tax laws applicable at the reporting date and any adjustments to tax payable in previous years. Taxable profit differs from profit as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible (permanent differences).
- ii) Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

##### b) Deferred tax

- i) Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the Balance Sheet method. Deferred tax liabilities are generally recognised for all taxable

temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of an asset or liability in a transaction that at the time of the transaction affects neither the taxable profit or loss nor the accounting profit or loss.

- ii) The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.
- iii) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would flow in the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
- iv) Deferred tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.
- v) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.
- vi) Deferred tax recovery adjustment account is credited/ debited to the extent the deferred tax for the current period which forms part of current tax in the subsequent periods and affects the computation of return on equity (ROE), a component of tariff.

#### 21.0 Compensation from third parties

Impairments or losses of items, related claims for payments of compensation from third parties including insurance companies and any subsequent purchase or construction of assets/inventory are separate economic events and are accounted for separately.

Compensation from third parties including from insurance companies for items of property, plant and equipment or for other items that were impaired, lost or given up is included in the Statement of Profit and Loss when the compensation becomes receivable. Insurance claims for loss of profit are accounted for based on certainty of realisation.

#### 22.0 Segment Reporting

- a) In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of internal reports used by the Group's Management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Group's "Chief Operating Decision Maker" or "CODM" within the meaning of Ind AS 108.
- b) Electricity generation is the principal business activity of the Group. Other operations viz., Contracts, Project Management and Consultancy works do not form a reportable segment as per the Ind AS -108 - 'Operating Segments'.
- c) The Group is having a single geographical segment as all its Power Stations are located within the Country.

#### 23.0 Leases

##### a) Group as a Lessee:

- i. Leases of property, plant and equipment (mainly land acquired through lump sum upfront payments), where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance lease. Such finance leases are generally capitalised at the lease's inception at the fair value of the leased property which equals the transaction price i.e. lump sum upfront payments.
- ii. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to Statement of Profit and Loss over the period of lease.

##### b) Group as a Lessor:

Power Purchase Agreements (PPA) in the nature of embedded lease with a single beneficiary where the minimum lease term is for the major part of the plant's economic life and the minimum lease payments amounts to substantially all the fair value of the plant are considered as a Finance Lease. Other embedded leases are considered as Operating Lease.

- i) For embedded leases in the nature of a Finance Lease, the investment in the plant is recognised as a Lease Receivable. The minimum lease payments are identified by segregating the embedded lease payments from the rest of the contract amounts including Advance Against Depreciation (AAD) recognised in accordance with CERC Tariff regulations 2004-09 up to 31st March 2009 and considered as deferred income. Each lease receipt is allocated between the receivable and finance lease income so as to achieve a constant rate on the Lease Receivable outstanding.
- ii) In the case of Operating Leases or embedded operating leases, the lease income from the operating lease is recognised in revenue over the lease term to reflect the pattern of use benefit derived from the leased asset. The respective leased assets are included in the Balance Sheet based on their nature and depreciated over its economic life.

## 24.0 Statement of Cash Flows

### a) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However for Balance Sheet presentation, Bank overdrafts are shown within Borrowings under Current Liabilities.

### b) Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7- 'Statement of Cash Flows'.

## 25.0 Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

### a) An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

### b) A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current

### c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 26.0 Miscellaneous

### a) Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

### b) Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Group.

## (IV) RECENT ACCOUNTING PRONOUNCEMENTS

### (a) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 'Statement of cash flows'. The amendments are applicable to the Group from April 1, 2017.

### (b) Amendment to Ind AS 7:

The amendment to Ind AS 7 introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The group is evaluating the requirements of the amendment and its effect on the financial statements.

### For and on behalf of the Board of Directors

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

### As per report of even date

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**(VASU GUPTA)**  
Partner  
M. No. 537545

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

**NOTE NO. 2.1 PROPERTY, PLANT AND EQUIPMENT**

CLASS OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Addition	Deduc- tion	Adjust- ments	As at 31.03.2017	As at 01.04.2016	For the year	Adjust- ment	As at 31.03.2017	As at 31.03.2016
Land – Freehold	288.54	21.31	-	(1.81)	308.04	-	-	-	308.04	288.54
Land – Leasehold	318.25	8.93	-	-	327.18	11.58	11.80	-	23.38	306.67
Roads and Bridges	203.82	9.98	-	(0.15)	213.65	7.26	10.38	(0.20)	17.44	196.56
Buildings	1,946.10	43.02	1.02	1.30	1,989.40	85.29	90.69	(2.73)	173.25	1,860.81
Railway sidings	15.95	0.63	-	-	16.58	2.44	2.48	-	4.92	13.51
Hydraulic Works (Dams, Water Conductor system, Hydro mechanical gates, tunnels)	12,815.93	102.22	0.72	(11.13)	12,906.30	833.84	836.09	(2.69)	1,667.24	11,239.06
Generating Plant and machinery	6,167.95	682.24	7.23	19.90	6,862.86	410.99	427.11	(1.01)	837.09	6,025.77
Plant and machinery - Sub station	41.59	4.85	0.02	2.76	49.18	3.16	3.08	(0.06)	6.18	43.00
Plant and machinery - Transmission lines	40.85	22.37	0.01	2.00	65.21	3.59	4.24	-	7.83	57.38
Plant and machinery - Others	31.53	1.06	0.01	(0.36)	32.22	2.70	2.94	0.03	5.67	26.55
Construction Equipment	41.23	7.38	0.34	-	48.27	5.25	5.24	(0.04)	10.45	37.82
Water Supply System/ Drainage and Sewerage	36.72	5.79	0.01	(0.01)	42.49	2.07	2.54	(0.06)	4.55	37.94
Electrical installations	2.14	0.10	0.01	-	2.23	0.12	0.18	(0.01)	0.29	1.94
Vehicles	14.71	6.87	0.31	(0.10)	21.17	1.35	2.40	(0.19)	3.56	17.61
Aircraft/ Boats	0.66	0.13	-	-	0.79	0.06	0.11	(0.01)	0.16	0.63
Furniture and fixture	25.91	5.22	0.24	(0.02)	30.87	2.07	2.79	(0.05)	4.81	26.06
Computers	21.31	6.66	0.44	(0.02)	27.51	5.10	6.56	(0.11)	11.55	15.96
Communication Equipment	9.19	1.43	0.44	(0.02)	10.16	0.87	1.20	(0.15)	1.92	8.24
Office Equipments	25.83	6.38	0.35	0.17	32.03	2.50	2.95	(0.30)	5.15	26.88
Research and Development Equipment	0.77	-	0.04	-	0.73	0.09	0.08	-	0.17	0.56
Other assets	34.49	9.83	0.39	0.02	43.95	2.95	4.03	(0.20)	6.78	37.17
Tangible Assets of minor value >750 and < Rs.5000	0.72	1.66	0.03	(0.01)	2.34	0.71	1.66	(0.04)	2.33	0.01
<b>Total</b>	<b>22,084.19</b>	<b>948.06</b>	<b>11.61</b>	<b>12.52</b>	<b>23,033.16</b>	<b>1,383.99</b>	<b>1,418.55</b>	<b>(7.82)</b>	<b>2,794.72</b>	<b>20,238.44</b>
<b>Previous Year</b>	<b>20,478.29</b>	<b>1,623.51</b>	<b>33.35</b>	<b>15.74</b>	<b>22,084.19</b>	<b>-</b>	<b>1,391.72</b>	<b>(7.73)</b>	<b>1,383.99</b>	<b>20,700.20</b>

**Note:** Additional disclosure of Property Plant and Equipment (PPE) as per gross block of assets and accumulated depreciation under previous GAAP has been provided as Annexure-I to this Note. For other explanatory notes, these are stated in Annexure-I to Note 2.1.

**ANNEXURE-I TO NOTE NO. 2.1 PROPERTY, PLANT AND EQUIPMENT**

CLASS OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2016	Additions	Deductions	Adjustments	As at 31.03.2017	As at 01.04.2016	As at 31.03.2017	As at 01.04.2016
Land – Freehold	288.54	21.31	-	(1.81)	308.04	-	308.04	288.54
Land – Leasehold	361.59	8.93	-	-	370.52	54.92	66.72	306.67
Roads and Bridges	301.12	9.98	-	(0.15)	310.95	104.56	114.74	196.21
Buildings	2,689.77	43.02	1.26	1.30	2,732.83	828.96	916.68	1,860.81
Railway sidings	35.50	0.63	-	-	36.13	21.99	24.47	13.51
Hydraulic Works (Dams, Water Conductor system, Hydro mechanical gates, tunnels)	18,766.97	102.22	0.88	(11.13)	18,857.18	6,784.88	7,618.12	11,982.09
Generating Plant and machinery	9,156.27	682.24	9.56	19.90	9,848.85	3,399.31	3,823.08	6,025.77
Plant and machinery - Sub station	93.41	4.85	0.14	2.76	100.88	54.98	57.88	43.00
Plant and machinery - Transmission lines	68.29	22.37	0.04	2.00	92.62	31.03	35.24	57.38
Plant and machinery - Others	48.58	1.06	0.07	(0.36)	49.21	19.75	22.66	26.55
Construction Equipment	107.16	7.38	3.40	-	111.14	71.18	73.32	37.82
Water Supply System/ Drainage and Sewerage	46.69	5.79	0.01	(0.01)	52.46	12.04	14.52	37.94
Electrical installations	3.46	0.10	0.01	-	3.55	1.44	1.61	1.94
Vehicles	29.51	6.87	1.39	(0.10)	34.89	16.15	17.28	17.61
Aircraft/ Boats	0.94	0.13	0.02	-	1.05	0.34	0.42	0.63
Furniture and fixture	51.96	5.22	0.61	(0.02)	56.55	28.12	30.49	26.06
Computers	66.15	6.66	6.78	(0.02)	66.01	49.94	50.05	15.96
Communication Equipment	16.35	1.43	0.85	(0.02)	16.91	8.03	8.67	8.24
Office Equipments	47.12	6.38	0.91	0.17	52.76	23.79	25.88	26.88
Research and Development Equipment	1.41	-	0.06	-	1.35	0.73	0.79	0.56
Other assets	59.41	9.83	0.82	0.02	68.44	27.87	31.27	37.17
Tangible Assets of minor value > 750 and < Rs.5000	17.27	1.66	0.72	(0.01)	18.20	17.26	18.19	0.01
<b>Total</b>	<b>32,257.47</b>	<b>948.06</b>	<b>27.53</b>	<b>12.52</b>	<b>33,190.52</b>	<b>11,557.27</b>	<b>12,952.08</b>	<b>20,238.44</b>
<b>Previous Year</b>	<b>30,669.50</b>	<b>1,623.51</b>	<b>51.28</b>	<b>15.74</b>	<b>32,257.47</b>	<b>10,191.21</b>	<b>11,557.27</b>	<b>20,700.20</b>

**Explanatory Note: -**

- 1) Title deeds/title in respect of freehold land amounting to ₹ 9.96 Crore (Previous year ₹ 13.37 Crore) covering an area of 158.31 hectare (Previous year 155.69 hectare) and lease deeds in respect of leasehold land amounting to ₹ 310.04 Crore (Previous year ₹ 297.34 Crore) covering an area of 627.25 hectare (Previous year 766.20 hectare) are yet to be executed/ passed.

- 2) Land - Leasehold includes 7.83 hectare (Previous year 7.83 hectare) taken from Sashatra Seema Bal (SSB) for Subansiri Upper Project on lease for a period of 99 years at notional value of ₹ 1/-
- 3) Underground works amounting to ₹ 6299.38 Crore (Previous Year ₹ 6293.18 Crore), created on Land - Right to use, are included under the relevant heads of Property, Plant and Equipment.
- 4) Adjustments to Gross Block include adjustment for Foreign Exchange Rate Variation, depreciation charged and capitalized during construction of a project.
- 5) Pending approval of revised cost estimates (RCE) of Sewa II, Chamera III, Teesta Low Dam III, Uri II & Parbati III Power Stations, capital expenditure actually incurred on these power stations has been considered for capitalisation.
- 6) Refer para 12 of Note no. 34 for information of non-current assets equitably mortgaged/hypothecated with banks as security for related borrowings.
- 7) Foreign Exchange Rate Variation included in Adjustments to assets are as follows: -

Class of Assets	For the year ended 31.03.2017 (₹ in Crore)	For the year ended 31.03.2016 (₹ in Crore)
Roads and Bridges	(0.16)	0.15
Buildings	(1.50)	1.77
Hydraulic Works	(11.12)	16.61
Generating Plant and machinery	(2.79)	3.77
Plant and machinery Sub station	(0.02)	0.02
Water Supply System/Drainage and Sewerage	(0.01)	0.01
<b>Total</b>	<b>(15.60)</b>	<b>22.33</b>

- 8) A piece of land measuring 3835 sqft at Thangal village was donated by Thangal village authority to NHPC Ltd. The said land along with the temporary shed constructed thereon was transferred to the Loktak Downstream Hydroelectric Corporation Ltd (subsidiary of NHPC Ltd) at the time of incorporation. The land is in the possession of the Group but no value has been assigned.



**NOTE NO. 2.1 PROPERTY, PLANT AND EQUIPMENT**

CLASS OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at	Addition	Deduction	Adjustments	As at	For the year	Adjustment	As at	As at	As at
	01.04.2015				31.03.2016	2016		31.03.2016	31.03.2015	31.03.2015
Land – Freehold	268.97	35.50	14.95	(0.98)	288.54	-	-	-	288.54	268.97
Land – Leasehold	317.48	0.78	0.01	-	318.25	11.53	0.05	11.58	306.67	317.48
Roads and Bridges	198.22	6.29	-	(0.69)	203.82	8.03	(0.77)	7.26	196.56	198.22
Buildings	1,754.54	193.88	0.22	(2.10)	1,946.10	90.04	(4.75)	85.29	1,860.81	1,754.54
Railway sidings	17.45	-	1.50	-	15.95	2.45	(0.01)	2.44	13.51	17.45
Hydraulic Works (Dams, Water Conductor system, Hydro mechanical gates, tunnels)	11,831.14	971.38	3.01	16.42	12,815.93	833.38	0.46	833.84	11,982.09	11,831.14
Generating Plant and machinery	5,795.72	374.93	8.64	5.94	6,167.95	410.77	0.22	410.99	5,756.96	5,795.72
Plant and machinery - Sub station	40.16	1.67	0.26	0.02	41.59	3.17	(0.01)	3.16	38.43	40.16
Plant and machinery - Transmission lines	40.43	0.67	0.04	(0.21)	40.85	3.82	(0.23)	3.59	37.26	40.43
Plant and machinery - Others	29.89	1.86	0.08	(0.14)	31.53	2.81	(0.11)	2.70	28.83	29.89
Construction Equipment	35.84	6.02	0.78	0.15	41.23	5.11	0.14	5.25	35.98	35.84
Water Supply System/ Drainage and Sewerage	33.45	3.47	0.04	(0.16)	36.72	2.31	(0.24)	2.07	34.65	33.45
Electrical installations	2.25	0.01	0.05	(0.07)	2.14	0.18	(0.06)	0.12	2.02	2.25
Vehicles	11.95	3.27	0.32	(0.19)	14.71	1.55	(0.20)	1.35	13.36	11.95
Aircraft/ Boats	0.59	0.07	-	-	0.66	0.06	-	0.06	0.60	0.59
Furniture and fixture	23.58	3.37	0.57	(0.47)	25.91	2.52	(0.45)	2.07	23.84	23.58
Computers	14.27	8.03	0.28	(0.71)	21.31	5.78	(0.68)	5.10	16.21	14.27
Communication Equipment	7.84	1.77	0.42	-	9.19	0.88	(0.01)	0.87	8.32	7.84
Office Equipments	23.18	3.39	0.49	(0.25)	25.83	2.77	(0.27)	2.50	23.33	23.18
Research and Development Equipment	0.77	-	-	-	0.77	0.09	-	0.09	0.68	0.77
Other assets	30.56	6.02	1.63	(0.46)	34.49	3.41	(0.46)	2.95	31.54	30.56
Tangible Assets of minor value >750 and < Rs.5000	0.01	1.13	0.06	(0.36)	0.72	1.06	(0.35)	0.71	0.01	0.01
<b>Total</b>	<b>20,478.29</b>	<b>1,623.51</b>	<b>33.35</b>	<b>15.74</b>	<b>22,084.19</b>	<b>1,391.72</b>	<b>(7.73)</b>	<b>1,383.99</b>	<b>20,700.20</b>	<b>20,478.29</b>

**Note:** Additional disclosure of Property Plant and Equipment (PPE) as per gross block of assets and accumulated depreciation under previous GAAP has been provided as Annexure-I to this Note. For other explanatory notes, these are stated in Annexure-I to Note 2.1.

**ANNEXURE-I TO NOTE NO. 2.1 PROPERTY, PLANT AND EQUIPMENT**

CLASS OF ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.2015	Additions	Deductions	Adjustments	As at 31.03.2016	As at 01.04.2015	For the Year	As at 31.03.2016	As at 01.04.2015
Land – Freehold	268.97	35.50	14.95	(0.98)	288.54	-	-	288.54	268.97
Land – Leasehold	360.82	0.78	0.01	-	361.59	43.34	11.53	54.92	317.48
Roads and Bridges	295.52	6.29	-	(0.69)	301.12	97.30	8.03	104.56	198.22
Buildings	2,498.57	193.88	0.58	(2.10)	2,689.77	744.03	90.04	828.96	1,754.54
Railway sidings	38.96	-	3.46	-	35.50	21.51	2.45	21.99	17.45
Hydraulic Works (Dams, Water Conductor system, Hydro mechanical gates, tunnels)	17,782.34	971.38	3.17	16.42	18,766.97	5,951.20	833.38	6,784.88	11,982.09
Generating Plant and machinery	8,789.79	374.93	14.39	5.94	9,156.27	2,994.07	410.77	3,399.31	5,756.96
Plant and machinery - Sub station	92.16	1.67	0.44	0.02	93.41	52.00	3.17	54.98	40.16
Plant and machinery - Transmission lines	67.87	0.67	0.04	(0.21)	68.29	27.44	3.82	31.03	40.43
Plant and machinery - Others	47.03	1.86	0.17	(0.14)	48.58	17.14	2.81	19.75	29.89
Construction Equipment	104.48	6.02	3.49	0.15	107.16	68.64	5.11	71.18	35.84
Water Supply System/ Drainage and Sewerage	43.44	3.47	0.06	(0.16)	46.69	9.99	2.31	12.04	33.45
Electrical installations	3.58	0.01	0.06	(0.07)	3.46	1.33	0.18	1.44	2.25
Vehicles	28.38	3.27	1.95	(0.19)	29.51	16.43	1.55	16.15	11.95
Aircraft/ Boats	0.87	0.07	-	-	0.94	0.28	0.06	0.34	0.59
Furniture and fixture	49.98	3.37	0.92	(0.47)	51.96	26.40	2.52	28.12	23.58
Computers	62.02	8.03	3.19	(0.71)	66.15	47.75	5.78	49.94	14.27
Communication Equipment	15.25	1.77	0.67	-	16.35	7.41	0.88	8.03	7.84
Office Equipments	45.11	3.39	1.13	(0.25)	47.12	21.93	2.77	23.79	23.18
Research and Development Equipment	1.41	-	-	-	1.41	0.64	0.09	0.73	0.77
Other assets	56.01	6.02	2.16	(0.46)	59.41	25.45	3.41	27.87	30.56
Tangible Assets of minor value > 750 and < Rs. 5000	16.94	1.13	0.44	(0.36)	17.27	16.93	1.06	17.26	0.01
<b>Total</b>	<b>30,669.50</b>	<b>1,623.51</b>	<b>51.28</b>	<b>15.74</b>	<b>32,257.47</b>	<b>10,191.21</b>	<b>1,391.72</b>	<b>11,557.27</b>	<b>20,478.29</b>

Explanatory Note: -

- 1) Title deeds/title in respect of freehold land amounting to ₹ 13.37 Crore (Previous year ₹ 1.19 Crore) covering an area of 155.69 hectare (Previous year 103.04 hectare) and lease deeds in respect of leasehold land amounting to ₹ 297.34 Crore (Previous year ₹ 296.60 Crore) covering an area of 766.20 hectare (Previous year 851.78 hectare) are yet to be executed/ passed.

- 2) Land - Leasehold includes 7.83 hectare (Previous year 7.83 hectare) taken from Sashatra Seema Bal (SSB) for Subansiri Upper Project on lease for a period of 99 years at notional value of ₹ 1/-.
- 3) Underground works amounting to ₹ 6293.18 Crore (Previous Year ₹ 6240.79 Crore), created on Land - Right to use, are included under the relevant heads of Property, Plant and Equipment.
- 4) Adjustments to Gross Block include adjustment for Foreign Exchange Rate Variation, depreciation charged and capitalized during construction of a project.
- 5) Pending approval of revised cost estimates (RCE) of Sewa II, Chamera III, Teesta Low Dam III, Uri II & Parbati III Power Stations, capital expenditure actually incurred on these power stations has been considered for capitalisation.
- 6) Refer para 12 of Note no. 34 for information of non-current assets equitably mortgaged/hypothecated with banks as security for related borrowings.
- 7) Foreign Exchange Rate Variation included in Adjustments to assets are as follows: -

Class of Assets	For the year ended 31.03.2016 (₹ in Crore)	For the year ended 31.03.2015 (₹ in Crore)
Roads and Bridges	0.15	(1.57)
Buildings	1.77	(16.21)
Hydraulic Works	16.61	(154.90)
Generating Plant and machinery	3.77	(42.88)
Plant and machinery Sub station	0.02	(0.25)
Plant and machinery Transmission lines	-	(0.05)
Plant and machinery - Others	-	(0.03)
Water Supply System/Drainage and Sewerage	0.01	(0.05)
<b>Total</b>	<b>22.33</b>	<b>(215.94)</b>

- 8) A piece of land measuring 3835 sqft at Thangal village was donated by Thangal village authority to NHPC Ltd. The said land along with the temporary shed constructed thereon was transferred to the Loktak Downstream Hydroelectric Corporation Ltd (subsidiary of NHPC Ltd) at the time of incorporation. The land is in the possession of the Group but no value has been assigned.

**Note no. 2.2 CAPITAL WORK IN PROGRESS**

(₹ in Crore)

Particulars	As at 01.04.2016	Addition	Adjustment	Capitalised	As at 31.03.2017
Roads and Bridges	89.18	15.43	-	11.69	92.92
Buildings	1,052.34	93.80	(0.46)	41.97	1,103.71
Railway sidings	-	0.62	-	0.62	-
Hydraulic Works (Dams, Water Conductor system, Hydro mechanical gates, tunnels)	6,020.58	740.87	2.72	92.33	6,671.84
Generating Plant and Machinery	3,391.19	190.30	129.48	648.23	3,062.74
Plant and Machinery - Sub station	12.55	1.81	-	2.54	11.82
Plant and Machinery - Transmission lines	2.13	1.66	-	0.48	3.31
Plant and Machinery - Others	0.74	0.39	(0.01)	0.38	0.74
Construction Equipment	-	0.47	-	0.47	-
Water Supply System/Drainage and Sewerage	1.36	7.91	-	5.35	3.92
Other assets awaiting installation	2.50	49.21	(0.02)	49.54	2.15
CWIP - Assets Under 5 KM Scheme Of the GOI	-	-	-	-	-
Survey, investigation, consultancy and supervision charges	280.75	16.08	(1.34)	0.06	295.43
Expenditure on compensatory Afforestation	20.48	0.61	(3.70)	1.45	15.94
Expenditure Attributable to Construction*	6,236.21	726.77	(129.29)	39.74	6,793.95
<b>Less: Provided for</b>	<b>537.92</b>	<b>41.34</b>	<b>2.82</b>	<b>-</b>	<b>582.08</b>
<b>Sub total (a)</b>	<b>16,572.09</b>	<b>1,804.59</b>	<b>(5.44)</b>	<b>894.85</b>	<b>17,476.39</b>
* For addition during the period refer Note No. 32					
	As at 01.04.2016		Adjustment		As at 31.03.2017
Construction Stores	170.76		(58.28)		112.48
<b>Less : Provisions for construction stores</b>	<b>1.25</b>		<b>0.03</b>		<b>1.28</b>
<b>Sub total (b)</b>	<b>169.51</b>	<b>-</b>	<b>(58.31)</b>	<b>-</b>	<b>111.20</b>
<b>TOTAL</b>	<b>16,741.60</b>	<b>1,804.59</b>	<b>(63.75)</b>	<b>894.85</b>	<b>17,587.59</b>
<b>Previous Year</b>	<b>16,147.15</b>	<b>2,091.61</b>	<b>20.91</b>	<b>1,518.07</b>	<b>16,741.60</b>

**Explanatory Note: -**

- Expenditure attributable to Construction (EAC) includes ₹ 377.54 Crore (Previous year ₹ 461.70 Crore) towards borrowing cost capitalised during the year.
- Capital Work in Progress (CWIP) includes a cumulative expenditure of ₹ 1181.14 Crore (Previous Year ₹ 1069.48 Crore) on projects under Survey & Investigation stage. Of this, a sum of ₹ 43.52 Crore (Previous Year ₹ 43.52 Crore) pertains to Subansiri Upper Project, which had been decided by Govt. of Arunachal Pradesh to be handed over to a Private Developer. However, pending handing over of the project & recovery of expenditure incurred on it, the said amount is already provided for in the books as an abundant precaution. Out of the balance of ₹ 1134.80 Crore (Previous Year ₹ 1025.96 Crore) pertaining to projects with the company, a sum of ₹ 538.56 Crore (Previous Year ₹ 494.40 Crore) has been provided upto date as an abundant precaution in respect of projects, where uncertainties are attached and ₹ 599.15 Crore (Previous Year ₹ 531.56 Crore), pertaining to other projects having reasonable certainty of getting clearance, is carried over.
- Siang Basin, Subansiri Basin & Dibang Multipurpose Projects were taken over from Brahmaputra Board. Pending settlement of accounts with Brahmaputra Board, assets and liabilities have been accounted for to the extent of amounts incurred by the Company on these projects. Siang Lower & Siyom HE Projects (in Siang Basin) & Subansiri Middle (in Subansiri Basin) have since been handed over to Private Developer and liability arising out of settlement of accounts with Brahmaputra Board towards these projects if any, is recoverable from respective Private Developers.
- Underground Works amounting to ₹ 4923.90 Crore (Previous Year ₹ 4205.33 Crore) created on Land - Right to use, are included under respective heads of Capital Work in Progress (CWIP).
- Refer para 12 of Note no. 34 for information of non-current assets pledged with banks as security for related borrowings.
- Capital Expenditure on projects approved by the competent authority undergoes revision over period of time as hydroelectric projects are time intensive and some takes longer period than envisaged. As a consequence the cost escalation occur, which requires approval of competent authority. Pending such approval the expenditure incurred is carried forward in Capital Work in Progress (CWIP).

**Note no. 2.2 CAPITAL WORK IN PROGRESS**

(₹ in Crore)

Particulars	As at 01.04.2015	Addition	Adjustment	Capitalised	As at 31.03.2016
Roads and Bridges	87.03	15.80	(4.81)	8.84	89.18
Buildings	1,032.62	122.58	30.10	132.96	1,052.34
Railway sidings	-	-	-	-	-
Hydraulic Works (Dams, Water Conductor system, Hydro mechanical gates, tunnels)	5,915.68	684.63	(14.38)	565.35	6,020.58
Generating Plant and Machinery	2,926.54	674.52	(5.80)	204.07	3,391.19
Plant and Machinery - Sub station	14.09	6.31	(7.68)	0.17	12.55
Plant and Machinery - Transmission lines	0.37	2.28	(0.08)	0.44	2.13
Plant and Machinery - Others	0.48	1.54	(0.32)	0.96	0.74
Construction Equipment	-	1.97	-	1.97	-
Water Supply System/Drainage and Sewerage	0.69	3.47	(0.05)	2.75	1.36
Other assets awaiting installation	4.53	47.16	(0.66)	48.53	2.50
CWIP - Assets Under 5 KM Scheme Of the GOI	-	-	-	-	-
Survey, investigation, consultancy and supervision charges	277.77	11.19	(1.80)	6.41	280.75
Expenditure on compensatory Afforestation	20.29	2.44	(1.61)	0.64	20.48
Expenditure Attributable to Construction*	5,899.96	877.37	3.86	544.98	6,236.21
<b>Less: Provided for</b>	<b>209.55</b>	<b>359.65</b>	<b>(31.28)</b>	<b>-</b>	<b>537.92</b>
<b>Sub total (a)</b>	<b>15,970.50</b>	<b>2,091.61</b>	<b>28.05</b>	<b>1,518.07</b>	<b>16,572.09</b>
* For addition during the period refer Note No. 32					
	As at 01.04.2015		Adjustment		As at 31.03.2016
Construction Stores	178.13		(7.37)		170.76
<b>Less : Provisions for construction stores</b>	<b>1.48</b>		<b>(0.23)</b>		<b>1.25</b>
<b>Sub total (b)</b>	<b>176.65</b>	<b>-</b>	<b>(7.14)</b>	<b>-</b>	<b>169.51</b>
<b>TOTAL</b>	<b>16,147.15</b>	<b>2,091.61</b>	<b>20.91</b>	<b>1,518.07</b>	<b>16,741.60</b>

**Explanatory Note: -**

- 1) Expenditure during construction (EDC) includes ₹ 461.70 Crore (Corresponding previous year ₹ 330.43 Crore) towards borrowing cost capitalised during the year.
- 2) Capital Work in Progress (CWIP) includes a cumulative expenditure of ₹ 1069.48 Crore (Previous Year ₹ 943.76 Crore) on projects under Survey & Investigation stage. Of this, a sum of ₹ 43.52 Crore (Previous Year ₹ 43.52 Crore) pertains to Subansiri Upper Project, which had been decided by Govt. of Arunachal Pradesh to be handed over to a Private Developer. However, pending handing over of the project & recovery of expenditure incurred on it, an amount ₹ 43.52 Crore (Previous Year ₹ 43.52 Crore) has been provided for in the books as an abundant precaution. Out of the balance of ₹ 1025.96 Crore pertaining to projects with the company, a sum of ₹ 494.40 Crore (Previous Year ₹ 134.75 Crore) has been provided upto date as an abundant precaution in respect of projects, where uncertainties are attached and ₹ 531.56 Crore (Previous Year ₹ 765.49 Crore), pertaining to other projects having reasonable certainty of getting clearance, is carried over.
- 3) Siang Basin, Subansiri Basin & Dibang Multipurpose Projects were taken over from Brahmaputra Board. Pending settlement of accounts with Brahmaputra Board, assets and liabilities have been accounted for to the extent of amounts incurred by the Company on these projects. Siang Lower & Siyom HE Projects (in Siang Basin) & Subansiri Middle (in Subansiri Basin) have since been handed over to Private Developer and liability arising out of settlement of accounts with Brahmaputra Board towards these projects if any, is recoverable from respective Private Developers.
- 4) Underground Works amounting to ₹ 4205.33 Crore (Previous Year ₹ 3995.69 Crore) created on Land - Right to use, are included under respective heads of CWIP.
- 5) Refer para 12 of Note no. 34 for information of non-current assets pledged with banks as security for related borrowings.
- 6) Capital Expenditure on projects approved by the competent authority undergoes revision over period of time as hydroelectric projects are time intensive and some takes longer period than envisaged. As a consequence the cost escalation occur, which requires approval of competent authority. Pending such approval the expenditure incurred during the period is carried forward in capital work in progress (CWIP).

### NOTE NO. 2.3 INVESTMENT PROPERTY

CLASS OF ASSETS	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As at 01.04.2016	Addition	Deduction	Adjustments	As at 31.03.2017	As at 01.04.2016	As at 31.03.2017
Land – Freehold	4.49	-	-	-	4.49	-	4.49
<b>TOTAL</b>	<b>4.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.49</b>	<b>-</b>	<b>4.49</b>
Previous Year 31.03.2016	4.49	-	-	-	4.49	-	4.49

#### i) Amounts recognised in profit or loss for investment property

	As at 31.03.2017	As at 31.03.2016
Rental income	Nil	Nil
Direct operating expenses from property that generated rental income	Nil	Nil
Direct operating expenses from property that did not generate rental income	Nil	Nil

#### (ii) Fair Value of investment property

Investment property comprise of freehold land which was bought for normal business requirements of the Company. However, due to change in business plans, the Company is in the process of finalising the future use of the property. IND AS 40, Investment Property, provides by way of example that land held for a currently undetermined future use is to be regarded as held for capital appreciation and hence to be classified as Investment Property. Accordingly such land has been classified as Investment Property.

#### (iv) Valuation process

The above land is carried in the financial statements at cost. However, the fair value of investment property has been arrived on the basis of circle rates notified by the state govt. prevailing in the locality where property is situated.

As at 31.03.2017	As at 31.03.2016
53.58	49.66

### NOTE NO. 2.3 INVESTMENT PROPERTY

CLASS OF ASSETS	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As at 01.04.2015	Addition	Deduction	Adjustments	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
Land – Freehold	4.49	-	-	-	4.49	-	4.49
<b>TOTAL</b>	<b>4.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.49</b>	<b>-</b>	<b>4.49</b>



**i) Amounts recognised in profit or loss for investment property**

	As at 31.03.2016	As at 31.03.2015
Rental income	Nil	Nil
Direct operating expenses from property that generated rental income	Nil	Nil
Direct operating expenses from property that did not generate rental income	Nil	Nil

	As at 31.03.2016	As at 31.03.2015
<b>(ii) Fair Value of investment property</b>	<b>49.66</b>	<b>36.59</b>

(iii) Investment property comprise of freehold land which was bought for normal business requirements of the Company. However, due to change in business plans, the Company is in the process of finalising the future use of the property. IND AS 40, Investment Property, provides by way of example that land held for a currently undetermined future use is to be regarded as held for capital appreciation and hence to be classified as Investment Property. Accordingly such land has been classified as Investment Property.

**(iv) Valuation process**

The above land is carried in the financial statements at cost. However, the fair value of investment property has been arrived on the basis of circle rates notified by the state govt. prevailing in the locality where property is situated.

**NOTE NO. 2.4 OTHER INTANGIBLE ASSETS**

CLASS OF ASSETS	GROSS BLOCK			AMORTISATION			NET BLOCK		
	As at 01.04.2016	Addition	Deduction	Adjustments	As at 31.03.2017	As at 01.04.2016	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Land – Right to Use	1,964.38	138.06	0.04	0.01	2,102.41	59.20	61.50	120.69	1,905.18
Intangible Assets - Computer Software	6.76	1.35	-	(0.02)	8.09	2.61	3.01	5.61	4.15
<b>TOTAL</b>	<b>1,971.14</b>	<b>139.41</b>	<b>0.04</b>	<b>(0.01)</b>	<b>2,110.50</b>	<b>61.81</b>	<b>64.51</b>	<b>126.30</b>	<b>1,909.33</b>
<b>Previous Year 31.03.2016</b>	<b>1,915.93</b>	<b>58.52</b>	<b>0.01</b>	<b>(3.30)</b>	<b>1,971.14</b>	<b>-</b>	<b>62.24</b>	<b>61.81</b>	<b>1,915.93</b>

**Explanatory Note:-**

Note: Additional disclosure of Other Intangible Assets as per gross block of assets and accumulated depreciation under previous GAAP has been provided as Annexure-I to this Note.

**ANNEXURE-I TO NOTE NO. 2.4 OTHER INTANGIBLE ASSETS**

CLASS OF ASSETS	GROSS BLOCK			AMORTISATION			NET BLOCK		
	As at 01.04.2016	Additions	Deductions	Adjustments	As at 31.03.2017	As at 01.04.2016	As at 31.03.2017	As at 31.03.2017	As at 01.04.2016
Land – Right to Use	2,317.87	138.06	0.12	0.01	2,455.82	412.69	61.50	474.10	1,905.18
Intangible Assets - Computer Software	44.96	1.35	-	(0.02)	46.29	40.81	3.01	43.81	4.15
<b>TOTAL</b>	<b>2,362.83</b>	<b>139.41</b>	<b>0.12</b>	<b>(0.01)</b>	<b>2,502.11</b>	<b>453.50</b>	<b>64.51</b>	<b>517.91</b>	<b>1,909.33</b>
<b>Previous Year</b>	<b>2,307.89</b>	<b>58.52</b>	<b>0.28</b>	<b>(3.30)</b>	<b>2,362.83</b>	<b>391.96</b>	<b>62.24</b>	<b>453.50</b>	<b>1,915.93</b>

**NOTE NO. 2.4 OTHER INTANGIBLE ASSETS**

CLASS OF ASSETS	GROSS BLOCK			AMORTISATION			NET BLOCK	
	As at 01.04.2015	Addition	Deduction	Adjustments	As at 31.03.2016	As at 01.04.2015	As at 31.03.2016	As at 31.03.2015
Land – Right of Use	1,914.21	53.44	-	(3.27)	1,964.38	-	59.20	1,905.18
Intangible Assets - Computer Software	1.72	5.08	0.01	(0.03)	6.76	-	2.61	4.15
<b>TOTAL</b>	<b>1,915.93</b>	<b>58.52</b>	<b>0.01</b>	<b>(3.30)</b>	<b>1,971.14</b>	<b>-</b>	<b>61.81</b>	<b>1,915.93</b>

**Explanatory Note:-**

Note: Additional disclosure of Other Intangible Assets as per gross block of assets and accumulated depreciation under previous GAAP has been provided as Annexure-I to this Note.

**ANNEXURE-I TO NOTE NO. 2.4 OTHER INTANGIBLE ASSETS**

CLASS OF ASSETS	GROSS BLOCK			AMORTISATION			NET BLOCK	
	As at 01.04.2015	Additions	Deductions	Adjustments	As at 31.03.2016	As at 01.04.2015	As at 31.03.2016	As at 01.04.2015
Land – Right to Use	2,267.70	53.44	-	(3.27)	2,317.87	353.49	412.69	1,914.21
Intangible Assets - Computer Software	40.19	5.08	0.28	(0.03)	44.96	38.47	40.81	1.72
<b>TOTAL</b>	<b>2,307.89</b>	<b>58.52</b>	<b>0.28</b>	<b>(3.30)</b>	<b>2,362.83</b>	<b>391.96</b>	<b>453.50</b>	<b>1,915.93</b>

**NOTE NO. 2.5.1 : INVESTMENT ACCOUNTED FOR USING EQUITY METHOD**
**INTERESTS IN JOINT VENTURES**

The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

(₹ in Crore)

Particulars	Place of business	Accounting Method	% of Ownership interest			Carrying amount		
			31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
National High Power Test Laboratory Private Limited (NHPTL) Joint Venture	India	Equity Method	20.00%	21.64%	21.64%	29.97	23.44	23.44
Chenab Valley Power Projects (P) Limited. (CVPPL) Joint Venture	India	Equity Method	49.78%	49.98%	49.98%	470.60	107.90	98.80
<b>Total Equity accounted investments</b>						<b>500.57</b>	<b>131.34</b>	<b>122.24</b>

**NOTE NO. 2.5.2 : SHARE OF NET PROFIT OF JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD**

(₹ in Crore)

Name of entity	31-Mar-17	31-Mar-16
National High Power Test Laboratory Private Limited (NHPTL) Joint Venture	-	-
Chenab Valley Power Projects (P) Limited. (CVPPL) Joint Venture	2.74	1.23
<b>TOTAL</b>	<b>2.74</b>	<b>1.23</b>

Explanatory Note: -

**SUMMARISED FINANCIAL INFORMATION FOR JOINT VENTURES**

The tables below provide summarised financial information for joint ventures of the group. The information disclosed reflects the amounts presented in the financial statements of the joint ventures. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

**1. Summarised Balance Sheet**

(₹ in Crore)

	NHPTL			CVPPL		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Current Assets</b>						
Cash & Cash Equivalents	0.57	9.22	-	141.81	22.12	85.46
Other Assets	43.27	2.76	24.11	2.63	2.68	10.89
<b>Total Current Assets</b>	<b>43.84</b>	<b>11.98</b>	<b>24.11</b>	<b>144.44</b>	<b>24.80</b>	<b>96.35</b>
<b>Total non-current assets</b>	<b>327.59</b>	<b>258.80</b>	<b>210.31</b>	<b>1,012.98</b>	<b>490.52</b>	<b>399.78</b>
<b>Total Assets (A)</b>	<b>371.43</b>	<b>270.78</b>	<b>234.42</b>	<b>1,157.42</b>	<b>515.32</b>	<b>496.13</b>
<b>Current Liabilities</b>						
Financial Liabilities (excluding Trade payables)	-	-	-	3.60	5.22	2.48
Other Liabilities	48.16	16.58	6.29	207.02	292.79	295.13
<b>Total current liabilities</b>	<b>48.16</b>	<b>16.58</b>	<b>6.29</b>	<b>210.62</b>	<b>298.01</b>	<b>297.61</b>
<b>Non-current liabilities</b>						
Financial Liabilities (excluding trade payables)	173.31	145.82	119.82	0.71	0.49	0.38

(₹ in Crore)

	NHPTL			CVPPL		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
Other liabilities	0.13	0.07	-	0.72	0.93	0.46
<b>Total non-current liabilities</b>	<b>173.43</b>	<b>145.89</b>	<b>119.82</b>	<b>1.43</b>	<b>1.42</b>	<b>0.84</b>
<b>Total Liabilities (B)</b>	<b>221.59</b>	<b>162.47</b>	<b>126.11</b>	<b>212.05</b>	<b>299.43</b>	<b>298.45</b>
<b>Net Assets (A-B)</b>	<b>149.84</b>	<b>108.31</b>	<b>108.31</b>	<b>945.37</b>	<b>215.89</b>	<b>197.68</b>

## 2. Reconciliation to Carrying Amounts

(₹ in Crore)

	NHPTL		CVPPL	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Opening Net Assets	108.31	108.31	215.89	197.68
Profit for the year	-	-	5.50	2.47
Other comprehensive income	-	-	-	-
Equity Contribution	41.53	-	723.98	-
Reclassification adjustment	-	-	-	15.74
<b>Closing net assets</b>	<b>149.84</b>	<b>108.31</b>	<b>945.37</b>	<b>215.89</b>
Group's share in %	20.00%	21.64%	49.78%	49.98%
Group's share in INR	29.97	23.44	470.60	107.90
<b>Carrying Amount</b>	<b>29.97</b>	<b>23.44</b>	<b>470.60</b>	<b>107.90</b>

## 3. Summarised statement of Profit & Loss

(₹ in Crore)

	NHPTL		CVPPL	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Interest Income	-	-	10.88	3.96
Other Expenditure	-	-	1.73	0.18
Income Tax Expense	-	-	3.65	1.31
Profit from continuing operations	-	-	5.50	2.47
Profit for the year	-	-	5.50	2.47
Other Comprehensive income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>5.50</b>	<b>2.47</b>

**NOTE NO. 3.1 NON CURRENT INVESTMENTS**

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016		As at 01st Apr, 2015	
	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)
<b>A. Quoted Equity Instruments - At Fair Value through Other Comprehensive Income (OCI)</b>						
Indian Overseas Bank (Fully Paid Up) (Face Value of ₹ 10/- each)	360800	0.96	360800	1.09	360800	1.53
PTC India Ltd. (Fully Paid Up) (Face Value of ₹ 10/- each)	12000000	111.48	12000000	76.56	12000000	96.90
<b>TOTAL (A)</b>		<b>112.44</b>		<b>77.65</b>		<b>98.43</b>
<b>B. Quoted Debt Instruments - At Fair Value through Other Comprehensive Income (OCI)</b>						
<b>(a) Investment In Government Securities</b>						
8.35% SBI Right Issue GOI Special Bonds 2024 (Per Unit Value of ₹ 10000/- each)	150000	159.20	150000	153.93	150000	153.14
8.20% Oil Marketing Companies GOI Special Bonds 2024 (Per Unit Value of ₹ 10000/- each)	12380	13.01	12380	12.56	12380	12.54
8.28% GOI 2027 (Per Unit Value of ₹ 10000/- each)	57000	61.25	57000	59.03	57000	59.14
8.26% GOI 2027 (Per Unit Value of ₹ 10000/- each)	17940	19.20	17940	18.54	17940	18.49
8.28% GOI 2032 (Per Unit Value of ₹ 10000/- each)	35000	37.18	35000	36.09	35000	36.54
8.32% GOI 2032 (Per Unit Value of ₹ 10000/- each)	34000	36.88	34000	35.19	34000	35.58
<b>Sub-total (a)</b>		<b>326.72</b>		<b>315.34</b>		<b>315.43</b>
<b>(b) Investment In Bonds of Public Sector Undertaking/Public Financial Institution &amp; Corporates</b>						
8.95% Indian Railways Finance Corporation Bonds 2025 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	688	72.65
8.65% Indian Railways Finance Corporation Bonds 2025 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	30	3.00
8.83% Indian Railways Finance Corporation Bonds 2035 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	120	12.82
8.80% Indian Railways Finance Corporation Bonds 2030 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	150	15.95
8.90% Power Grid Corporation of India Bonds 2021 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	80	10.28

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016		As at 01st Apr, 2015	
	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Amount (₹ in Crore)
8.90% Power Grid Corporation of India Bonds 2022 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	80	10.00
8.90% Power Grid Corporation of India Bonds 2023 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	80	10.00
8.90% Power Grid Corporation of India Bonds 2025 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	40	5.00
8.84% Power Grid Corporation of India Bonds 2024 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	156	20.26
8.84% Power Grid Corporation of India Bonds 2025 (Per Unit Value of ₹ 12,50,000/- each)	-	-	-	-	364	43.46
8.95% Power Finance Corporation Bonds 2025 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	51	5.10
8.80% Power Finance Corporation Bonds 2025 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	467	48.03
8.70% Power Finance Corporation Bonds 2025 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	477	48.55
8.80% Rural Electrification Corporation Bonds 2020 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	600	61.00
9.75% Rural Electrification Corporation Bonds 2021 (Per Unit Value of ₹ 10,00,000/- each)	-	-	-	-	230	24.71
7.41% IIFCL Tax Free Bonds 15.11.2032 (Per Unit Value of ₹ 10,00,000/- each)	120	13.45	120	12.48	120	12.58
8.12% REC Tax Free Bonds 27.03.2027 (Per Unit Value of ₹ 1000/- each)	100000	11.30	100000	10.68	100000	11.19
8.48% NHAI TAX FREE (Per Unit Value of ₹ 10,00,000/- each)	473	55.50	473	52.45	473	51.60
<b>Sub-total (b)</b>		80.25		75.61		466.18
<b>Sub Total (B) = (a+b)</b>		406.97		390.95		781.61
<b>TOTAL (A+B)</b>		519.41		468.60		880.04
<b>(a) Quoted Investment</b>						
(i) Aggregate Cost		381.95		381.95		763.34
(ii) Aggregate Market Value		519.41		468.60		880.04
<b>(b) Aggregate amount of Impairment in value of Investments</b>		-		-		-



**NOTE NO. 3.2 NON-CURRENT - FINANCIAL ASSETS - TRADE RECEIVABLE**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Receivable from Beneficiary - Unsecured (Considered Good)	275.82	64.56	335.93
<b>TOTAL</b>	<b>275.82</b>	<b>64.56</b>	<b>335.93</b>

**Explanatory Note:**

Above represents dues agreed for deferment receivable in equated monthly instalments along-with applicable interest, as per agreement.

**NOTE NO. 3.3 NON-CURRENT - FINANCIAL ASSETS - LOANS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a) <b>Employees Loans (at amortised Cost)</b>			
- Secured (considered good)	144.33	129.35	112.58
- Unsecured (considered good)	12.54	8.48	7.05
- Unsecured (considered doubtful)	-	-	-
Less : Provisions for doubtful Employees loans *1	-	-	-
<b>Sub-total</b>	<b>156.87</b>	<b>137.83</b>	<b>119.63</b>
b) <b>State Government in settlement of dues from customer</b>			
- Secured (considered good)	-	-	-
- Unsecured (considered good)	-	-	12.68
- Unsecured (considered doubtful)	-	-	-
Less : Provisions for doubtful Loan to State Government *3	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>12.68</b>
c) <b>Government of Arunachal Pradesh</b>			
- Secured (considered good)	-	-	-
- Unsecured (considered good)	225.00	225.00	225.00
- Unsecured (considered doubtful)	-	-	-
<b>Sub-total</b>	<b>225.00</b>	<b>225.00</b>	<b>225.00</b>
<b>TOTAL</b>	<b>381.87</b>	<b>362.83</b>	<b>357.31</b>
<b>Explanatory Note: -</b>			
i) Loan included in Other Loans (Employees) due from directors or other officers of the company at the end of the period	0.14	0.19	0.16
ii) Advance due by firms or private companies in which any Director of the Company is a Director or member	Nil	Nil	Nil
iii) Loans are non-derivative financial assets which generate a fixed or variable interest income for the company. The Carrying value may be affected by the changes in the credit risk of the counterparties.			

**NOTE NO. 3.4 NON-CURRENT - FINANCIAL ASSETS - OTHERS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Bank Deposits with more than 12 Months Maturity	413.77	147.06	277.15
B. Lease Rent receivable*	5,470.30	5,745.45	5,966.34
C. Interest receivable on lease	-	-	-
D. Interest accrued on:			
- Loan to Government of Arunachal Pradesh	296.84	253.75	214.22
- Bank Deposits with more than 12 Months Maturity	5.71	2.06	2.65
<b>TOTAL</b>	<b>6,186.62</b>	<b>6,148.32</b>	<b>6,460.36</b>

\* Refer para-12 of Note No. 34-Other Explanatory Notes to Accounts for receivable mortgaged/hypothecated as security.

**Explanatory Note:**

- 1) Bank deposits with more than 12 months maturity includes an amount of Rs. NIL (as on 31.03.2016 Rs. 3.24Crore) under lien with banks as per order of Hon'ble Court of Law, which is not available for use as on 31.03.2017.

**NOTE NO. 4 OTHER NON-CURRENT ASSETS**

(₹ in Crore)			
PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A. CAPITAL ADVANCES</b>			
Secured (considered good)	1.97	3.25	9.37
Unsecured (considered good)	-	-	-
– Against bank guarantee	358.19	493.33	527.10
– Others	162.39	142.56	139.52
<b>Less : Provision for expenditure awaiting utilisation certificate</b>	4.21	1.99	10.26
Unsecured (considered doubtful)	4.50	0.13	0.12
<b>Less : Provisions for doubtful advances *1</b>	4.50	0.13	0.12
<b>Sub-total</b>	<b>518.34</b>	<b>637.15</b>	<b>665.73</b>
<b>B. ADVANCES OTHER THAN CAPITAL ADVANCES</b>			
<b>i) DEPOSITS</b>			
- Unsecured (considered good)	30.25	29.88	70.00
<b>Less : Provision against demand raised by Govt. Depts.</b>	15.55	15.29	15.29
- Unsecured (considered doubtful)	0.04	0.50	0.50
<b>Less : Provision for Doubtful Deposits *2</b>	0.04	0.50	0.50
	<b>14.70</b>	<b>14.59</b>	<b>54.71</b>
<b>ii) Other advances</b>			
- Unsecured (considered good)	0.14	0.24	0.09
- Unsecured (considered doubtful)	-	-	-
	<b>0.14</b>	<b>0.24</b>	<b>0.09</b>
<b>C. Others</b>			
<b>i) Deferred Foreign Currency Fluctuation</b>			
Deferred Foreign Currency Fluctuation Assets	415.04	491.81	369.71
Deferred Expenditure on Foreign Currency Fluctuation	144.42	133.28	152.85
	<b>559.46</b>	<b>625.09</b>	<b>522.56</b>
<b>ii) Deferred Cost on Employee loans given</b>			
Secured	48.88	73.31	66.45
Unsecured -Considered Good	2.06	0.26	3.14
	<b>50.94</b>	<b>73.57</b>	<b>69.59</b>
<b>TOTAL</b>	<b>1,143.58</b>	<b>1,350.64</b>	<b>1,312.68</b>
<b>Provision for doubtful Advances *1</b>			
Opening Balance	0.13	0.12	0.12
Addition during the year	4.37	0.01	-
<b>Closing balance</b>	<b>4.50</b>	<b>0.13</b>	<b>0.12</b>
<b>Provision for doubtful Deposits *2</b>			
Opening Balance	0.50	0.50	0.50
Addition during the year	0.04	-	-
Used during the year	0.50	-	-
<b>Closing balance</b>	<b>0.04</b>	<b>0.50</b>	<b>0.50</b>

**NOTE NO. 5 INVENTORIES**

(₹ in Crore)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>(Valuation as per Significant Accounting Policy No. 10)</b>			
Stores and spares	99.85	104.03	104.16
Stores in transit/ pending inspection	1.88	2.68	3.55
Loose tools	2.21	1.94	1.97
Scrap inventory	2.01	1.64	1.18
Material at site	4.83	4.98	3.55
Material issued to contractors/ fabricators	-	0.01	0.05
Less: Provision for Obsolescence & Diminution in Value *1	9.98	22.48	23.98
<b>TOTAL</b>	<b>100.80</b>	<b>92.80</b>	<b>90.48</b>
<b>*1 Provision for Obsolescence &amp; Diminution in Value</b>			
Opening Balance	22.48	23.98	23.98
Addition during the year	0.52	0.69	-
Used during the year	11.27	1.89	-
Reversed during the year #	1.75	0.30	-
<b>Closing balance</b>	<b>9.98</b>	<b>22.48</b>	<b>23.98</b>
<b>Explanatory Note:</b>			
i) During the year, inventories written down to net realisable value (NRV) and recognised as an expense in profit or loss.	0.52	0.69	-
ii) For details, refer para 12 of Note No. 34- Other Explanatory Notes to Accounts for information of assets mortgaged/hypothecated with banks as security for related borrowings.			
# Excess provision made earlier has been reversed during the year which led to the reversal of Write down value of inventories.			

**NOTE NO. 6 CURRENT INVESTMENTS**

PARTICULARS	As at 31st March, 2017			As at 31st March, 2016			As at 01st Apr, 2015		
	Number of shares/ bonds/ securities	Face value per share/ bond/ security (in ₹)	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Face value per share/ bond/ security (in ₹)	Amount (₹ in Crore)	Number of shares/ bonds/ securities	Face value per share/ bond/ security (in ₹)	Amount (₹ in Crore)
<b>Unquoted</b>									
<b>(a) Investment In Equity Instruments</b>									
<b>Joint Venture Company (Fully Paid Up)</b>									
National Power Exchange Limited # (Liquidated)	-	-	-	2188325	10	2.19	2188325	10	2.19
(Provision for diminution in value)						(1.06)			(1.06)
<b>(b) Investment In Bonds (Current maturity of long-term investments)</b>									
8.50 % Tax-Free State Government Special Bonds of the Government of :	-	-	-	-	-	-	-	-	-
Arunachal Pradesh	-	-	-	-	-	-	972	1000	0.10
Bihar	-	-	-	-	-	-	19070	1000	1.91
Haryana	-	-	-	-	-	-	565000	1000	56.50
Himachal Pradesh	-	-	-	-	-	-	17868	1000	1.79
Jammu and Kashmir	-	-	-	-	-	-	770696	1000	77.07
Jharkhand	-	-	-	-	-	-	14310	1000	1.43
Meghalaya	-	-	-	-	-	-	532	1000	0.05
Mizoram	-	-	-	-	-	-	3210	1000	0.32
Nagaland	-	-	-	-	-	-	6920	1000	0.69
Punjab	-	-	-	-	-	-	222810	1000	22.28
Rajasthan	-	-	-	-	-	-	56982	1000	5.70
Sikkim	-	-	-	-	-	-	2336	1000	0.23
Tripura	-	-	-	-	-	-	2668	1000	0.27
Uttar Pradesh	-	-	-	-	-	-	786890	1000	78.69
Uttaranchal	-	-	-	-	-	-	87430	1000	8.74
West Bengal	-	-	-	-	-	-	6722	1000	0.67
<b>Total</b>	-	-	-			<b>1.13</b>			<b>257.57</b>

# National Power Exchange Limited has been liquidated in FY 2016-17.

**NOTE NO. 7 FINANCIAL ASSETS - CURRENT - TRADE RECEIVABLES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
- Unsecured - Considered Good	1,854.01	1,904.51	2,472.24
- Unsecured - Considered Doubtful	54.40	56.37	34.77
Less: Provision for doubtful debts *1	54.40	56.37	34.77
<b>TOTAL</b>	<b>1,854.01</b>	<b>1,904.51</b>	<b>2,472.24</b>
<b>*1 Provision for doubtful debts</b>			
Opening Balance	56.37	34.77	34.77
Addition during the year	19.57	22.07	-
Used during the year	-	0.26	-
Reversed during the year	21.54	0.21	-
<b>Closing balance</b>	<b>54.40</b>	<b>56.37</b>	<b>34.77</b>
<b>Explanatory Note: -</b>			
i) Trade Receivables Unsecured - considered good includes dues agreed for deferment receivable in equated monthly instalments along-with applicable interest, as per agreement.	203.97	269.05	306.17
ii) Debt due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director of the Company is a partner or a director or a member.	-	-	-

**NOTE NO. 8 FINANCIAL ASSETS - CURRENT - CASH AND CASH EQUIVALENTS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A Balances with banks</b>			
<b>With scheduled banks</b>			
i) In Current Account	49.35	614.04	80.58
ii) In deposits account			
(Deposits with original maturity of less than three months)	24.09	295.25	100.69
<b>With other banks</b>			
<b>In current account</b>			
Bank of Bhutan	-	-	0.02
<b>B Cheques, drafts on hand</b>	-	511.07	14.87
<b>C Cash on hand</b>			
Cash on hand	0.13	0.16	0.19
<b>D Others</b>	-	-	-
<b>TOTAL</b>	<b>73.57</b>	<b>1,420.52</b>	<b>196.35</b>
<b>Explanatory Note: -</b>			
1) Cash on hand -(Includes stamps on hand)	0.01	0.01	0.01
2) Cash and Bank Balances held for Rural Road and Rural Electrification works being executed by Company on behalf of other agencies and are not freely available for the business of the Company included in stated amount.	7.74	32.48	62.07

**NOTE 9 : FINANCIAL ASSETS - CURRENT - BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A Balances with Banks</b>	3,297.67	5,766.19	6,326.12
<b>B Deposit account-Unpaid Dividend / Interest</b>	101.22	96.82	92.60
<b>TOTAL</b>	<b>3,398.89</b>	<b>5,863.01</b>	<b>6,418.72</b>

**Explanatory Note: -**

(i) Cash and Bank Balances held for Rural Road and Rural Electrification works being executed by Company on behalf of other agencies and are not freely available for the business of the Company included in stated amount.	242.48	219.04	205.98
(ii) Cash and Bank Balances include an amount of ₹ 10.36 Crore (As on 31.03.2016 ₹ 6.65 Crore) under lien with banks as per orders of Hon'ble Court of Law, which is not available for use as on 31.03.2017.			
(iii) Cash and Bank Balances include an amount of ₹ 2.68 Crore (As on 31.03.2016 ₹ 2.80 Crore) representing deposit by oustees towards Land for Land in respect of Omkareshwar Project, which is not available for use as on 31.03.2017.			

**NOTE NO. 10 FINANCIAL ASSETS - CURRENT - LOANS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Employees Loans</b>			
- Secured (considered good)	2.91	18.43	27.28
- Unsecured (considered good)	28.52	31.52	32.46
- Unsecured (considered doubtful)	0.03	0.03	0.09
Less : Provisions for doubtful Employee loans & advances *1	0.03	0.03	0.09
<b>Sub Total</b>	<b>31.43</b>	<b>49.95</b>	<b>59.74</b>
<b>Loan to State Government in settlement of dues from customer</b>			
- Secured (considered good)	-	-	-
- Unsecured (considered good)	-	12.68	25.36
- Unsecured (considered doubtful)	-	-	-
Less : Provisions for doubtful Other loans & advances	-	-	-
<b>Sub Total</b>	<b>-</b>	<b>12.68</b>	<b>25.36</b>
<b>TOTAL</b>	<b>31.43</b>	<b>62.63</b>	<b>85.10</b>
<b>*1 Provisions for doubtful Employee loans &amp; advances</b>			
Opening Balance	0.03	0.09	0.09
Addition during the year	-	-	-
Used during the year	-	-	-
Reversed during the year	-	0.06	-
<b>Closing balance</b>	<b>0.03</b>	<b>0.03</b>	<b>0.09</b>
<b>Explanatory Note: -</b>			
Loan & Advances due from directors or other officers of the company at the end of the period	0.11	0.05	0.06
Advance due by firms or private companies in which any Director of the Company is a Director or member	-	-	-



**NOTE NO. 11 FINANCIAL ASSETS - CURRENT - OTHER FINANCIAL ASSETS**

		(₹ in Crore)		
PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	
a) Claims recoverables	674.57	910.51	968.70	
Less: Provisions for Doubtful Claims *1	209.26	200.96	262.11	
<b>Sub-total</b>	<b>465.31</b>	<b>709.55</b>	<b>706.59</b>	
b) Interest Income accrued on Bank Deposits	117.41	249.19	248.99	
c) Receivable from Subsidiaries / JV's	193.23	279.51	281.48	
d) Interest recoverable from beneficiary	22.21	37.49	6.79	
e) Lease Rent receivable	267.10	263.77	276.92	
f) Interest receivable on lease	0.45	13.16	23.50	
g) Interest Accrued on Bonds	2.52	7.97	32.93	
h) Receivable on account of unbilled revenue	1,169.94	1,369.92	1,201.85	
i) Interest accrued on Loan to State Government in settlement of dues from customers	-	-	32.97	
<b>TOTAL</b>	<b>2,238.17</b>	<b>2,930.56</b>	<b>2,812.02</b>	
<b>*1 Provisions for Doubtful Claims</b>				
Opening Balance	200.96	262.11	262.11	
Addition during the year	22.46	8.37	-	
Used during the year	8.55	69.43	-	
Reversed during the year	5.61	0.09	-	
<b>Closing balance</b>	<b>209.26</b>	<b>200.96</b>	<b>262.11</b>	
<b>Explanatory Note:-</b>				(₹ in Crore)
<b>1) Receivable on account of unbilled revenue represents</b>				
Grossing up of Return on Equity	25.15	42.69	13.26	
J&K water cess	226.22	269.11	216.37	
Unbilled sale for the month of March	396.97	522.43	432.94	
Sales due to revision of Tariff Order-Chutak Power Station	64.73	-	-	
Uttanchal Green & Water Cess	-	14.35	-	
Sales due to revision of Tariff Order-Parbati-III & Tanakpur Power Station	-	(61.68)	-	
Sales due to revision of Tariff Order-Chamera-III Power Station	2.83	2.83	82.92	
Sales due to revision of Tariff Order-Dhauliganga Power Station	-	24.82	-	
Recognition of sale (estimated awaiting Tariff Order)-Nimmo Bazgo Power Station	-	-	16.96	
Tax adjustment	109.79	108.04	63.04	
MEA Sales	7.24	12.56	4.71	
Parbati-III (4th Unit) Estimated Sale	244.86	149.37	-	
Recognition of sale (estimated awaiting Tariff Order)-Uri-II Power Station	-	3.41	116.80	
FERV	79.80	64.65	76.41	
Sales due to revision of Tariff Order- NHDC Limited (Subsidiary)	-	206.66	166.44	
Others	12.35	10.68	12.00	
<b>Total</b>	<b>1,169.94</b>	<b>1,369.92</b>	<b>1,201.85</b>	
2) Claims recoverable (at a) includes a sum of ₹ 103.66 Crore (As on 31.03.2016 ₹ 28.59 Crore) due from Govt. of Madhya Pradesh as per details in Other Explanatory Notes to Accounts (Note no. 34 at Serial no. 8) and a sum of ₹ NIL (As on 31.03.2016 ₹ 21.66 Crore) towards insurance claim recoverable for repair of Energy Dissipation Arrangements (EDA) at Indira Sagar Project. Further, it includes a sum of ₹ 0.08 Crore (As on 31.03.2016 ₹ 0.08 Crore) towards TDS recoverable and duplicate payments recoverable from oustees of ₹ 0.12 Crore (As on 31.03.2016 ₹ 0.12 Crore) already provided for.				
3) Receivable from Subsidiaries / JV's includes claim of the company towards capital expenditure incurred on Pakaldul, Kiru & Kawar HE Projects which have been transferred to M/s CVPPPL (a joint venture company of NHPC, JKSPDC and PTC).				

**NOTE NO. 12.1 NON CURRENT TAX ASSETS (NET)**

PARTICULARS	(₹ in Crore)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Non Current</b>			
Advance Income Tax & Tax Deducted at Source	1,592.95	1,247.82	1,150.10
Less: Provision for Taxation	1,477.46	1,167.92	1,062.11
<b>TOTAL</b>	<b>115.49</b>	<b>79.90</b>	<b>87.99</b>

**NOTE NO. 12.2 CURRENT TAX ASSETS (NET)**

PARTICULARS	(₹ in Crore)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Current Tax Assets</b>			
Current Tax (Refer Note No. 23)	78.30	28.18	-
<b>TOTAL</b>	<b>78.30</b>	<b>28.18</b>	<b>-</b>

**NOTE NO. 13 OTHER CURRENT ASSETS**

PARTICULARS	(₹ in Crore)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A. Advances other than Capital Advances</b>			
<b>a) Deposits</b>			
- Unsecured (considered good)	138.92	93.27	75.10
Less : Provision against demand raised by Govt. Depts.	11.59	18.37	20.04
- Unsecured (considered doubtful)	-	-	0.01
Less : Provision for Doubtful Deposits *1	-	-	0.01
<b>Sub-total</b>	<b>127.33</b>	<b>74.90</b>	<b>55.06</b>
<b>b) Advance to contractor / supplier</b>			
- Secured (considered good)	0.64	0.86	0.03
- Unsecured (considered good)	-	-	-
- Against bank guarantee	112.51	1.90	4.11
- Others	34.80	26.72	14.81
Less : Provisions for expenditure awaiting utilization certificate	0.43	0.20	0.20
- Unsecured (considered doubtful)	45.52	45.52	45.78
Less : Provisions for doubtful advances *2	45.52	45.52	45.78
<b>Sub-total</b>	<b>147.52</b>	<b>29.28</b>	<b>18.75</b>
<b>c) Other advances - Employees</b>			
- Unsecured (considered good)	0.62	1.22	1.47
- Unsecured (considered doubtful)	-	-	-
<b>Sub-total</b>	<b>0.62</b>	<b>1.22</b>	<b>1.47</b>
<b>d) Interest accrued on:</b>			
Others	-	-	-
- Considered Good	65.31	39.82	18.88
- Considered Doubtful	84.32	67.08	63.59
Less: Provisions for Doubtful Interest *3	84.32	67.08	63.59
<b>Sub-total</b>	<b>65.31</b>	<b>39.82</b>	<b>18.88</b>
<b>B. Others</b>			
<b>a) Expenditure awaiting adjustment</b>			
Less: Provision for project expenses awaiting write off sanction *4	37.06	37.06	37.06
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>

(₹ in Crore)

PARTICULARS		As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
b)	Losses awaiting write off sanction/pending investigation	40.03	37.90	34.56
	Less: Provision for losses pending investigation/awaiting write off / sanction *5	40.03	37.90	34.56
	Sub-total	-	-	-
c)	<b>Prepaid Expenditure</b>	56.44	59.46	42.34
d)	<b>Deferred Employee Costs</b>			
	Secured - Considered Good	23.48	3.22	3.14
	Unsecured	1.92	-	(0.01)
e)	<b>Deferred Foreign Currency Fluctuation</b>			
	Deferred Foreign Currency Fluctuation Assets	78.72	78.72	51.58
	Deferred Expenditure on Foreign Currency Fluctuation	4.46	4.46	7.45
f)	<b>Surplus / Obsolete Assets</b>	1.99	1.98	1.81
g)	<b>Others</b>	45.67	60.63	48.40
	<b>TOTAL</b>	<b>553.46</b>	<b>353.69</b>	<b>248.87</b>
*1	<b>Provisions for Doubtful Deposits</b>			
	Opening Balance	-	-	0.01
	Addition during the year	-	-	-
	Used during the year	-	-	-
	Reversed during the year	-	-	-
	<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
*2	<b>Provisions for doubtful advances (Contractors &amp; Suppliers)</b>			
	Opening Balance	45.52	45.78	45.78
	Addition during the year	-	-	-
	Used during the year	-	0.26	-
	Reversed during the year	-	-	-
	<b>Closing balance</b>	<b>45.52</b>	<b>45.52</b>	<b>45.78</b>
*3	<b>Provisions for Doubtful Accrued Interest</b>			
	Opening Balance	67.08	63.59	63.59
	Addition during the year	19.79	20.27	-
	Used during the year	-	16.78	-
	Reversed during the year	2.55	-	-
	<b>Closing balance</b>	<b>84.32</b>	<b>67.08</b>	<b>63.59</b>
*4	<b>Provision for project expenses awaiting write off sanction</b>			
	Opening Balance	37.06	37.06	37.06
	Addition during the year	-	-	-
	Used during the year	-	-	-
	Reversed during the year	-	-	-
	<b>Closing balance</b>	<b>37.06</b>	<b>37.06</b>	<b>37.06</b>
*5	<b>Provision for losses pending investigation/awaiting write off / sanction</b>			
	Opening Balance	37.90	34.56	34.56
	Addition during the year	2.77	6.37	-
	Used during the year	0.43	3.01	-
	Reversed during the year	0.21	0.02	-
	<b>Closing balance</b>	<b>40.03</b>	<b>37.90</b>	<b>34.56</b>
	<b>Explanatory Note:-</b>			
1	Loans and Advances due from Directors or other officers at the end of the year/ period	-	-	-
2	Advance due by Firms or Private Companies in which any Director of the Company is a Director or member.	-	-	-
3	Others at (g) includes materialisation of deferred tax of NHDC Ltd	45.35	60.4	47.66
4	Surplus Assets / Obsolete Assets held for disposal are shown at lower of book value and net realizable value.			

**NOTE NO. 14 REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Opening Balance	2,181.28	1,630.38	1,630.38
Add: Movement in Regulatory Deferral Account Balances	-	-	-
a) Employee Remuneration & Benefits	298.62	106.24	-
b) Generation & Other exps.	78.68	66.26	-
c) Provisions	-	-	-
d) Depreciation	6.96	7.64	-
e) Finance Cost	365.32	396.22	-
f) Other Income	(26.99)	(25.46)	-
g) Exchange Differences on Monetary Items	(2.50)	-	-
h) Re-measurement of Defined Benefit Plan	9.05	-	-
Add: Adjustment during the year	-	-	-
Less: Amortisation / Impairment during the year	-	-	-
<b>Closing Balance (A)</b>	<b>2,910.42</b>	<b>2,181.28</b>	<b>1,630.38</b>
Deferred Tax Assets on Regulatory Deferral Account Balances	72.27	-	-
Less:-Deferred Tax Adjustments against deferred tax assets	(72.27)	-	-
<b>TOTAL (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Regulatory Deferral Account Balances net of Deferred Tax.(A-B)</b>	<b>2,910.42</b>	<b>2,181.28</b>	<b>1,630.38</b>
1) For details refer para 30 of Note No.-34-Other Explanatory Notes to Accounts			

**NOTE : 15.1 EQUITY SHARE CAPITAL**

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016		As at 01st Apr, 2015	
	Nos	Amount (₹ in Crore)	Nos	Amount (₹ in Crore)	Nos	Amount (₹ in Crore)
a) Authorized Equity Share Capital (Par value per share Rs. 10)	15,000,000,000	15,000.00	15,000,000,000	15,000.00	15,000,000,000	15,000.00
b) No. of Equity shares issued, subscribed and fully paid (Par value per share Rs. 10)	10,259,320,519	10,259.32	11,070,668,496	11,070.67	11,070,668,496	11,070.67
c) Reconciliation of no. of equity shares & share capital outstanding:						
Opening number of shares outstanding	11,070,668,496	11,070.67	11,070,668,496	11,070.67	11,070,668,496	11,070.67
Add: No. of shares/Share Capital issued/ subscribed during the year	-	-	-	-	-	-
Less: Reduction in no. of shares/ Share Capital on account of buy back of shares.	811,347,977	811.35	-	-	-	-
Closing number of shares outstanding	10,259,320,519	10,259.32	11,070,668,496	11,070.67	11,070,668,496	11,070.67
d) The Company has issued only one kind of equity shares with voting rights proportionate to the share holding of the shareholders. These voting rights are exercisable at meeting of shareholders. The holders of the equity shares are also entitled to receive dividend as declared from time to time for them.						
e) Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate: NIL						
f) Shares in the company held by each shareholder holding more than 5 percent specifying the number of shares held : -						
PARTICULARS	As at 31st March, 2017		As at 31st March, 2016		As at 01st Apr, 2015	
	Nos	In %	Nos	In %	Nos	In %
- President of India	7643406901	74.50%	9,516,209,722	85.96%	9,516,209,722	85.96%
- LIC of India	906183502	8.83%	344,634,628	3.11%	331,009,248	2.99%
g) Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts : NIL						
h) In preceding five financial years immediately preceding 31.03.2017, Company has not allotted any equity share as fully paid up pursuant to contract(s) without payment being received in cash/ not allotted any equity share as fully paid up by way of bonus share(s).						
i) Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date:- NIL						
j) Calls unpaid (showing aggregate value of calls unpaid by directors and officers) : NIL						
k) Forfeited shares (amount originally paid up) : NIL						
l) The Board of Directors of the Company approved a proposal for buyback of equity shares at its meeting held on 7th February 2017. Further to the said approval, the Company completed buyback of 811347977 shares of ₹ 10 each (representing 9.99% of total paid up equity capital and free reserves as per the financial statements of the company for 31st March 2016) on 27th March 2017, from the shareholders on a proportionate basis by way of a tender offer at a price of ₹ 32.25 per equity share for an aggregate amount of ₹ 2616.60 Crore in accordance with the provisions of the Companies Act, 2013 and the SEBI regulations.						

**NOTE NO. 15.2 OTHER EQUITY**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>(i) Capital Redemption Reserve</b>			
As per last Balance Sheet	1,230.07	1,230.07	1,230.07
Add: Transfer from Securities Premium account	811.35	-	-
Less: Write back during the year	-	-	-
<b>As at Balance Sheet date</b>	<b>2,041.42</b>	<b>1,230.07</b>	<b>1,230.07</b>
<b>(ii) Securities Premium Account</b>			
As per last Balance Sheet	2,868.74	2,868.74	2,868.74
Less: Utilisation for buy-back of shares and related expenses	1,814.58	-	-
Less: Transfer to capital redemption reserve	811.35	-	-
Less: Write back during the year	-	-	-
<b>As at Balance Sheet date</b>	<b>242.81</b>	<b>2,868.74</b>	<b>2,868.74</b>
<b>(iii) Bond Redemption Reserve</b>			
As per last Balance Sheet	1,324.20	1,247.89	1,247.89
Add: Transfer from Surplus/Retained Earnings	394.49	185.74	-
Less: Write back during the year	109.42	109.43	-
<b>As at Balance Sheet date</b>	<b>1,609.27</b>	<b>1,324.20</b>	<b>1,247.89</b>
<b>(iv) Self Insurance Fund</b>			
As per last Balance Sheet	-	917.93	917.93
Add: Transfer from Surplus/Retained Earnings	-	-	-
Less: Transfer to General Reserve	-	917.93	-
Less: Utilisation during the year	-	-	-
<b>As at Balance Sheet date</b>	<b>-</b>	<b>-</b>	<b>917.93</b>
<b>(v) Corporate Social Responsibility Fund</b>			
As per last Balance Sheet	17.26	36.67	36.67
Add: Transfer from Surplus	7.05	-	-
Less: Write back during the year	-	19.41	-
Adjustment	-	-	-
<b>As at Balance Sheet date</b>	<b>24.31</b>	<b>17.26</b>	<b>36.67</b>
<b>(vi) Research &amp; Development Fund</b>			
As per last Balance Sheet	45.52	31.81	31.81
Add: Transfer from Surplus/Retained Earnings	15.35	13.71	-
Less: Write back during the year	-	-	-
<b>As at Balance Sheet date</b>	<b>60.87</b>	<b>45.52</b>	<b>31.81</b>
<b>(vii) General Reserve</b>			
As per last Balance Sheet	10,224.43	9,306.50	9,306.50
Add: Transfer from Surplus/Retained Earnings	-	-	-
Less: Write back during the year	-	-	-
Add: Transfer from Self Insurance Fund	-	917.93	-
Less: Transfer to Capital Redemption Reserve	-	-	-
<b>As at Balance Sheet date</b>	<b>10,224.43</b>	<b>10,224.43</b>	<b>9,306.50</b>
<b>(viii) Retained Earnings/ Surplus</b>			
As per last Balance Sheet	4,775.81	3,971.62	3,971.62
Add:- Reclassification Adjustment	-	7.87	-
Add: Profit during the year	3,029.42	2,601.73	-
Add: Transferred from OCI	(42.15)	24.02	-
Add: Amount written back from Bond Redemption Reserve	109.42	109.43	-



(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Add: Amount written back from Corporate Social Responsibility Fund	-	19.41	-
Add: Tax on Dividend - Write back	-	24.08	-
Less: Dividend and CDT	3,037.98	1,782.90	-
Less: Transfer to Bond Redemption Reserve	394.49	185.74	-
Less: Transfer to Research & Development Fund	15.35	13.71	-
Less: Transfer to Corporate Social Responsibility Fund	7.05	-	-
<b>As at Balance Sheet date</b>	<b>4,417.63</b>	<b>4,775.81</b>	<b>3,971.62</b>
(ix) <b>FVTOCI-Equity Instruments</b>			
As per last Balance Sheet	65.29	86.07	86.07
Add:-Change in Fair value of FVTOCI	34.79	(20.78)	-
<b>As at Balance Sheet date</b>	<b>100.08</b>	<b>65.29</b>	<b>86.07</b>
(x) <b>FVTOCI-Debt Instruments</b>			
As per last Balance Sheet	20.72	30.20	30.20
Add:-Change in Fair value of FVTOCI	15.78	(0.09)	-
Less:-Deferred Tax on change in Fair Value	1.82	(0.01)	-
Less:-Reclassification to P&L	-	9.40	-
<b>As at Balance Sheet date</b>	<b>34.68</b>	<b>20.72</b>	<b>30.20</b>
<b>TOTAL</b>	<b>18,755.50</b>	<b>20,572.04</b>	<b>19,727.50</b>

#### Nature and Purpose of Reserves

- Capital Redemption Reserve** : The company is required to create a capital redemption reserve from distributable profit if the buy-back of shares is out of free reserves, the nominal value of the shares so purchased is required to be transferred to capital redemption reserve.
- Securities Premium Account** : Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act.
- Bond Redemption Reserve** : The company is required to create a bond redemption reserve out of the profits which is available for the purpose of redemption of bonds.
- Research & Development Reserve** : As per the guidelines of Department of Public Enterprises, Miniratna CPSE has to create R&D Budget as 0.5% of Profit after tax for long term business needs. The funding of R&D budget will not lapse and accumulated as R&D Reserve.
- FVTOCI-Equity Instruments** : The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- FVTOCI-Debt Instruments** : The company has elected to recognise changes in the fair value of certain investments in debt securities in other comprehensive income. These changes are accumulated within the FVTOCI debt investments reserve within equity. The company transfers amounts from this reserve to retained earnings through P&L when the relevant debt securities are derecognised.

#### Note No. 15.3 : NON-CONTROLLING INTERESTS (NCI)

(₹ in Crore)

Name of Subsidiaries	31-Mar-17	31-Mar-16	1-Apr-15
NHDC Limited	3346.76	3132.91	2955.68
Loktak Downstream Hydroelectric Corporation Ltd. (LDHCL)	35.48	35.19	34.68
Bundelkhand Saur Urja Pvt. Ltd. (BSUL)	-	-	-
<b>TOTAL</b>	<b>3382.24</b>	<b>3168.10</b>	<b>2990.36</b>

**Explanatory Note:**
**a) Interests in Other Entities**

The group's subsidiaries at 31st March 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

(₹ in Crore)

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group			Ownership interest held by non-controlling interests			Principal activities
		31-Mar-17 %	31-Mar-16 %	1-Apr-15 %	31-Mar-17 %	31-Mar-16 %	1-Apr-15 %	
NHDC Limited	India	51.08	51.08	51.08	48.92	48.92	48.92	Electricity generation
Loktak Downstream Hydroelectric Corporation Ltd. (LDHCL)	India	74.00	74.00	74.00	26.00	26.00	26.00	Electricity generation
Bundelkhand Saur Urja Pvt. Ltd. (BSUL)	India	100.00	100.00	100.00	-	-	-	Electricity generation

**b) Summarised Balance Sheet**

Set out below is summarised financial information for each subsidiary that has non-controlling interests to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

(₹ in Crore)

Particulars	NHDC Limited			Loktak Downstream Hydroelectric Corporation Ltd. (LDHCL)			Bundelkhand Saur Urja Pvt. Ltd. (BSUL)		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
Current Assets	2749.37	2613.06	2427.74	26.14	34.61	42.08	11.37	11.36	1.00
Current Liabilities	364.80	319.91	543.49	5.69	2.12	1.69	12.65	11.45	0.20
<b>Net Current Assets</b>	<b>2384.57</b>	<b>2293.15</b>	<b>1884.25</b>	<b>20.45</b>	<b>32.49</b>	<b>40.39</b>	<b>(1.28)</b>	<b>(0.09)</b>	<b>0.80</b>
Non-current Assets	6059.22	5734.43	6324.82	115.99	102.84	93.00	1.88	1.02	0.14
Non-current Liabilities	1561.68	1592.78	2134.26	-	-	-	-	-	-
<b>Net Non-current Assets</b>	<b>4497.54</b>	<b>4141.65</b>	<b>4190.56</b>	<b>115.99</b>	<b>102.84</b>	<b>93.00</b>	<b>1.88</b>	<b>1.02</b>	<b>0.14</b>
<b>Net Assets</b>	<b>6882.11</b>	<b>6434.80</b>	<b>6074.81</b>	<b>136.44</b>	<b>135.33</b>	<b>133.39</b>	<b>0.60</b>	<b>0.93</b>	<b>0.94</b>
Earmarked Reserves	41.29	31.09	33.36	-	-	-	-	-	-
Accumulated NCI	3346.76	3132.91	2955.68	35.48	35.19	34.68	-	-	-

**c) Summarised statement of profit and loss**

(₹ in Crore)

Particulars	NHDC Limited		Loktak Downstream Hydroelectric Corporation Ltd. (LDHCL)		Bundelkhand Saur Urja Pvt. Ltd. (BSUL)	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Revenue	1,599.64	1,216.76	2.01	2.96	0.04	-
Profit for the year	931.28	638.87	1.11	1.94	(0.32)	(0.01)
Other Comprehensive income	(2.09)	(0.15)	-	-	-	-
<b>Total Comprehensive income</b>	<b>929.19</b>	<b>638.72</b>	<b>1.11</b>	<b>1.94</b>	<b>(0.32)</b>	<b>(0.01)</b>
Profit allocated to NCI	450.62	313.67	0.29	0.50	(0.00)	-
Dividends (including CDT) paid to NCI	235.75	136.36	-	-	-	-

**d) Summarised Cash Flows**

(₹ in Crore)

Particulars	NHDC Limited		Loktak Downstream Hydroelectric Corporation Ltd. (LDHCL)		Bundelkhand Saur Urja Pvt. Ltd. (BSUL)	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Cash flows from operating activities	915.25	1,138.69	4.39	(0.45)	0.30	10.75
Cash flows from investing activities	(658.84)	93.09	(4.39)	0.45	(0.26)	(0.44)
Cash flows from financing activities	(468.88)	(1,026.64)	-	-	-	-
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>(212.47)</b>	<b>205.14</b>	<b>-</b>	<b>-</b>	<b>0.04</b>	<b>10.31</b>

**NOTE NO. 16.1 FINANCIAL LIABILITIES - NON CURRENT - BORROWINGS**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Bonds</b>			
Secured	8,493.28	7,410.97	6,373.74
<b>Term Loans</b>			
• <b>From Banks</b>			
Secured	2,259.36	3,289.02	3,888.90
Unsecured	1,241.26	1,465.61	1,474.91
• <b>From Other Parties</b>			
Secured	2,219.45	3,185.88	4,227.32
Unsecured	3,032.29	2,829.60	2,733.80
<b>TOTAL</b>	<b>17,245.64</b>	<b>18,181.08</b>	<b>18,698.67</b>

Redemption / terms of repayment etc.

i) Debt Covenants : Refer point no. 3 (Capital Management) of Note no. 33.

ii) Particulars of Redemption &amp; Repayments: Refer Annexures to Note 16.1

**Annexure to Note - 16.1**

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
<b>(A) BONDS (Non-convertible and Non-cumulative)-Secured</b>			
i) <b>TAX FREE BONDS- 3A SERIES *4&amp;8</b> (8.67% p.a. 20 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹ 1000/- each). (Date of redemption 02.11.2033)	336.07	336.07	336.07
ii) <b>TAX FREE BONDS- 3B SERIES *4&amp;8</b> (8.92% p.a. 20 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹ 1000/- each). (Date of redemption 02.11.2033)	253.62	253.62	253.62
iii) <b>BONDS- U SERIES *2&amp;10</b> (8.24% p.a. 15 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹ 1000000/- each). (Date of redemption 27.06.2031)	540.00	-	-
iv) <b>BONDS- U1 SERIES *2&amp;10</b> (8.17% p.a. 15 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹ 1000000/- each). (Date of redemption 27.06.2031)	360.00	-	-
v) <b>TAX FREE BONDS- 2A SERIES *4&amp;8</b> (8.54% p.a. 15 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹ 1000/- each). (Date of redemption 02.11.2028)	213.12	213.12	213.12
vi) <b>TAX FREE BONDS- 2B SERIES *4&amp;8</b> (8.79% p.a. 15 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹ 1000/- each). (Date of redemption 02.11.2028)	85.61	85.61	85.61
vii) <b>TAX FREE BONDS- 1A SERIES *4&amp;8</b> (8.18% p.a. 10 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹ 1000/- each). (Date of redemption 02.11.2023)	50.81	50.81	50.81
viii) <b>TAX FREE BONDS- 1B SERIES *4&amp;8</b> (8.43% p.a. 10 Years Secured Redeemable Non-Convertible Tax Free Bonds of ₹ 1000/- each). (Date of redemption 02.11.2023)	60.77	60.77	60.77
ix) <b>BONDS-T SERIES *1, 2 &amp; 10</b> (8.50% p.a. 15 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹ 1200000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond). (12 Yearly redemptions of ₹ 122.91 Crore w.e.f. 14.07.2019 to 14.07.2030)	1,474.92	1,474.92	-
x) <b>BONDS-R-3 SERIES *4</b> (8.78% p.a. 15 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 10,00,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond). (10 Yearly redemptions of ₹ 89.20 Crore w.e.f. 11.02.2019 to 11.02.2028)	892.00	892.00	892.00

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
<b>xi) BONDS-S-2 SERIES *10</b> (8.54% p.a. 15 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹ 1200000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond). (12 Yearly redemptions of ₹ 55 Crore w.e.f. 26.11.2018 to 26.11.2029)	660.00	660.00	660.00
<b>xii) BONDS-V SERIES *13</b> (6.84% p.a. 5 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 5,00,000/- each with 5 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/5th of face value of Bond) (5 Yearly redemptions of ₹ 155.00 Crore w.e.f. 24.01.2018 to 24.01.2022)	775.00	-	-
<b>xiii) BONDS-Q SERIES *5&amp;11</b> (9.25% p.a. 15 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 12,00,000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond) Bond issue amount of ₹ 1266.00 Crore redeemable in 12 equal annual installments commencing from 12.03.2016. As on 31.03.2017, 10 annual installments of ₹ 105.50 Crore each are outstanding.	1,055.00	1,160.50	1,266.00
<b>xiv) BONDS-R-2 SERIES *4</b> (8.85% p.a. 14 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 12,00,000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond) Bond issue amount of ₹ 382.08 Crore redeemable in 12 equal annual installments commencing from 11.02.2016. As on 31.03.2017, 10 annual installments of ₹ 31.84 Crore each are outstanding.	318.40	350.24	382.08
<b>xv) BONDS-P SERIES *4,6 &amp; 8</b> (9.00% p.a. 15 Year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 10,00,000/- each redeemable in 10 equal yearly installments. Bond issue amount of ₹ 2000 Crore redeemable in 10 equal annual installments commencing from 01.02.2016. As on 31.03.2017, 8 annual installments of ₹ 200 Crore each are outstanding.	1,600.00	1,800.00	2,000.00
<b>xvi) BONDS-S-1 SERIES *10</b> (8.49% p.a. 10 Years Secured Redeemable Non-Convertible Taxable Bonds of ₹ 1000000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) Bond issue amount of ₹ 365 Crore redeemable in 10 equal annual installments commencing from 26.11.2015. As on 31.03.2017, 8 annual installments of ₹ 36.50 Crore each are outstanding.	292.00	328.50	365.00
<b>xvii) BONDS-R-1 SERIES *4</b> (8.70% p.a. 13 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 12,00,000/- each with 12 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/12th of face value of Bond)	61.65	68.50	75.35

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
Bond issue amount of ₹ 82.20 Crore redeemable in 12 equal annual installments commencing from 11.02.2015. As on 31.03.2017, 9 annual installments of ₹ 6.85 Crore each are outstanding.			
<b>xviii) BONDS-O SERIES *2</b>	57.00	114.00	171.00
(7.70% p.a. 15 year Secured Redeemable Non-Convertible Taxable Bonds of ₹ 100,000,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond)			
Bond issue amount of ₹ 570 Crore redeemable in 10 equal annual installments commencing from 31.03.2009. As on 31.03.2017, 1 annual installments of ₹ 57 Crore each are outstanding.			
<b>TOTAL BONDS</b>	<b>9,085.97</b>	<b>7,848.66</b>	<b>6,811.43</b>
<b>Less: Current Maturities</b>	<b>592.69</b>	<b>437.69</b>	<b>437.69</b>
<b>Total Bonds net of Current Maturities (A)</b>	<b>8,493.28</b>	<b>7,410.97</b>	<b>6,373.74</b>
<b>(B). TERM LOANS - Secured (Banks)</b>			
i) <b>STATE BANK OF PATIALA *1</b>	-	4.00	8.00
(Fully Repaid on 09.01.2017)			
ii) <b>CANARA BANK *2</b>	-	20.00	40.00
(Fully Repaid on 09.11.2016)			
iii) <b>SYNDICATE BANK *2</b>	-	18.30	36.60
(Fully Repaid on 23.02.2017)			
iv) <b>ORIENTAL BANK OF COMMERCE *2</b>	-	20.00	40.00
(Fully Repaid on 31.03.2017)			
v) <b>ORIENTAL BANK OF COMMERCE *2</b>	40.00	50.00	60.00
(Repayable in 4 equal yearly instalments of ₹ 10 Crore each upto 27.12.2020 at Fixed interest rate with 3 years reset clause with upper cap of 7.207% p.a. presently at 7.207% p.a. as on 31.03.2017)			
vi) <b>UCO BANK *7</b>	-	708.33	791.67
(Fully Repaid on 24.01.2017)			
vii) <b>CORPORATION BANK *9</b>	406.25	447.92	489.58
(Repayable in 39 equal quarterly instalments of ₹ 10.42 Crore each upto 05.10.2026 at floating interest rate of 9.65% p.a. as on 31.03.2017)			
viii) <b>CANARA BANK *9</b>	162.56	179.20	195.84
(Repayable in 38 equal quarterly instalments of ₹ 4.16 Crore upto 16.07.2026 plus last installment of ₹ 4.48 on 16.10.2026 Crore at floating interest rate of 9.50% p.a. as on 31.03.2017)			
ix) <b>INDIAN OVERSEAS BANK *9</b>	162.50	179.17	195.83
(Repayable in 39 equal quarterly instalments of ₹ 4.17 Crore each upto 16.10.2026 at floating interest rate of 9.70% p.a. as on 31.03.2017)			
x) <b>PUNJAB &amp; SIND BANK *9</b>	-	179.17	195.83
(Fully Repaid on 24.01.2017)			
xi) <b>SYNDICATE BANK *9</b>	243.75	268.75	293.75
(Repayable in 39 equal quarterly instalments of ₹ 6.25 Crore each upto 02.11.2026 at floating interest rate of 9.60% p.a. as on 31.03.2017)			



(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
xii) <b>UNION BANK OF INDIA *9</b> (Repayable in 39 equal quarterly instalments of ₹ 3.125 Crore each upto 03.11.2026 at floating interest rate of 9.30% p.a. as on 31.03.2017)	121.88	134.37	146.89
xiii) <b>STATE BANK OF INDIA *3&amp;5</b> (Repayable in 44 equal quarterly instalments of ₹ 20.83 Crore upto 27.03.2028 at floating (MCLR with annual reset) interest rate of 9.15% p.a. as on 31.03.2017)	916.67	1,000.00	1,000.00
xiv) <b>STATE BANK OF HYDERABAD *1 &amp; 5</b> (Fully Repaid on 13.01.2017)	-	489.58	500.00
xv) <b>STATE BANK OF INDIA *8</b> (Repayable in 37 equal quarterly instalments of ₹ 12.11 Crore upto 30.04.2026 plus last installment of ₹ 11.93 Crore on 31.07.2026 at floating (MCLR with annual reset) interest rate of 8.00% p.a. as on 31.03.2017)	460.00	-	-
xvi) <b>HDFC Bank Limited (Loan-I) *14</b> (Repayable in 20 half yearly equal installments of ₹ 18,62,75,000/- each upto 31.03.2019 at floating interest rate of 12.50% p.a. as on 01.04.2015, since prepaid)	-	-	149.02
xvii) <b>HDFC Bank Limited (Loan-II) *14</b> (Repayable in 20 half yearly equal installments of ₹ 11,19,51,754/- each upto 30.09.2019 at floating interest rate of 11.75% p.a. as on 01.04.2015, since prepaid)	-	-	100.76
<b>Total Term Loan - Banks (Secured)</b>	<b>2,513.61</b>	<b>3,698.79</b>	<b>4,243.77</b>
<b>Less: Current Maturities</b>	<b>254.25</b>	<b>409.77</b>	<b>354.86</b>
<b>Total Term Loan - Banks (Secured)-Net of Current Maturities (B)</b>	<b>2,259.36</b>	<b>3,289.02</b>	<b>3,888.90</b>
<b>(C). TERM LOANS - Un-secured (Banks)- Foreign Currency</b>			
i) <b>Japan International Cooperation Agency Tranche-I *12</b> (Repayable in 18 equal half yearly instalments of ₹ 7.13 Crore each upto 20.01.2026 at fixed interest rate of 2.3% as on 31.03.2017)	128.26	144.65	140.41
ii) <b>Japan International Cooperation Agency Tranche-II *12</b> (Repayable in 22 equal half yearly instalments of ₹ 23.38 Crore each upto 20.12.2027 at fixed interest rate of 2.3% as on 31.03.2017)	514.28	569.44	544.38
iii) <b>Japan International Cooperation Agency Tranche-III *12</b> (Repayable in 34 equal half yearly instalments of ₹ 17.27 Crore each upto 20.03.2034 at fixed interest rate of 1.3% as on 31.03.2017)	587.08	630.92	587.70
iv) <b>Deutsche Bank &amp; Others *12</b> (Repayable in 4 equal half yearly instalments of ₹ 53.59 Crore each upto 18.10.2018 at floating interest rate 6 Month JPY LIBOR + 0.57% Margin)	214.36	326.35	383.99
<b>Total Term Loan - Banks (Unsecured)</b>	<b>1,443.98</b>	<b>1,671.36</b>	<b>1,656.48</b>
<b>Less: Current Maturities</b>	<b>202.72</b>	<b>205.75</b>	<b>181.57</b>
<b>Total Term Loan - Banks (Unsecured)-Net of Current Maturities (C)</b>	<b>1,241.26</b>	<b>1,465.61</b>	<b>1,474.91</b>
<b>(D). Term Loan-From other parties (Secured)</b>			
i) <b>LIFE INSURANCE CORPORATION OF INDIA *4 &amp; 6</b> (Repayable in 8 half yearly instalments of ₹ 104.17 Crore each upto 15.10.2020 at Fixed interest rate of 9.25% p.a. on ₹ 33.33 Crore and 8% p.a. on ₹ 800 Crore as on 31.03.2017)	833.33	1,041.67	1,250.00

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
ii) <b>LIFE INSURANCE CORPORATION OF INDIA *5 &amp; 11</b> (Repayable in 14 equal half yearly instalments of ₹ 79 Crore each upto 31.10.2023 at Fixed Interest rate with a floor rate of 6.5% p.a. presently at wt. average rate of 9.118% p.a. as on 31.03.2017)	1,106.00	1,264.00	1,422.00
iii) <b>POWER FINANCE CORPORATION LIMITED *7</b> (Loan is fully repaid on 16.07.2016)	-	412.50	487.50
iv) <b>POWER FINANCE CORPORATION LIMITED *7</b> (Repayable in 6 equal quarterly instalments of ₹ 4.65 Crore each upto 15.07.2018 at Fixed interest rate with 3 years reset clause presently at 10.17% p.a. as on 31.03.2017)	27.90	46.50	65.10
v) <b>POWER FINANCE CORPORATION LIMITED *7</b> (Repayable in 18 equal quarterly instalments of ₹ 1.75 Crore each upto 15.07.2021 at Fixed interest rate with 3 years reset clause presently at 10.17% p.a. as on 31.03.2017)	31.50	38.50	45.50
vi) <b>POWER FINANCE CORPORATION LIMITED *2&amp;3</b> (Repayable in 17 equal quarterly instalments of ₹ 36.425 Crore each upto 15.04.2021 at Fixed interest rate with 3 years reset clause presently at 7.93% p.a. as on 31.03.2017)	619.23	764.92	910.62
vii) <b>POWER FINANCE CORPORATION LIMITED *1</b> (Repayable in 9 equal quarterly instalments of ₹ 10.325 Crore each upto 15.04.2019 at Fixed interest rate with 3 years reset clause presently at 7.93% p.a. as on 31.03.2017)	92.92	134.22	175.53
viii) <b>POWER FINANCE CORPORATION LIMITED *1</b> (Repayable in 11 equal quarterly instalments of ₹ 12.50 Crore each upto 15.10.2019 at Fixed interest rate with 3 years reset clause presently at 7.93% p.a. as on 31.03.2017)	137.50	187.50	237.50
ix) <b>POWER FINANCE CORPORATION LIMITED *15</b> (Repayable in 20 half yearly equal installments of ₹ 67,50,00,000/- each upto 15.07.2018 at floating interest rate of 10.29% p.a. as on 01.04.2015, since prepaid)	-	-	472.50
<b>Total Term Loan - Other Parties (Secured)</b>	<b>2,848.38</b>	<b>3,889.81</b>	<b>5,066.25</b>
<b>Less:-Current Maturities</b>	<b>628.93</b>	<b>703.93</b>	<b>838.93</b>
<b>Total Term Loan - Other Parties (Secured)-Net of Current Maturities (D)</b>	<b>2,219.45</b>	<b>3,185.88</b>	<b>4,227.32</b>
<b>(E). Term Loan-From other parties (Unsecured)</b>			
Foreign Currency			
i) <b>Export Development Canada *12</b> (Repayable in Nil equal half yearly instalments of ₹ 23.45 Crore each upto 15.03.2016 at fixed interest rate of 6.01% as on 15.03.2016)	-	-	46.90
<b>Loans from Govt. of India</b>			
ii) <b>Subordinate Debt from Govt. of India for Nimmo-Bazgo Power Station</b> (Repayable in 18 equal annual instalments of ₹ 27.26 Crore from the 12th year after commissioning of the project i.e. from 10.10.2025 at fixed interest rate of 4% p.a.)	394.76	270.00	270.00
iii) <b>Subordinate Debt from Govt. of India for Chutak Power Station</b> (Repayable in 24 equal annual instalments of ₹ 22.07 Crore from the 6th year after commissioning of the project i.e. from 01.02.2019 at fixed interest rate of 2.50% p.a.)	452.13	373.68	364.00

(₹ in Crore)

Particulars of redemption & repayment (Disclosure given below for Total Borrowings)	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
iv) <b>Subordinate Debt from Govt. of India for Kishanganga HE Project</b> (Repayable in 10 equal annual instalments from the 11th year after commissioning of the project at fixed interest rate of 1% p.a. Interest accrues and is payable annually after commissioning of the project.)	2,185.40	2,185.92	2,099.80
<b>Total Term Loan - Other Parties (Unsecured)</b>	<b>3,032.29</b>	<b>2,829.60</b>	<b>2,780.70</b>
<b>Less:-Current Maturities</b>	<b>-</b>	<b>-</b>	<b>46.90</b>
<b>Total Term Loan - Other Parties (Unsecured)-Net of current Maturities (E)</b>	<b>3,032.29</b>	<b>2,829.60</b>	<b>2,733.80</b>
<b>Grand Total-Net of Current Maturities (A+B+C+D+E)</b>	<b>17,245.64</b>	<b>18,181.08</b>	<b>18,698.67</b>

**\* Particulars of security**

- Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets (except for Book Debts and Stores) of Company's Chamara-I Power Station situated in the state of Himachal Pradesh.
- Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets (except for Book Debts and Stores) of Company's Uri-I Power Station situated in the state of Jammu & Kashmir.
- Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable / Moveable assets (except for Book Debts and Stores) of Company's Chamara-II Power Station situated in the state of Himachal Pradesh.
- Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets (except for Book Debts and Stores) of the Company's Parbati-II HE Project situated in the state of Himachal Pradesh.
- Secured by pari-passu charge by way of equitable mortgage/hypothecation against immovable/movable assets (except for Book Debts and Stores) of Company's Teesta Low Dam-III Power Station situated in the state of West Bengal.
- Secured by pari-passu charge by way of equitable mortgage and charge over all the immovable and moveable assets (except for Book Debts and Stores) of the Company's Dhauliganga Power Station situated in the state of Uttarakhand.
- Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Company's movable assets(except for Book Debts and Stores), both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir.
- Secured by a first charge on pari-passu basis by way of equitable mortgage and hypothecation against the immovable and moveable assets (except for Book Debts and Stores) of the Company's Chamara-III Power Station situated in the state of Himachal Pradesh.
- Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Company's movable assets (except for Book Debts and Stores), both present and future, of Salal Power Station situated in the state of Jammu & Kashmir, Sewa-II Power Station situated in the state of Jammu & Kashmir, Chutak Power Station situated in the state of Jammu & Kashmir, Nimmo-Bazgo Power Station situated in the state of Jammu & Kashmir, Uri-II Power Station situated in the state of Jammu & Kashmir & TLDP-IV Power Station situated in the state of West Bengal.
- Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets (except for Book Debts and Stores) of the Company's Parbati -III Power Station situated in the state of Himachal Pradesh.
- Secured by pari-passu charge by way of equitable mortgage/hypothecation against immovable/movable assets (except for Book Debts and Stores) of Company's Teesta-V Power Station situated in the state of Sikkim.
- Loans mentioned at sl. nos. C(i),C(ii),C(iii),C(iv) and E(i) above are guaranteed by Government of India.
- Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets (except for Book Debts and Stores) of the Company's Parbati -II Power Station situated in the state of Himachal Pradesh.
- Secured by pari-passu charge by way of first Charge in favour of the lender by deposit of title deeds of immovable property and also first charge on all present and future movable, fixed and current assets of Indira Sagar Project of NHDC Limited.
- Secured by pari passu charge by way of first charge in favour of the lender by deposit of title deeds of immovable property and also first charge on all present and future movable, fixed and current assets of Omkareshwar Project of NHDC Limited

**NOTE NO. 16.2 FINANCIAL LIABILITIES - NON CURRENT - OTHER FINANCIAL LIABILITIES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deposits/ retention money	25.84	40.13	75.55
<b>TOTAL</b>	<b>25.84</b>	<b>40.13</b>	<b>75.55</b>

**NOTE NO. 17 PROVISIONS - NON CURRENT**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>A. PROVISION FOR EMPLOYEE BENEFITS</b> (provided for on basis of actuarial valuation)			
<b>i) Provision for leave encashment</b>			
As per last Balance Sheet	377.22	363.90	363.90
Additions during the year	88.09	13.32	-
<b>Closing Balance</b>	<b>465.31</b>	<b>377.22</b>	<b>363.90</b>
<b>ii) Provision for REHS</b>			
As per last Balance Sheet	3.79	499.66	499.66
Additions during the year	-	0.92	-
Amount used during the year	3.79	496.79	-
<b>Closing Balance</b>	<b>0.00</b>	<b>3.79</b>	<b>499.66</b>
<b>iii) Provision for TTA (Baggage Allowance on Retirement)</b>			
As per last Balance Sheet	4.76	4.74	4.74
Additions during the year	0.19	0.02	-
<b>Closing Balance</b>	<b>4.95</b>	<b>4.76</b>	<b>4.74</b>
<b>iv) Provision for Memento</b>			
As per last Balance Sheet	2.26	2.45	2.45
Additions during the year	(0.09)	(0.19)	-
<b>Closing Balance</b>	<b>2.17</b>	<b>2.26</b>	<b>2.45</b>
<b>B. OTHERS</b>			
<b>i) Provision For Committed Capital Expenditure</b>			
As per last Balance Sheet	20.43	19.06	20.26
Additions during the year	3.55	3.05	-
Amount used during the year	10.16	3.05	1.20
Unwinding of discount	1.34	1.37	-
<b>Closing Balance</b>	<b>15.16</b>	<b>20.43</b>	<b>19.06</b>
<b>ii) Provision For Livelihood Assistance</b>			
As per last Balance Sheet	16.09	-	-
Additions during the year	1.57	16.00	-
Unwinding of discount	0.33	0.09	-
<b>Closing Balance</b>	<b>17.99</b>	<b>16.09</b>	<b>-</b>
<b>TOTAL</b>	<b>505.58</b>	<b>424.55</b>	<b>889.81</b>

**Explanatory Notes:-**

Information about Provisions are given in para 29 of Note 34 - Other Explanatory Notes to Accounts.

**NOTE NO. 18 DEFERRED TAX LIABILITIES (NET) - NON CURRENT**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Deferred Tax Liability</b>			
a) Property, Plant and Equipments and Intangible Assets.	4,080.95	3,702.28	3,568.60
b) Financial Assets at FVTOCI	5.25	27.84	3.48
c) Other Items	647.21	512.46	449.64
Undistributed Earnings	479.47	434.02	396.35
Less: Recoverable for tariff period upto 2009	2,324.21	2,479.98	2,618.75
Less: Deferred Tax Adjustment against Deferred Tax Liabilities	796.40	361.78	104.96
<b>Net Deferred Tax Liability</b>	<b>2,092.27</b>	<b>1,834.84</b>	<b>1,694.36</b>
<b>Less:-Set off Deferred Tax Assets pursuant to set off provisions</b>			
a) Provision for doubtful debts, inventory and others	92.42	73.59	143.54
b) Provision for employee benefit schemes	179.30	33.00	134.92
c) Other Items	155.26	214.62	21.50
<b>Net Deferred Tax Assets</b>	<b>426.98</b>	<b>321.21</b>	<b>299.96</b>
<b>TOTAL</b>	<b>1,665.29</b>	<b>1,513.63</b>	<b>1,394.40</b>

**Explanatory Note: -**

- Deferred tax liability/assets, in compliance to the Ind AS 12 on "Accounting for Taxes on Income" notified under The Companies Act, 2013 has been created as deferred tax liability/Assets.
- Movement in Deferred Tax Liability/Assets are shown in Annexure to Note No-18.

**Annexure to Note - 18**
**Movement in Deferred Tax Liability**

(₹ in Crore)

Particulars	Property, Plant and Equipments, Investment Property and Intangible Assets.	Financial Assets at FVTOCI	Other Items	Undistributed Earnings	Recoverable for tariff period upto 2009	Deferred Tax Adjustment against Deferred Tax Liabilities	Total
<b>At 1 Apr 2015</b>	<b>3568.60</b>	<b>3.48</b>	<b>449.64</b>	<b>396.35</b>	<b>2618.75</b>	<b>104.96</b>	<b>1694.36</b>
Charged/ (Credited)							
-to Profit or loss	133.68	24.40	62.82	37.67	(138.77)	256.87	140.47
-to OCI	-	(0.04)	-	-	-	(0.05)	0.01
<b>At 31 Mar 2016</b>	<b>3702.28</b>	<b>27.84</b>	<b>512.46</b>	<b>434.02</b>	<b>2479.98</b>	<b>361.78</b>	<b>1834.84</b>
Charged/ (Credited)							
-to Profit or loss	378.67	(23.69)	134.75	45.45	(155.77)	435.34	255.61
-to OCI	-	1.10	-	-	-	-0.72	1.82
<b>At 31 Mar 2017</b>	<b>4080.95</b>	<b>5.25</b>	<b>647.21</b>	<b>479.47</b>	<b>2324.21</b>	<b>796.40</b>	<b>2092.27</b>

**Movement in Deferred Tax Assets**

				(₹ in Crore)
Particulars	Provision for doubtful debts, inventory and others	Provision for employee benefit schemes	Other Items	Total
At 1 April 2015	143.54	134.92	21.50	299.96
Charged/(Credited)				
-to Profit or loss	(69.95)	(89.19)	193.12	33.98
-to OCI	-	(12.73)	-	(12.73)
At 31 March 2016	73.59	33.00	214.62	321.21
Charged/(Credited)				
-to Profit or loss	18.83	131.60	(59.36)	91.07
-to OCI	-	14.70	-	14.70
At 31 March 2017	92.42	179.30	155.26	426.98

**NOTE NO. 19 OTHER NON CURRENT LIABILITIES**

				(₹ in Crore)
PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	
Income received in advance (Advance Against Depreciation)	1,158.22	1,218.90	1,279.58	
Deferred Foreign Currency Fluctuation Liabilities	-	-	-	
Deferred Income from Foreign Currency Fluctuation Account	60.89	78.69	66.01	
Grants in aid-from Government-Deferred Income	1,548.85	1,442.78	1,293.83	
<b>TOTAL</b>	<b>2,767.96</b>	<b>2,740.37</b>	<b>2,639.42</b>	
<b>GRANTS IN AID-FROM GOVERNMENT-DEFERRED INCOME</b>				
As at the beginning of the year	1,515.95	1,366.66	1,366.66	
Add: Received during the year	189.77	222.21	-	
Less: Released to Statement of Profit and Loss	77.95	72.92	-	
<b>Balance as at the year end#</b>	<b>1,627.77</b>	<b>1,515.95</b>	<b>1,366.66</b>	
<b>Grants in Aid-from Government-Deferred Income (Current)</b>	<b>78.92</b>	<b>73.17</b>	<b>72.83</b>	
<b>Grants in Aid-from Government-Deferred Income (Non-Current)</b>	<b>1,548.85</b>	<b>1,442.78</b>	<b>1,293.83</b>	

# Grant includes an amount of ₹ 1248.80(Previous Year ₹ 1309.07 Crore) pertaining to NHDC Ltd.(Refer para 8 of Note No. 34)

**NOTE NO. 20.1 BORROWINGS - CURRENT**

				(₹ in Crore)
PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	
<b>Borrowings-Other Loans-Secured</b>				
From Banks	302.50	-	-	
<b>TOTAL</b>	<b>302.50</b>	<b>-</b>	<b>-</b>	

**Particulars of redemption & repayment**

Name of Bank	Nature of Security	Interest Rates	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Central Bank of India	FDR 7.25%	225.00	-	-
2	Oriental Bank of Commerce	FDR 7.01%	47.50	-	-
3	UCO Bank	FDR 7.37%	30.00	-	-
<b>Grand Total</b>			<b>302.50</b>	<b>-</b>	<b>-</b>
Repayment Term: The Loan amount may be repaid at any point of time and in part also.					
Default in repayments (if any) : Nil					



**NOTE NO. 20.2 TRADE PAYABLE - CURRENT**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Total outstanding dues of micro enterprise and small enterprise(s)	6.32	1.89	0.42
Total outstanding dues of Creditors other than micro enterprises and small enterprises	151.27	128.54	163.46
<b>TOTAL</b>	<b>157.59</b>	<b>130.43</b>	<b>163.88</b>

**Explanatory Note: -**

Disclosure requirement under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 is given in Note No.34- Other Explanatory Notes to Accounts.

**NOTE NO. 20.3 OTHER FINANCIAL LIABILITIES - CURRENT**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Current maturities of long term debt *</b>			
- Bonds	592.69	437.69	437.69
- Term Loan -Banks-Secured	254.25	409.77	354.86
- Term Loan -Banks-Unsecured	202.72	205.75	181.57
- Other Parties-Secured	628.93	703.93	838.93
- Other Parties-Unsecured	-	-	46.90
Liability against capital works/supplies	292.45	363.52	345.14
Liability against capital works/supplies-MSME	2.15	1.42	0.12
Interest accrued but not due on borrowings	428.56	377.23	313.41
Deposits/ retention money	104.85	112.99	101.14
Unpaid dividend	14.26	10.06	5.85
Unpaid interest	0.26	0.06	0.04
<b>TOTAL</b>	<b>2,521.12</b>	<b>2,622.42</b>	<b>2,625.65</b>

\* Details in respect of redemption, rate of interest, terms of repayment and particulars of security are disclosed in Annexure to Note no. 16.1.

**NOTE NO. 21 OTHER CURRENT LIABILITIES**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Income received in advance (Advance against depreciation)	60.68	60.68	50.17
Deferred Income from Foreign Currency Fluctuation Account	6.17	6.17	8.41
Unspent amount of deposit/agency basis works	-	-	0.04
Statutory dues payables	364.08	341.24	269.93
Advances against the deposit works	244.12	232.92	232.92
Amount Spent on Deposit Works	(238.87)	(232.90)	(229.44)
Advances against cost of Project Mgt./ Consultancy Work	4,547.45	4,487.08	4,462.39
Amount Spent in respect of Project Mgt./ Consultancy Works	(4,283.37)	(4,288.02)	(4,285.93)
Provision Toward Amt Recoverable in r/o Project Mgt / Consultancy Works	2.28	2.28	2.28
Other liabilities	64.71	85.81	131.19
Grants in aid - pending utilization	10.00	-	-
Grants in aid-from Government-Deferred Income	78.92	73.17	72.83
<b>TOTAL</b>	<b>856.17</b>	<b>768.43</b>	<b>714.79</b>

**NOTE NO. 22 PROVISIONS - CURRENT**

PARTICULARS		As at 31st March, 2017	As at 31st March, 2016	(₹ in Crore) As at 1st April, 2015
A.	PROVISION FOR EMPLOYEE BENEFITS (provided for on basis of actuarial valuation)			
i)	Provision for leave encashment			
	As per last Balance Sheet	55.90	51.25	51.25
	Additions during the year	79.85	19.90	-
	Amount used during the year	68.80	15.25	
	Closing Balance	66.95	55.90	51.25
ii)	Provision for REHS			
	As per last Balance Sheet	0.03	18.95	18.95
	Additions during the year	-	1.60	-
	Amount used during the year	0.03	20.52	-
	Closing Balance	0.00	0.03	18.95
iii)	Provision for TTA (Baggage Allowance on Retirement)			
	As per last Balance Sheet	0.61	0.57	0.57
	Additions during the year	0.36	0.08	-
	Amount used during the year	0.36	0.04	-
	Closing Balance	0.61	0.61	0.57
iv)	Provision for Memento			
	As per last Balance Sheet	0.32	0.32	0.32
	Additions during the year	0.26	0.04	-
	Amount used during the year	0.28	0.04	-
	Closing Balance	0.30	0.32	0.32
v)	Provision for Gratuity			
	Additions during the year	186.36	-	-
	Closing Balance	186.36	-	-
vi)	Provision for Wage Revision			
	As per last Balance Sheet	8.77	35.16	35.16
	Additions during the year	3.78	4.94	-
	Amount used during the year	1.10	31.22	-
	Amount reversed during the year	-	0.11	-
	Closing Balance	11.45	8.77	35.16
	Less: Advance paid	10.62	8.63	35.16
	Closing Balance (Net of advance)	0.83	0.14	-
vii)	Provision for Performance Related Pay/Incentive			
	As per last Balance Sheet	108.48	103.86	103.39
	Additions during the year	133.62	105.87	0.94
	Amount used during the year	110.33	93.72	0.30
	Amount reversed during the year	0.15	7.53	0.17
	Closing Balance	131.62	108.48	103.86
viii)	Provision for Superannuation / Pension Fund			
	As per last Balance Sheet	42.40	33.98	33.98
	Additions during the year	5.95	42.40	-
	Amount used during the year	42.38	33.98	-
	Amount reversed during the year	0.02	-	-
	Closing Balance	5.95	42.40	33.98
ix)	Provision For Wage Revision 3rd PRC			
	Additions during the year	108.15	-	-
	Closing Balance	108.15	-	-

(₹ in Crore)			
PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>B. OTHERS</b>			
<b>i) Provision For Tariff Adjustment</b>			
As per last Balance Sheet	263.99	155.63	155.63
Additions during the year	138.98	110.48	-
Amount used during the year	253.06	2.12	-
<b>Closing Balance</b>	<b>149.91</b>	<b>263.99</b>	<b>155.63</b>
<b>ii) Provision For Committed Capital Expenditure</b>			
As per last Balance Sheet	171.55	161.76	161.76
Additions during the year	125.06	24.43	-
Amount used during the year	22.74	14.70	-
Unwinding of discount	0.20	0.06	-
<b>Closing Balance</b>	<b>274.07</b>	<b>171.55</b>	<b>161.76</b>
<b>iii) Provision for Restoration expenses of Insured Assets</b>			
As per last Balance Sheet	49.35	24.81	24.81
Additions during the year	43.43	66.37	-
Amount used during the year	45.27	28.09	-
Amount reversed during the year	-	13.74	-
<b>Closing Balance</b>	<b>47.51</b>	<b>49.35</b>	<b>24.81</b>
<b>iv) Provision For Livelihood Assistance</b>			
As per last Balance Sheet	7.25	-	-
Additions during the year	6.53	7.24	-
Amount used during the year	0.01	-	-
Unwinding of discount	0.27	0.01	-
<b>Closing Balance</b>	<b>14.04</b>	<b>7.25</b>	<b>-</b>
<b>v) Provision- CSR, SD &amp; RD</b>			
Additions during the year	0.07	-	-
<b>Closing Balance</b>	<b>0.07</b>	<b>-</b>	<b>-</b>
<b>vi) Provision - Others</b>			
As per last Balance Sheet	761.59	707.66	707.66
Additions during the year	152.85	237.99	-
Amount used during the year	146.20	130.97	-
Amount reversed during the year	22.23	53.09	-
<b>Closing Balance</b>	<b>746.01</b>	<b>761.59</b>	<b>707.66</b>
<b>TOTAL</b>	<b>1,732.38</b>	<b>1,461.61</b>	<b>1,258.79</b>

**Explanatory Note: -**

- The Board has resolved to implement the directions of the Ministry of Power (MoP) vide its letter no. 11/17/2009-NHPC/Vol. III dated 27th December 2013 conveying the approval of Competent Authority about pay scales in respect of below Board level Executives that the pay scales shall be fixed w.e.f. 01.01.2007 after correcting the aberrations in pay scales fixed w.e.f. 01.01.1997 and the deviant pay scales fixed w.e.f. 01.01.1997 shall not be regularized. The MoP has confirmed vide letter no. 11/17/2009-NHPC-Vol. III dated 25th Feb., 2016 that the recovery of personal pay adjustment w.e.f. 01.02.2014 is in conformity with the said directive of the Competent Authority. Accordingly, personal pay advance of ₹ Nil and ₹ 31.22 Crore has been set-off against the balance of provision for wage revision as on 31st March 2017 and 31st March 2016 respectively. However, NHPC Officers Association has got a stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits). In view of the directions of the Hon'ble High Court, Personal Pay Adjustments to the employees is continued to be paid along with the Salary. Thus, the cumulative amount provided towards the Personal Pay Adjustment w.e.f. 01/02/2014 to 31.03.2017 under the head "Provision for Wage Revision" is ₹ 11.45 Crore (including provision for the current year ₹ 3.78 Crore) with ₹ 10.62 Crore amount shown as "Advance paid".
- Information about Provisions are given in para 29 of Note 34 of Balance Sheet

**NOTE NO. 23 CURRENT TAX LIABILITIES (NET)**

(₹ in Crore)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Income Tax</b>			
As per last Balance Sheet	915.79	790.35	247.94
Additions during the year	1,005.89	915.79	790.35
Amount adjusted during the year	(915.79)	(206.85)	3.68
Amount used during the year	-	583.50	251.62
Amount reversed during the year	-	-	-
<b>Closing Balance</b>	1,005.89	915.79	790.35
Less: Current Advance Tax	1,084.19	837.17	727.40
Net Current Tax Liabilities (Net)	(78.30)	78.62	62.95
Less: Current Tax Assets (shown in Note No. 12.2)	78.30	28.04	-
Wealth Tax	-	-	1.70
<b>TOTAL</b>	<b>-</b>	<b>106.66</b>	<b>64.65</b>

**NOTE NO. 24 REVENUE FROM OPERATIONS**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>I Operating Revenue</b>		
<b>A SALES</b>		
SALE OF POWER	7,214.00	7,287.55
ADVANCE AGAINST DEPRECIATION -Written back during the year	60.68	50.17
Less :		
Sales adjustment on a/c of Foreign Exchange Rate Variation	51.81	64.65
Tariff Adjustments	134.17	110.48
Regulated Power Adjustment	27.71	111.18
Income from generation of electricity – precommissioning (Transferred to Expenditure Attributable to Construction)	0.56	0.51
Rebate to customers	25.04	22.50
<b>Sub - Total (A)</b>	<b>7,035.39</b>	<b>7,028.40</b>
<b>B INCOME FROM FINANCE LEASE</b>	806.55	840.26
<b>C INCOME FROM OPERATING LEASE</b>	522.59	347.94
<b>D REVENUE FROM CONTRACTS, PROJECT MANAGEMENT AND CONSULTANCY WORKS</b>		
Contract Income	-	3.76
Revenue from Project management/ Consultancy works	51.94	30.38
<b>Sub - Total (D)</b>	<b>51.94</b>	<b>34.14</b>
<b>Sub Total-I (A+B+C+D)</b>	<b>8,416.47</b>	<b>8,250.74</b>
<b>II OTHER OPERATING REVENUE</b>		
Interest from Beneficiary States (Revision of Tariff)	206.66	103.28
<b>Sub Total-II</b>	<b>206.66</b>	<b>103.28</b>
<b>TOTAL (I+II)</b>	<b>8,623.13</b>	<b>8,354.02</b>

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>Explanatory Note: -</b>		
1) Amount of earlier year sales arising out of finalisation of tariff included in current period Sales.	197.90	140.01
2) 'Deemed generation' included in Sale of the Power as allowed by 'CERC'	115.98	77.14
3) Due to non payment of dues by some of the beneficiaries, share of power allocated to them has been regulated in terms of CERC Regulation No.L-1/42/2010-CERC Dated 28th September 2010 and accordingly amount stated herein are included in sales towards regulated power, which has been sold through bidding at Power Exchange. ibid regulation further provides that margin earned on such sale after adjusting expenditure for effecting sale of regulated power should be passed on to beneficiaries, whose power has been regulated.	61.19	195.02
4) Amount adjusted from sale of power on account of regulated power against the outstanding dues of those beneficiaries.	15.76	72.01
5) Amount of sales not yet billed included in Sales.	1,005.66	753.72
6) Tariff regulation notified by CERC vide notification dated 21.02.2014 inter-alia provides that capital cost considered for fixation of tariff for current tariff period shall be subject to truing up at the end of the tariff period, which may result in increase or decrease in tariff. Accordingly, stated amount has been provided in the books during the year as an abundant precaution.	134.18	110.48
7) In terms of regulation No. 49 of tariff regulation issued vide Central Electricity Regulatory Commission (CERC) notification No. L-1/144/2013-CERC dated 21st February, 2014, deferred tax liabilities for the period upto 31st March 2009 whenever it materializes is recoverable directly from the beneficiaries and are accounted for on yearly basis. Accordingly, stated amount has been included in sale of power in relevant year.	238.22	251.51

**NOTE NO. 25 OTHER INCOME**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A) Dividend Income</b>		
Dividend - Others	3.00	2.64
<b>B) Interest Income</b>		
- Interest from Investments carried at FVTOCI	31.19	39.64
- Interest - Government Securities (8.5% tax free bonds issued by the State Governments)	-	16.35
Adjustment on a/c of Effective Interest		
- Grant in aid	4.60	0.05
Effective Interest On Investments - Debt Instruments	0.25	0.23
<b>Interest on</b>		
- Loan to State Government in settlement of dues from customers	0.54	2.69
- Loan to Government of Arunachal Pradesh	43.09	39.53
- Deposit Account	536.65	626.10
- Employee's Loans and Advances	14.50	14.20

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
- Employee's Loans and Advances-Adjustment on a/c of Effective Interest	2.21	2.08
- Others	41.10	54.44
<b>C) Other Non Operating Income</b>		
Late payment surcharge	526.75	24.07
Realization of Loss Due To Business Interruption	111.80	89.99
Net gain/(loss) on sale of Investments carried at FVTOCI	-	9.02
Net gain/(loss) on sale of Investments carried at FVTPL	6.54	4.15
Profit on sale of assets	0.47	0.51
Income from Insurance Claim	7.20	41.24
Liability/ Provisions not required written back #	70.44	46.17
Others	46.79	86.64
Exchange rate variation	4.52	2.21
Amortisation of Deferred Income-Grant in Aid	73.35	72.87
<b>Sub-total</b>	<b>1,524.99</b>	<b>1,174.82</b>
Less: Income transferred to Expenditure Attributable to Construction	13.83	65.31
Less: Income transferred to Advance/ Deposit from Client/ Contractees and against Deposit Works	7.38	17.10
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,503.78</b>	<b>1,092.41</b>
<b>Explanatory Note: -</b>		
<b>1 Detail of Liability/Provisions not required written back #</b>		
a) Diminution in value of stores and spares (*1 under Note 5)	1.75	0.30
b) Bad and doubtful debts (*1 under Note 7)	21.54	0.21
c) Bad & Doubtful Employees Loans - current (*1 under Note 10)	-	0.06
d) Provision for doubtful claims (*1 under Note No.11)	5.61	0.09
e) Provisions for Doubtful Accrued Interest (*3 under Note No. 13)	2.55	-
f) Provisions for Doubtful Deposits (*1 under Note No. 13)	-	0.01
g) Provision for losses pending investigation/awaiting write off / sanction (*5 under Note No. 13)	0.21	0.02
h) Provision for wage revision (Sl.no-A(vi) of Note No-22)	-	1.31
i) Provision for PRP / Incentive /Productivity Linked Incentive (Sl.no-A(vii) of Note No-22)	0.15	4.92
j) Provision for Superannuation/Pension Fund (Sl.no-A(viii) of Note No-22)	0.02	-
k) Others	38.61	39.24
<b>TOTAL</b>	<b>70.44</b>	<b>46.17</b>
<b>2</b>	Total carried forward to Statement of Profit & Loss includes ₹ 26.99 Crore (Previous year ₹ 25.76 Crore) relating to Subansiri Lower Project as explained in para 30(A) of Note no-34. However Rate Regulatory Assets for an equivalent amount of ₹ 26.99 Crore pertaining to Subansiri Lower Project has been recognised in compliance to Guidance Note on Accounting for Rate Regulated Activities issued by ICAI.	



**NOTE NO. 26 GENERATION AND OTHER EXPENSES**

(₹ in Crore)		
PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. GENERATION EXPENSES</b>		
(i) Water Usage Charges	748.40	771.11
(ii) Consumption of stores and spare parts	26.75	21.36
<b>B. Direct Expenditure on Contract, Project Management and Consultancy Works</b>	-	0.05
<b>C. REPAIRS &amp; MAINTENANCE</b>		
- Building	84.56	64.58
- Machinery	64.65	58.57
- Others	168.00	156.51
<b>D. OTHER EXPENSES</b>		
Rent & Hire Charges	49.23	46.79
Rates and taxes	74.64	59.72
Insurance	146.86	138.96
Security expenses	230.56	194.92
Electricity Charges	58.16	61.18
Travelling and Conveyance	28.01	25.59
Expenses on vehicles	9.18	8.65
Telephone, telex and Postage	19.63	15.71
Advertisement and publicity	13.87	14.41
Entertainment and hospitality expenses	0.48	0.48
Printing and stationery	6.49	6.21
Consultancy charges - Indigenous	16.21	13.26
Audit expenses (Refer explanatory note-3 below)	2.55	2.06
Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	4.98	10.51
Expenditure on land not belonging to company	6.19	3.81
Loss on Assets	2.29	2.21
Losses out of insurance claims (upto excess clause)	1.90	14.25
Losses out of insurance claims (beyond excess clause)	6.97	41.24
Books & Periodicals	0.32	0.28
Donation	5.00	-
CSR/ Sustainable Development	89.73	99.03
Community Development Expenses	0.11	0.14
Directors' expenses	0.19	0.13
Research and development expenses	-	0.74
Interest on Arbitration/ Court Cases	30.20	14.01
Interest to beneficiary states	57.02	27.58
Expenses for Regulated Power	4.39	13.75
Less: - Exp Recoverable on Regulated Power	(4.39)	(13.75)
Exchange rate variation	0.47	4.92
Other general expenses	112.41	92.11
<b>Total (A+B+C+D)</b>	<b>2,066.01</b>	<b>1,971.08</b>
Less: Amount transferred to Expenditure Attributable to Construction	76.38	90.99
Less: Recoverable from Deposit Works	1.14	2.44
Less: Transfer of Generation & other expenses - IPO/Buyback	9.33	-
	<b>1,979.16</b>	<b>1,877.65</b>

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>E. PROVISIONS</b>		
Bad and doubtful debts provided	19.57	22.07
Bad and doubtful advances / deposits provided	4.38	-
Bad and doubtful claims provided	22.46	8.37
Doubtful Interest Provided for	19.79	20.28
Diminution in value of stores and spares	0.52	0.69
Project expenses provided for	44.16	359.65
Provision for fixed assets/ stores provided for	2.77	6.37
Provision for Interest to Beneficiary	14.08	-
Others	-	0.09
<b>Sub-total</b>	<b>127.73</b>	<b>417.52</b>
Less: Amount transferred to Expenditure Attributable to Construction	5.24	5.03
	<b>122.49</b>	<b>412.49</b>
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>2,101.65</b>	<b>2,290.14</b>
<b>Explanatory Note: -</b>		
1 The Company's significant leasing arrangements are in respect of operating leases of premises for offices, guest houses & transit camps. These leasing arrangements, which are not non-cancellable, are usually renewable on mutually agreeable terms. Lease payments in respect of premises for offices, guest houses & transit camps are shown in Rent.		
2 Pending notification of revision order by CERC in respect of truing up application filed by the company under CERC notification dated 19.01.2009, stated amount has been provided in the books during the year towards Interest to Beneficiary States, which may have to be paid in case of reduction in tariff as a result of said revision order.	14.08	-
3 <b>Detail of audit expenses are as under: -</b>		
i) Statutory auditors		
<b>As Auditor</b>		
Audit Fees	0.71	0.60
Tax Audit Fees	0.21	0.19
<b>In other Capacity</b>		
Taxation Matters	0.01	0.02
Company Law Matters	-	-
Management Services	-	-
Other Matters/services	0.53	0.40
<b>Reimbursement of expenses</b>	<b>0.93</b>	<b>0.68</b>
ii) Cost Auditors		
Audit Fees	0.15	0.14
<b>Reimbursement of expenses</b>	<b>0.01</b>	<b>0.03</b>
<b>Total Audit Expenses</b>	<b>2.55</b>	<b>2.06</b>
4 Total carried forward to Statement of Profit & Loss includes ₹ 101.98 Crore (Previous year ₹ 116.61 Crore) relating to Subansiri Lower Project as explained in para 30(A) of Note no-34. However Rate Regulatory Assets for an equivalent amount of ₹ 78.67 Crore pertaining to Subansari Lower Project has been recognised in compliance to Guidance Note on Accounting for Rate Regulated Activities issued by ICAI.		

**NOTE NO. 27 EMPLOYEE BENEFITS EXPENSE**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries, wages, allowances	1,497.01	1,242.69
Gratuity, Contribution to provident fund & pension scheme (incl. administration fees)	344.17	233.03
Staff welfare expenses	84.97	121.72
Leave Salary & Pension Contribution	0.09	0.01
Amortisation Expenses Of Deferred Employee Cost	6.46	6.73
<b>Sub-total</b>	<b>1,932.70</b>	<b>1,604.18</b>
Less: Employee Cost transferred to Expenditure Attributable to Construction	253.20	360.47
Less: Recoverable from Deposit Works	1.34	1.59
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,678.16</b>	<b>1,242.12</b>

**Explanatory Note: -**

- The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees. These leasing arrangements, which are not non-cancellable, are usually renewable on mutually agreeable terms. Lease payments in respect of premises for residential use of employees included in salaries, wages, allowances.

(₹ in Crore)

2	Gratuity, Contribution to provident fund & pension scheme include contributions:	For the year ended 31st March, 2017	For the year ended 31st March, 2016
i)	towards Employees Provident Fund	78.83	76.93
ii)	towards Employees Defined Contribution Superannuation Scheme	92.22	129.29
3	Total carried forward to Statement of Profit & Loss includes ₹ 92.23 Crore (Previous year ₹ 107.49 Crore) relating to Subansiri Lower Project as explained in para 30(A) of Note no-34. However Rate Regulatory Assets for an equivalent amount of ₹ 92.74 Crore pertaining to Subansiri Lower Project has been recognised in compliance to Guidance Note on Accounting for Rate Regulated Activities issued by ICAI.		

**NOTE NO. 28 FINANCE COST**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A Interest :</b>		
Government of India loan	30.37	19.97
Bonds	749.33	688.65
Foreign loan	26.27	28.92
Term loan	607.30	807.73
Adjustment on account of effective Interest - Grant in Aid	12.38	2.74
<b>Sub-total</b>	<b>1,425.65</b>	<b>1,548.01</b>
<b>B Exchange differences regarded as adjustment to borrowing cost</b>		
Exchange differences regarded as adjustment to interest cost	2.28	179.93
Less: Interest adjustment on account of Foreign Exchange Rate Variation	(2.28)	(179.93)
<b>Sub-total</b>	<b>-</b>	<b>-</b>

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>C Other Borrowing Cost</b>		
Bond issue/ service expenses	0.37	0.34
Commitment fee	-	0.05
Guarantee fee on foreign loan	22.96	20.44
Other finance charges	5.90	9.72
Adjustment on account of effective Interest	3.47	3.58
Provisions-Adjustment For Time Value	1.90	1.77
<b>Sub-total</b>	<b>34.60</b>	<b>35.90</b>
<b>Total (A + B + C)</b>	<b>1,460.25</b>	<b>1,583.91</b>
Less: Finance Cost transferred to Expenditure Attributable to Construction	386.81	465.73
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,073.44</b>	<b>1,118.18</b>

**Explanatory Note: -**

Total carried forward to Statement of Profit & Loss includes ₹ 365.32 Crore (Previous year ₹ 396.22 Crore) relating to Subansiri Lower Project as explained in para 30(A) of Note no-34. However Rate Regulatory Assets for an equivalent amount of ₹ 365.32 Crore pertaining to Subansiri Lower Project has been recognised in compliance to Guidance Note on Accounting for Rate Regulated Activities issued by ICAI.

**NOTE NO. 29 DEPRECIATION AND AMORTIZATION EXPENSES**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Depreciation & Amortisation Expenses	1,483.06	1,453.96
Depreciation adjustment on account of Foreign Exchange Rate Variation	(1.71)	(0.96)
<b>Sub-total</b>	<b>1,481.35</b>	<b>1,453.00</b>
Less: Depreciation & Amortisation Expenses transferred to Expenditure Attributable to Construction	19.56	20.97
Less: Recoverable from Deposit Works	0.04	0.08
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,461.75</b>	<b>1,431.95</b>

**Explanatory Note: -**

Total carried forward to Statement of Profit & Loss includes ₹ 6.96 Crore (Previous year ₹ 7.64 Crore) relating to Subansiri Lower Project as explained in para 30(A) of Note no-34. However Rate Regulatory Assets for an equivalent amount of ₹ 6.96 Crore pertaining to Subansiri Lower Project has been recognised in compliance to Guidance Note on Accounting for Rate Regulated Activities issued by ICAI.

**NOTE NO. 30 TAX EXPENSE**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>Current Tax</b>		
Income Tax Provision	1,005.30	916.75
Adjustments for Income Tax *	(116.75)	(22.98)
<b>Total current tax expense</b>	<b>888.55</b>	<b>893.77</b>
<b>Deferred Tax- *</b>		
Decrease (increase) in deferred tax assets		
- Relating to origination and reversal of temporary differences	(91.07)	18.59
- Relating to change in tax rate	-	-
- Adjustments in respect of deferred tax including MAT credit Adjustment	0.01	0.01
<b>(Decrease) increase in deferred tax liabilities</b>		
- Relating to origination and reversal of temporary differences	489.74	168.31
- Relating to change in tax rate	-	-
- Adjustments in respect of deferred tax	-	-
- Relating to undistributed Earnings#	45.45	37.67
<b>Total deferred tax expenses (benefits)</b>	<b>444.13</b>	<b>224.58</b>
Less: Recoverable for tariff period upto 2009	(155.78)	(138.77)
Less: Deferred Tax Adjustment Against Deferred Tax Liabilities	435.35	256.86
<b>Net Deferred Tax</b>	<b>164.56</b>	<b>106.49</b>
<b>Total carried forward to Statement of Profit &amp; Loss</b>	<b>1,053.11</b>	<b>1,000.26</b>

\* Adjustment in current tax expenses is in respect of refunds of tax of earlier periods received from Income Tax Authorities in the current year.

# As at March 31, 2017, deferred tax liability amounting to ₹ 45.45 Crore (Previous year ₹ 37.67 Crore) was recognised for taxes that would be payable on the undistributed profits of the Group's subsidiaries. The deferred tax liability is based on Group's estimate of distribution of the profits in the foreseeable future and the tax incidence on the same.

**Explanatory Notes:-**

i) <b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic rate.</b>	<b>For the year ended 31st March, 2017</b>	<b>For the year ended 31st March, 2016</b>
Profit from Continuing Operations before income tax expenses	4,534.74	3,916.17
Profit from Discontinuing Operations before income tax expenses	-	-
<b>TOTAL</b>	<b>4,534.74</b>	<b>3,916.17</b>
Applicable tax rate	34.608	34.608
<b>Computed tax expense</b>	<b>1,569.38</b>	<b>1,355.31</b>
Tax effects of amounts which are not deductible (Taxable) in calculating taxable income.		
CSR/ Sustainable Development/ Community Development Expenses	31.04	34.28
Reversal of Deferred Tax Assets	-	195.79
Exempt and Tax Free Income	(1.99)	(7.95)
Tax Incentives (80-IA Deduction)	(841.92)	(751.97)
Recoverable portion of Deferred Tax	155.78	138.76
Adjustment for current tax of prior periods	(116.83)	(23.67)
Tax Credit	(43.00)	22.04
Tax Credits on which no Deferred Income Tax was recognized	253.04	-
Undistributed Profits	45.45	37.67
Other Items	2.16	-
<b>Income tax expense</b>	<b>1,053.11</b>	<b>1,000.26</b>

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
ii) <b>Amounts recognised directly in Equity</b>		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited/(credited) to equity:	-	-
Current Tax	-	-
Deferred tax	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
iii) <b>Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	-	-
Potential tax benefit @ 30%	-	-
iv) <b>Unrecognised temporary differences</b>		
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised.		
Undistributed Earnings	-	-
Unrecognised deferred tax liabilities relating to the above temporary differences	-	-

**NOTE NO. 31 MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>Movement on account of:-</b>		
a) Employee Remuneration & Benefits	298.62	106.24
b) Generation & Other exps.	78.68	66.26
c) Provisions	-	-
d) Depreciation	6.96	7.64
e) Finance Cost	365.32	396.22
f) Other Income	(26.99)	(25.46)
g) Exchange Differences on Monetary Items	(2.50)	-
<b>TOTAL</b>	<b>720.09</b>	<b>550.90</b>

**NOTE NO. 32 EXPENDITURE ATTRIBUTABLE TO CONSTRUCTION FORMING PART OF CAPITAL WORK IN PROGRESS**

(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, allowances	129.70	145.57
Gratuity and contribution to provident fund	28.50	23.68
Staff welfare expenses	8.29	10.27
<b>Sub-total</b>	<b>166.49</b>	<b>179.52</b>
<b>B. REPAIRS &amp; MAINTENANCE</b>		
Building	4.64	5.04
Machinery	0.01	0.04
Others	2.46	4.51
<b>Sub-total</b>	<b>7.11</b>	<b>9.59</b>
<b>C. ADMINISTRATION &amp; OTHER EXPENSES</b>		
Rent	9.98	9.76
Rates and taxes	0.69	0.15
Insurance	0.17	0.16



(₹ in Crore)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Security expenses	15.86	16.60
Electricity Charges	3.34	3.56
Travelling and Conveyance	3.12	3.33
Expenses on vehicles	1.04	1.68
Telephone, telex and Postage	2.54	2.69
Advertisement and publicity	0.39	0.50
Printing and stationery	0.87	0.90
Design and Consultancy charges:		
- Indigenous	2.89	2.85
Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	3.63	9.85
Expenditure on land not belonging to company	5.92	2.60
Assets/ Claims written off	0.07	-
Land Acquisition and Rehabilitation Expenditure	2.69	-
Losses on sale of assets	0.01	-
Other general expenses	8.40	8.68
Remuneration to Auditors	-	0.01
Exchange rate variation (Debit)	-	2.47
<b>Sub-total</b>	<b>61.61</b>	<b>65.79</b>
<b>D. FINANCE COST</b>		
Interest on :		
Bonds	240.33	230.53
Term loan	137.21	231.17
Bond issue/ service expenses	0.18	0.25
Other finance charges	0.79	0.57
Interest on loans from Central Government-adjustment on account of effective interest	7.21	2.68
Interest on security deposit/ retention money-adjustment on account of effective interest	0.59	0.53
<b>Sub-total</b>	<b>386.31</b>	<b>465.73</b>
<b>E. PROVISIONS</b>	<b>5.23</b>	<b>5.00</b>
<b>Sub-total</b>	<b>5.23</b>	<b>5.00</b>
<b>F. DEPRECIATION AND AMORTISATION EXPENSES</b>	<b>17.66</b>	<b>16.53</b>
<b>Sub-total</b>	<b>17.66</b>	<b>16.53</b>
<b>G. C.O./Regional Office Expenses:</b>		
Other Income	(2.59)	(6.92)
Generation, Administration and Other Expenses	7.66	15.61
Employee Benefits Expense	86.71	180.94
Depreciation & Amortisation Expenses	1.90	4.45
Finance Cost	0.49	0.01
Provisions	-	0.03
<b>Sub-total</b>	<b>94.17</b>	<b>194.12</b>
<b>H. LESS: RECEIPTS AND RECOVERIES</b>		
Income from generation of electricity – precommissioning	0.56	0.51
Interest on loans and advances	(1.70)	32.29
Exchange rate variation (Credit)	-	0.90
Provision/Liability not required written back	3.62	3.96
Hire Charges on Plant and Machinery	0.95	0.36
Miscellaneous receipts	8.38	20.89
<b>Sub-total</b>	<b>11.81</b>	<b>58.91</b>
<b>TOTAL (A+B+C+D+E+F+G-H)</b>	<b>726.77</b>	<b>877.37</b>

### Note-33: Disclosure on Financial Instruments and Risk Management

#### 1. Fair Value Measurement

##### A) Financial Instruments by category

Financial assets	Notes	As at 31st March, 2017				As at 31st March, 2016				(₹ in Crore)	
		FVTOCI	Amortised Cost			FVTOCI	Amortised Cost			As at 01st Apr, 2015	
<b>Non-current Financial assets</b>											
(i) <b>Non-current investments</b>											
a) In Equity Instrument (Quoted)	3.1	112.44	-			77.65	-	98.43		-	
b) In Debt Instruments (Govt./PSU)-Quoted	3.1	406.97	-			390.95	-	781.61		-	
<b>Sub-total</b>		<b>519.41</b>	<b>-</b>			<b>468.60</b>	<b>-</b>	<b>880.04</b>		<b>-</b>	
(ii) <b>Trade Receivable</b>	3.2		275.82				64.56			335.93	
(iii) <b>Loans</b>											
a) Employees	3.3		156.87				137.83			119.63	
b) Loan to Government of Arunachal Pradesh (including Interest accrued)	3.3 & 3.4		521.84				478.75			439.22	
c) Others			-				-			12.68	
iv) <b>Others</b>											
Bank Deposits with more than 12 Months Maturity (Including interest accrued)	3.3		419.48				149.12			279.80	
<b>Total Non-current Financial assets</b>		<b>519.41</b>	<b>1,374.01</b>			<b>468.60</b>	<b>830.26</b>	<b>880.04</b>		<b>1,187.26</b>	
<b>Current Financial assets</b>											
(i) Current Investments	6		-				1.13			257.57	
(ii) Trade Receivables	7		1,854.01				1,904.51			2,472.24	
(iii) Cash and cash equivalents	8		73.57				1,420.52			196.35	
(iv) Bank balances	9		3,398.89				5,863.01			6,418.72	
(v) Loans	10		31.43				62.63			85.10	
(vi) others (excluding lease receivable)	11		1,970.62				2,653.63			2,511.60	
<b>Total Current Financial Assets</b>		<b>-</b>	<b>7,328.52</b>			<b>-</b>	<b>11,905.43</b>	<b>-</b>		<b>11,941.58</b>	
<b>Total Financial Assets</b>		<b>519.41</b>	<b>8,702.53</b>			<b>468.60</b>	<b>12,735.69</b>	<b>880.04</b>		<b>13,128.84</b>	
<b>Financial Liabilities</b>											
(i) Long-term borrowings	16.1		17,245.64				18,181.08			18,698.67	
(ii) Other Financial Liabilities	16.2		25.84				40.13			75.55	
iii) Borrowings-Short Term	20.1		302.50				-			-	
(iv) Trade Payables including MSME	20.2		157.59				130.43			163.88	
(v) <b>Other Current financial liabilities</b>											
a) Current maturities of long term borrowings	20.3		1,678.59				1,757.14			1,859.95	
b) Interest accrued but not due on borrowings	20.3		428.56				377.23			313.41	
c) Other Current Liabilities	20.3		413.97				488.05			452.29	
<b>Total Financial Liabilities</b>		<b>-</b>	<b>20,252.69</b>			<b>-</b>	<b>20,974.06</b>	<b>-</b>		<b>21,563.75</b>	

## B) FAIR VALUATION MEASUREMENT

### (i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the following three levels prescribed under Ind AS-113 "Fair Value Measurements"

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and traded bonds that have quoted price. The fair value of all equity instruments including bonds which are traded in the recognised Stock Exchange and money markets are valued using the closing prices as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This includes security deposits/retention money and loans at below market rates of interest.

### (a) Financial Assets Measured at Fair Value-Recurring Fair Value Measurement:

	Note No.	As at 31st March, 2017 Level 1	As at 31st March, 2016 Level 1	As at 01st Apr, 2015 Level 1
Financial Assets at FVTOCI				
(i) Investments-				
- In Equity Instrument (Quoted)	3.1	112.44	77.65	98.43
- In Debt Instruments (Govt./PSU)-Quoted	3.1	406.97	390.95	781.61
Total		519.41	468.60	880.04

#### Note:

All other financial assets and financial liabilities have been measured at amortised cost at Balance Sheet date and classified as non-recurring fair value measurement. During the year, Company does not made any transfer within the levels of fair value hierarchy.

### (b) Financial Assets/Liabilities measured at amortised cost for which Fair Values are disclosed:

Particulars	Note No.	As at 31st March, 2017			As at 31st March, 2016			As at 01st Apr, 2015		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets										
(i) Trade Receivables	3.2		275.82			64.56			335.93	
(ii) Loans										
a) Employees	3.3		159.49			157.19			119.63	
b) Loan to Government of Arunachal Pradesh (including Interest accrued)	3.3 & 3.4		521.84			478.75			439.22	

Particulars	Note No.	As at 31st March, 2017			As at 31st March, 2016			As at 01st Apr, 2015		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
c) Others	3.3		-			-			12.68	
(iii) Others										
- Bank Deposits with more than 12 Months Maturity (Including interest accrued)	3.4	421.14			149.97			279.80		
<b>Financial Liabilities</b>										
(i) Long-term borrowings including current maturities and accrued interest	16.1 & 20.3		16,802.15	1,425.34		17,755.41	1,250.95		17,933.87	1,130.19
(ii) Other Long Term Financial Liabilities	16.2			26.99			41.94			75.55

(c) Fair value of Financial Assets and Liabilities measured at Amortised Cost

Particulars	Note No.	As at 31st March, 2017		As of 31.03.2016		As of 01.4.2015	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>							
(i) Trade Receivables	3.2	275.82	275.82	64.56	64.56	335.93	335.93
(ii) Loans							
a) Employees	3.3	156.87	159.49	137.83	157.19	119.63	119.63
b) Loan to Government of Arunachal Pradesh (including Interest accrued)	3.3 & 3.4	521.84	521.84	478.75	478.75	439.22	439.22
c) Others	3.3	-	-	-	-	12.68	12.68
(iii) Others							
- Bank Deposits with more than 12 Months Maturity (Including interest accrued)	3.4	419.48	421.14	149.12	149.97	279.80	279.80
<b>Total Financial Assets</b>		<b>1374.01</b>	<b>1378.29</b>	<b>830.26</b>	<b>850.47</b>	<b>1187.26</b>	<b>1187.26</b>
<b>Financial Liabilities</b>							
(i) Long-term borrowings including Current maturities and accrued Interest	16.1 & 20.3	19,352.79	18,227.49	20,315.45	19,006.36	20,872.03	19,064.06
(ii) Other Long Term Financial Liabilities	16.2	25.84	26.99	40.13	41.94	75.55	75.55
<b>Total Financial Liabilities</b>		<b>19,378.63</b>	<b>18,254.48</b>	<b>20,355.58</b>	<b>19,048.30</b>	<b>20,947.58</b>	<b>19,139.61</b>

**Note:-**

1. The Carrying amounts of current investments, Trade and other receivables, Cash and cash equivalents, Short-term loans and advances, Short term borrowings, Trade payables and other current financial liabilities are considered to be the same as their fair values, due to their short term nature.

2. For financial assets and financial liabilities measured at fair value, the carrying amounts are equal to the fair value.

**(d) Valuation techniques and process used to determine fair values**

(1) The Company values financial assets or financial liabilities using the best and most relevant data available. Specific valuation techniques used to determine fair value of financial instruments includes:

- Use of quoted market price or dealer quotes for similar instruments.
- Fair value of remaining financial instruments is determined using discounted cash flow analysis.

(2) The discount rate used to fair value financial instruments classified at Level -3 is based on the Weighted Average Rate of company's outstanding borrowings except subordinate debts and foreign currency borrowings.

(3) As per Ind AS 109, financial liabilities that are subsequently measured at amortised cost are recognised initially at fair value minus transaction costs using the effective interest method. Since the transaction costs incurred on long term borrowings are not material, as such the company has not applied the effective interest method for initial recognition of such liabilities.

## 2. Financial Risk Management

### (A) Financial risk factors

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash & Cash equivalents, Other Bank Balances, Trade receivables and financial assets measured at amortised cost, Lease Receivable	Ageing analysis, credit rating.	Diversification of bank deposits, letter of credit for selected customers.
Liquidity Risk	Borrowings and other facilities	Rolling cash flow forecasts & Budgets	Availability of committed credit lines and borrowing facilities
Market Risk- Interest rate	Long term borrowings at variable rates	Sensitivity Analysis	1. Diversification of fixed rate and floating rates 2. Refinancing 3. Actual Interest is recovered through tariff as per CERC Regulation
Market Risk- security prices	Investment in equity and debt securities	Sensitivity Analysis	Portfolio diversification
Market Risk- foreign exchange	Recognised financial liabilities not denominated in INR.	Sensitivity Analysis	Foreign exchange rate variation is recovered through tariff as per CERC Regulation.

#### i) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables/leased assets) and from its financing activities including deposits with banks and financial institutions.

#### ii) Liquidity risk.

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

#### iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company operates in a regulated environment. Tariff of the company is fixed by the Central Electricity Regulatory Commission (CERC) through Annual Fixed Charges (AFC) comprising the following five components: 1. Return on Equity (RoE), 2. Depreciation, 3. Interest on Loans, 4. Operation & Maintenance Expenses and 5. Interest on Working Capital Loans. In addition to the above Foreign Currency Exchange variations and Taxes are also recoverable from Beneficiaries in terms of the Tariff Regulations. Hence variation in interest rate, currency exchange rate variations and other price risk variations are recoverable from tariff and do not impact the profitability of the company.

### (B) Credit Risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

#### i) Trade Receivables & lease receivables

The Company extends credit to customers in normal course of business. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the



concentration of risk with respect to trade receivables as low, as its customers are mainly state government authorities and operate in largely independent markets.

CERC tariff regulations 2014-19 allows the Company to raise bills on beneficiaries for late-payment surcharge, which adequately compensates the Company for time value of money arising due to delay in payment. Further, the fact that beneficiaries are primarily State Governments/ State Discoms and considering the historical credit loss experience for trade receivables, the Company does not envisage either impairment in the value of receivables from beneficiaries or loss due to time value of money due to delay in realization of trade receivables. However, the Company assesses outstanding trade receivables on an ongoing basis considering changes in operating results and payment behaviour and provides for expected credit loss on case-to-case basis. As at the reporting date, company does not envisage any default risk on account of non-realisation of trade receivables. Accordingly, the Company has not applied the practical expedient of calculation of expected credit losses on trade receivables using a provision matrix.

Lease receivables of the company are with regard to Power Purchase Agreements classified as embedded Finance Lease as per Appendix C of Ind AS 17- 'Leases' in respect of two power stations as referred to in Note No. 34-Other Explanatory Notes to Accounts. The Power Purchase Agreements are for sale of power to single beneficiary and recoverability of interest income and principal on leased assets i.e. PPE of the power stations are assessed on the same basis as applied for trade receivables.

#### Expected credit loss for Trade Receivables:

(₹ in Crore)			
Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Gross Carrying Amount	2184.23	2025.44	2842.94
less : Expected Credit Losses (Provision for loss allowance)	54.40	56.37	34.77
<b>Carrying amount of Trade Receivables</b>	<b>2129.83</b>	<b>1969.07</b>	<b>2808.17</b>

#### Expected credit loss for Lease Receivables:

(₹ in Crore)			
Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Gross Carrying Amount	5,737.40	6,009.22	6,243.26
less : Expected Credit Losses (Provision for loss allowance)	-	-	-
<b>Carrying amount of Lease Receivables</b>	<b>5,737.40</b>	<b>6,009.22</b>	<b>6,243.26</b>

#### Reconciliation of Loss allowance Provisions:

Particulars	(₹ in Crore)
Loss allowance on 1st April 2015	34.77
Changes in Loss allowances	21.60
Loss allowance on 31st march 2016	56.37
Changes in Loss allowances	(1.97)
Loss allowance on 31st march 2017	54.40

#### ii) Financial assets at amortised cost

**Employee Loans:** The Company has given loans to employees at concessional rates as per Company's policy which have been measured at amortised cost at Balance Sheet date. The recovery of the loan is on fixed instalment basis from the monthly salary of the employees. The loans are secured by way of mortgage/hypothecation of the assets for which such loans are given. Management has assessed the past data and does not envisage any probability of default on these loans.

**Loans to Govt. of Arunachal Pradesh :** The Company has given loan to Govt. of Arunachal Pradesh at 9% rate of interest as per the terms and conditions of MOU signed between the Company and Govt of Arunachal Pradesh for construction of hydroelectric projects in the state. The loan has been measured at amortised cost. The loan is recoverable from the share of free power of the state government from the first hydroelectric project to be commissioned in the state. Management does not envisage any probability of default on the loan.

### iii) Financial instruments and cash deposits

The Company considers factors such as track record, size of the bank, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the banks with which the Company has also availed borrowings. The Company invests surplus cash in short term deposits with scheduled banks. The company has balances and deposits with banks which are well diversified across private and public sector banks with limited exposure with any single bank.

### (C) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

- i) The Company's objective is to maintain optimum levels of liquidity at all times to meet its cash and collateral requirements. The Company relies on a mix of borrowings and excess operating cash flows to meet its need for funds. The current committed lines of credit and internal accruals are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet capital expenditure and operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the borrowing limits or covenants (where applicable) are not breached on any of its borrowing facilities.

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31st March, 2017	As at 31st March, 2016	As at 01st Apr, 2015
At Floating Rate	25.00	25.00	25.00
<b>Total</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>

### ii) Maturities of Financial Liabilities:

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 1 year is equal to their carrying balances as the impact of discounting is not significant.

#### For year Ended 31st March 2017

						(₹ in Crore)
Contratual maturities of financial liabilities	Note No.	Outstanding Debt as on 31.03.2017	Within 1 Year	More than 1 Year & Less than 3 Years	More than 3 Year & Less than 5 Years	More than 5 Year
1. Borrowings	16.1 ,20.1 & 20.3	19,292.74	1,678.59	3,520.07	3,056.27	11,037.81
2. Other financial Liabilities	16.2 & 20.3	879.47	842.53	12.26	0.50	24.19
3. Trade Payables	20.2	157.59	157.59	-	-	-
<b>Total Financial Liabilities</b>		<b>20,329.80</b>	<b>2,678.71</b>	<b>3,532.33</b>	<b>3,056.77</b>	<b>11,061.99</b>

#### For year Ended 31st March 2016

						(₹ in Crore)
Contratual maturities of financial liabilities	Note No.	Outstanding Debt as on 31.03.2016	Within 1 Year	More than 1 Year & Less than 3 Years	More than 3 Year & Less than 5 Years	More than 5 Year
1. Borrowings	16.1 ,20.1 & 20.2	20,142.43	1,757.15	3,483.57	3,452.32	11,449.38
2. Other financial Liabilities	16.2 & 20.3	920.01	865.28	27.93	4.24	22.56
3. Trade Payables	20.2	130.43	130.43	-	-	-
<b>Total Financial Liabilities</b>		<b>21,192.87</b>	<b>2,752.86</b>	<b>3,511.50</b>	<b>3,456.56</b>	<b>11,471.95</b>

As at 1st April 2015

(₹ in Crore)						
Contratual maturities of financial liabilities	Note No.	Outstanding Debt as on 01.4.2015	Within 1 Year	More than 1 Year & Less than 3 Years	More than 3 Year & Less than 5 Years	More than 5 Year
1. Borrowings	16.1, 20.1 & 20.2	20,558.62	1,859.96	3,792.92	3,469.03	11,436.71
2. Other financial Liabilities	16.2 & 20.3	864.15	765.70	75.15	4.88	18.42
3. Trade Payables	20.2	163.88	163.88	-	-	-
<b>Total Financial Liabilities</b>		<b>21,586.65</b>	<b>2,789.54</b>	<b>3,868.07</b>	<b>3,473.91</b>	<b>11,455.13</b>

**(D) Market Risk:**

The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligation provisions and on the non-financial assets and liabilities. The sensitivity of the relevant item of the Statement of Profit and Loss is the effect of the assumed changes in the respective market risks. The Company's activities expose it to a variety of financial risks, including the effects of changes in interest rates.

**(i) Interest rate risk and sensitivity**

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates. Company's policy is to maintain most of its borrowings at fixed rate. Company's fixed rate borrowings are carried at amortised cost and are not subject to interest rate risk. Further the company refinance these debts as and when favourable terms are available. The company is also compensated for variability in floating rate through recovery by way of tariff adjustments under CERC tariff regulations.

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31st March, 2017 weighted average interest rate	As at 31st March, 2017 (₹ in Crore)	As at 31st March, 2016 weighted average interest rate	As at 31st March, 2016 (₹ in Crore)	As at 01st Apr, 2015 weighted average interest rate	As at 01st Apr, 2015 (₹ in Crore)
Floating Rate Borrowings (INR)	9.13%	2,473.60	9.59%	3,586.49	10.36%	4,531.66
Floating Rate Borrowings (FC)	0.58%	214.36	0.70%	326.35	0.73%	383.99
Fixed Rate Borrowings (INR)	7.02%	15,006.64	7.43%	14,680.37	7.60%	14,323.58
Fixed Rate Borrowings (FC)	1.82%	1,229.63	1.83%	1,345.01	1.99%	1,319.39
<b>Total</b>		<b>18,924.23</b>		<b>19,938.22</b>		<b>20,558.62</b>

**Interest Rate Sensitivity Analysis**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. With all other variables held constant, the following table demonstrates the impact of borrowing cost on floating rate portion of loans and borrowings.

(₹ in Crore)		
Particulars	Effect on Profit before Tax	
	31st March 2017	31st March 2016
Borrowing in INR-Interest rates-decreased by 5 basis points (decreased by 70 basis points during 2015-16)*	0.79	16.69
Borrowing in FC-Interest rates-increased by 55 basis points	(0.17)	(0.16)
Borrowing in FC-Interest rates-decreased by 110 basis points	0.33	0.32

However there is no impact on profit or loss for increase and decrease in interest rates, as the same is recoverable from beneficiaries through tariff.

(ii) **Price Risk:**

(a) **Exposure**

The company's exposure to price risk arises from investment in equity shares and debt instruments classified in the financial statements as Fair Value Through OCI. Company's investment in equity shares are listed in recognised stock exchange and are publicly traded in the stock exchanges. Company's investment in debt instruments comprise quoted Government Securities and Public Sector Bonds and are publicly traded in the market. The investment has been classified under non-current investment in Balance Sheet.

(b) **Price Risk Sensitivity**

**For Investment in Equity Instruments (Investment in equity shares of IOB and PTC)**

The table below summarises the impact of increase/decrease in the market price of investment in equity instruments on the company's equity for the year:

Particulars	31st March 2017		31st March 2016	
	% change	Impact on other components of equity (₹ in Crore)	% change	Impact on other components of equity (₹ in Crore)
Investment in Equity shares of :				
PTC India Ltd	17.08%	19.14	21.74%	16.69
Indian Overseas Bank	15.50%	0.15	19.30%	0.21

Sensitivity has been worked out based on the previous 3 years average of six monthly fluctuations in the share price as quoted on the National Stock Exchange (NSE).

**For Investment in Debt Instruments (Investments in Govt and PSU Bonds)**

The table below summarises the impact of increase/decrease of the market value of the debt instruments on company's equity for the year:

Particulars	31st March 2017		31st March 2016	
	% change	Impact on other components of equity (₹ in Crore)	% change	Impact on other components of equity (₹ in Crore)
Government Securities	3.49	11.81	0.60	1.90
PSU Tax Free Bonds	5.77	4.91	0.34	0.26

(iii) **Foreign Currency Risk**

The company is compensated for variability in foreign currency exchange rate through recovery by way of tariff adjustments under the CERC Tariff Regulations.

(a) **Foreign Currency Risk Exposure:**

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows :

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Financial Liabilities:</b>			
Foreign currency loan (₹ in Crore)	1,443.98	1,671.36	1,703.38
Other Financial Liabilities (₹ in Crore)	55.09	50.91	43.65
<b>Net Exposure to foreign currency risk(liabilities)</b>	<b>1,499.07</b>	<b>1,722.27</b>	<b>1,747.03</b>

(b) **Sensitivity Analysis**

There is no impact of foreign currency fluctuations on the profit of the company as these are either adjusted to the carrying cost of respective fixed asset/Capital Work-in-Progress or recovered as Regulatory Deferral Account Balances as per CERC Tariff Regulation 2014-19.

(3) **Capital Management**

(a) **Capital Risk Management**

The primary objective of the Company's capital management is to maximize the shareholder value. CERC Tariff Regulations prescribe Debt : Equity ratio of 70:30 for the purpose of fixation of tariff of Power Projects. Accordingly the company manages its capital structure to maintain the normative capital structure prescribed by the CERC.

The Company monitors capital using Debt : Equity ratio, which is net debt divided by total capital. The Debt : Equity ratio are as follows:

(₹ in Crore)

Statement of Debt : Equity Ratio			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Total Debt	18,924.23	19,938.22	20,558.62
(b) Total Capital	29,014.82	31,642.71	30,798.17
Debt : Equity Ratio (a/b)	0.65	0.63	0.67

Note: For the purpose of the Company's capital management, capital includes issued capital and reserves. Net debt includes interest bearing loans and borrowings.

**(b) Loan Covenants:**

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:-

1. Company shall maintain credit rating AAA and if rating comes down, rate of interest shall be increased by 25 basis point for each notch below AAA rating in accordance with the applicable rates.
2. Debt to net worth should not exceed 2:1.
3. The ratio of total liabilities to tangible net worth ratio shall not exceed 3:1.
4. The ratio of EBITDA to interest expense will at no time be less than 1.75 during the currency of loan.
5. The Govt. holding in the company not to fall below 51%.

During the year the company has complied with the above loan covenants.

**(c) Dividends:**

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>(i) Equity Shares</b>		
Final dividend for the year 2015-16 of INR 0.58 per fully paid share approved in Sep-2016 paid in Oct-2016. (31st March 2016- INR 0.40 fully paid share for FY 2014-15).	642.11	442.83
DDT on final Dividend	89.08	90.15
Interim dividend for the year ended 31st March 2017 of INR 1.70 (31st March 2016- INR 0.92) per fully paid share.	1,882.02	1,018.50
DDT on Interim Dividend	383.14	207.34
<b>(ii) Dividend not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 0.10 (31st March 2016: INR 0.58) per fully paid up Share. The proposed dividend is subject to the approval of shareholders in the ensuing AGM.	102.59	642.11
DDT on Proposed Dividend	20.89	89.08

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**As per report of even date**

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**(VASU GUPTA)**  
Partner  
M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

## Note No. - 34: Other Explanatory Notes to Accounts

1. The subsidiaries companies & joint ventures companies considered in the Consolidated Financial Statement are:

Name of the Company	Country of Incorporation	Proportion (%) of Ownership Interest		
		31.03.2017	31.03.2016	31.03.2015
A. Subsidiaries Companies				
NHDC Limited.	India	51.08%	51.08%	51.08%
Loktak Downstream Hydroelectric Corporation Limited (LDHC Limited)	India	74.00%	74.00%	74.00%
Bundelkhand Saur Urja Limited (BSUL)	India	99.99%	99.99%	99.99%
B. Joint Venture Companies				
Chenab Valley Power Projects (P) Limited (CVPPPL)	India	49.78%	49.98%	49.98%
National High Power Test Laboratory Private Limited (NHPTL)*	India	20.00%	21.63%	21.63%

\*The financial statements are unaudited. The figures appearing in Ind-AS financial statements may change on completion of its audit.

2. National Power Exchange Limited (NPX), which used to be a joint venture of the company, has been wound up during the year under consideration.
3. **Disclosures relating to Contingent Liabilities:-**

**a) Claims against the Group not acknowledged as debts in respect of:**

**(i) Capital works**

Contractors have lodged claims aggregating to ₹ 9,813.75 Crore (previous year ₹ 9,456.15 Crore and as at 01.04.2015 ₹ 9,293.29 Crore) against the Group on account of rate & quantity deviation, cost relating to extension of time and idling charges due to stoppage of work/delays in handing over the site etc. These claims are being contested by the Group as being not admissible in terms of provisions of the respective contracts or are lying at arbitration tribunal/other forums/under examination with the Group. It includes ₹ 3,038.37 Crore (previous year ₹ 2,343.21 Crore and as at 01.04.2015 ₹ 1,626.57 Crore) towards arbitration awards including updated interest thereon, against the Group, which have been challenged/decided to be challenged in the Court of Law.

The Management has assessed the above claims and recognized a provision of ₹ 453.49 Crore (previous year ₹ 537.66 Crore and as at 01.04.2015 ₹ 429.61 Crore) based on probability of outflow of resources embodying economic benefits and estimated ₹ 8,049.58 Crore (previous year ₹ 8,734.64 Crore and as at 01.04.2015 ₹ 8,486.24 Crore) as the amount of contingent liability i.e. amounts for which Group may be held contingently liable. In respect of such estimated contingent claims either outflow of resources embodying economic benefits is not probable or a reliable estimate of the amount required for settling the obligation cannot be made. In respect of the rest of the claims/obligations, possibility of any outflow in settlement is considered as remote.

**(ii) Land Compensation cases**

In respect of land acquired for the projects, some of the land losers have filed claims for higher compensation amounting to ₹ 345.72 Crore (Previous year ₹ 313.80 Crore and as at 01.04.2015 ₹ 1,230.63 Crore) before various authorities/courts. Pending settlement, the Group has assessed and provided an amount of ₹ 42.17 Crore (Previous year ₹ 47.44 Crore and as at 01.04.2015 ₹ 44.32 Crore) based on probability of outflow of resources embodying economic benefits and estimated ₹ 303.55 Crore (previous year ₹ 266.36 Crore and as at 01.04.2015 ₹ 1,186.31 Crore) as the amount of contingent liability as outflow of resources is considered as not probable. In respect of the rest of the claims/obligations, possibility of any outflow in settlement is considered as remote.

**(iii) Disputed Tax Demands**

Disputed Income Tax/Sales Tax/Service Tax/ other taxes/duties matters pending before various appellate authorities amount to ₹ 395.53 Crore (previous year ₹ 327.76 Crore and as at 01.04.2015 ₹ 308.00 Crore). Pending settlement, the Group has assessed and provided an amount of ₹ 21.95 Crore (previous year ₹ 25.42 Crore and as at 01.04.2015 ₹ 25.40 Crore) based on probability of outflow of resources embodying economic benefits and rest of the claims i.e. ₹ 373.58 Crore (previous year ₹ 302.34 Crore and as at 01.04.2015 ₹ 282.31 Crore) are being disclosed as contingent liability as outflow of resources is considered not probable. In respect of the rest of the claims/obligations, possibility of any outflow in settlement is considered as remote.



**(iv) Others**

Claims on account of other miscellaneous matters amount to ₹ 691.44 Crore (previous year ₹ 587.18 Crore and as at 01.04.2015 ₹ 658.82 Crore). These claims are pending before various forums. Pending settlement, the Group has assessed and provided an amount of ₹ 36.52 Crore (previous year ₹ 34.62 Crore and as at 01.04.2015 ₹ 28.94 Crore) based on probability of outflow of resources embodying economic benefits and estimated ₹ 653.04 Crore (previous year ₹ 550.67 Crore and 01.04.2015 ₹ 628.10 Crore) as the amount of contingent liability as outflow of resources is considered as not probable. In respect of the rest of the claims/obligations, possibility of any outflow in settlement is considered as remote.

The above is summarized as at 31.03.2017 as below:

(₹ in Crore)						
Sl. No.	Particulars	Claims as on 31.03.2017	Provision against the claims	Contingent liability as on 31.03.2017	Contingent liability as on 31.03.2016	Addition of contingent liability for the period
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)=(v)-(vi)
1.	Capital Works	9,813.75	453.49	8,049.58	8734.64	(685.06)
2.	Land Compensation cases	345.72	42.17	303.55	266.36	37.19
3.	Disputed tax matters	395.53	21.95	373.58	302.34	71.24
4.	Others	691.44	36.52	653.04	550.67	102.37
	<b>Total</b>	<b>11,246.44</b>	<b>554.13</b>	<b>9,379.75</b>	<b>9,854.01</b>	<b>(474.26)</b>

The above is summarized as at 31.03.2016 as below:

(₹ in Crore)						
Sl. No.	Particulars	Claims as on 31.03.2016	Provision against the claims	Contingent liability as on 31.03.2016	Contingent liability as on 01.04.2015	Addition of contingent liability for the period
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)=(v)-(vi)
1.	Capital Works	9,456.15	537.66	8734.64	8,486.24	248.40
2.	Land Compensation cases	313.80	47.44	266.36	1186.31	(919.95)
3.	Disputed tax matters	327.76	25.42	302.34	282.31	20.03
4.	Others	587.18	34.62	550.67	628.10	(77.43)
	<b>Total</b>	<b>10,684.89</b>	<b>645.14</b>	<b>9,854.01</b>	<b>10,582.96</b>	<b>(728.95)</b>

- The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- It is not practicable to ascertain and disclose the uncertainties relating to outflow in respect of contingent liabilities.
- There is possibility of reimbursement to the Group of ₹ 221.02 Crore (previous year ₹ 183.51 Crore and as at 01.04.2015 ₹ 240.85 Crore) towards above contingent liabilities.
- An amount of ₹ 50.46 Crore (previous year ₹ 64.19 Crore and as at 01.04.2015 ₹ 53.66 Crore) stands paid towards above contingent liabilities to contest the cases and is being shown as Current Assets.
- The Group's management does not expect that the above claims/obligations (including under litigation), when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition.

g) Category of agency wise details of contingent liability as at 31.03.2017 are as under:

(₹ in Crore)

Sl. No.	Category of Agency	Claims as on 31.03.2017	Provision against the claims/ Paid during the year	Contingent liability as on 31.03.2017	Contingent liability as on 31.03.2016	Addition(+)/ deduction (-) from contingent liability during the year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)=(v)-(vi)
1	Central Govt. departments	51.08	3.03	48.05	66.54	(18.49)
2	State Govt. departments or Local Bodies	451.28	54.69	396.59	282.56	114.03
3	CPSEs	134.20	1.07	131.25	188.64	(57.39)
4	Others	10,609.88	495.34	8,803.86	9,316.27	(512.41)
	<b>TOTAL</b>	<b>11,246.44</b>	<b>554.13</b>	<b>9,379.75</b>	<b>9,854.01</b>	<b>(474.26)</b>

4. **Contingent Assets:** Contingent assets in respect of the Group are on account of the following:

a) **Counter Claims lodged by the Group on other entities:**

The Group has lodged counter claims aggregating to ₹ 413.12 Crore (previous year ₹ 406.40 Crore and as at 01.04.2015 ₹ 399.22 Crore) against claims of other entities. These claims have been lodged on the basis of contractual provisions and are being contested at arbitration tribunal/other forums/under examination with the counterparty. It includes ₹ 317.90 Crore (previous year ₹ 317.90 Crore and as at 01.04.2015 ₹ 317.12 Crore) towards arbitration awards including updated interest thereon.

Based on Management assessment the inflow of economic benefits of ₹ 317.90 Crore (previous year ₹ 317.90 Crore and as at 01.04.2015 ₹ 317.12 Crore) are probable and for rest of the claims, possibility of any inflow is remote.

b) **Late Payment Surcharge:**

CERC (Terms & Conditions of Tariff) Regulations 2014-19 provide for levy of Late Payment Surcharge by generating Group in case of delay in payment by beneficiaries beyond 60 days from the date of presentation of bill. However, in view of significant uncertainties in the ultimate collection from the beneficiaries as resolved by the management an amount of ₹ 435.20 Crore as on 31.03.2017 (previous year ₹ 762.39 Crore and as at 01.04.2015 ₹ 477.99 Crore) has not been recognised.

c) **Revenue to the extent not recognised in respect of power stations:**

CERC (Terms & Conditions of Tariff) Regulations for the tariff period 2014-19 allows additional capitalisation of capital expenditure for computation of tariff as per declaration by the Group at the beginning of the tariff period and after due diligence by CERC. Cases where additional capitalisation has exceeded the amount declared by the Group including new items are not included in revenue pending approval of CERC. Management has assessed these expenditures and considers that inflow of ₹ 688.76 Crore as at 31.03.2017 (previous year ₹ 389.16 Crore and as at 01.04.2015 ₹ 220.12 Crore) by way of tariff is probable.

d) **Other Cases**

The Management has assessed the claims and estimates that inflow of economic benefits of ₹ 4.00 Crore (previous year ₹ 3.26 Crore and as at 01.04.2015 ₹ 2.59 Crore) are probable, in addition to Business Interruption Losses of Uri-II Power Station amounting to ₹ 166.27 Crore (previous year ₹ 242.28 Crore and as at 01.04.2015 ₹ Nil); Chutak Power Station ₹ 18.07 Crore (previous year ₹ 19.87 Crore and as at 01.04.2015 ₹ Nil); Dhauliganga Power Station ₹ 161.61 Crore (previous year ₹ 154.71 Crore and as at 01.04.2015 ₹ 191.57 Crore) as discussed at Para 31 (i), (ii) and (iii) respectively in this note. Total amount of Contingent Assets under this category works out to ₹ 349.95 Crore (previous year ₹ 420.12 Crore and as at 01.04.2015 ₹ 194.16 Crore).

Contingent Assets are summarized below:

		(₹ in Crore)		
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
1.	Counter claims lodged by the group	317.90	317.90	317.12
2.	Late Payment Surcharge	435.20	762.39	477.99
3.	Revenue to the extent not recognised in respect of power stations	688.76	389.16	220.12
4.	Other cases	349.95	420.12	194.16
	<b>Total</b>	<b>1791.81</b>	<b>1889.57</b>	<b>1209.39</b>

5. Estimated amount of contracts remaining to be executed on capital account and not provided for are as under:

		(₹ in Crore)		
S.No	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
1.	Property Plant and Equipment (including CWIP)	3,109.74	2,936.43	3,764.31
2.	Intangible Assets	22.68	22.30	34.48
	<b>Total</b>	<b>3,132.42</b>	<b>2,958.73</b>	<b>3,798.79</b>

6. Pending approval of competent authority, provisional payments / provisions made towards executed quantities of works of some of the items beyond the approved quantities as also for extra items totalling to ₹ 10.66 Crore (previous year ₹ 74.95 Crore and as at 01.04.2015 ₹ 42.71 Crore) are included in Capital Work-in-Progress/Property Plant & Equipment.

7. Other disclosure under IND AS 11- 'Construction Contracts' are as under:

		(₹ in Crore)		
Sl. No.	Particulars	31.03.2017	31.03.2016	01.04.2015
1.	Aggregate amount of costs incurred and recognised profits (less recognised losses) on contracts in progress upto reporting date.	364.88	226.95	409.32
2.	Amount of advances received.	345.06	200.56	411.55
3.	Amount of retention.	-	-	-
4.	The gross amount due from customers for contract works as an asset.	-	-	-
5.	The gross amount due to customers for contract works as a liability.	-	-	-

8. Government of Madhya Pradesh (GoMP), being a joint venture partner, contributed on various accounts through Narmada Valley Development Authority (NVDA) as per CCEA approval, details given below: - (Refer Note no 19 of Balance Sheet)

Indira Sagar Project : -

		(₹ in Crore)		
(A) Amount received in Cash or in kind		Cumulative up to 31.03.2016	During F.Y. 2016 - 17	Cumulative up to 31.03.2017
i.	Expenditure incurred by NVDA	1322.17	24.96	1,347.13
ii.	Cash Received	615.21	54.50	669.71
iii.	Amount transferred from OSP A/c	8.56	-	8.56
	<b>Total of (A)</b>	<b>1,945.94</b>	<b>79.46</b>	<b>2,025.40</b>
(B) Due/Adjusted on account of				
i.	Equity Capital	660.00	-	660.00
ii.	Irrigation Component	402.31	3.66	405.97
iii.	SSP Component	514.08	4.67	518.75
iv.	Sub-vention towards excess R&R Expenses	407.35	4.42	411.77
v.	Electricity charges & water supply maintenance charges	5.04	-	5.04
vi.	Advance against Irrigation/Equity of OSP	33.08	-	33.08
	<b>Total of (B)</b>	<b>2,021.86</b>	<b>12.75</b>	<b>2,034.61</b>
<b>(C) Amount recoverable from NVDA i.e. (B-A)</b>		<b>75.92</b>	<b>(66.71)</b>	<b>9.21</b>

**Omkareshwar Project: -**

(₹ in Crore)			
(D) Amount received in Cash or in kind	Cumulative up to 31.03.2016	During F.Y. 2016 - 17	Cumulative up to 31.03.2017
i. Expenditure incurred by NVDA	93.35	15.91	109.26
ii. Cash Received	494.66	100.00	594.66
iii. Amount transferred from ISP A/C	33.08	-	33.08
<b>Total of (D)</b>	<b>621.09</b>	<b>115.91</b>	<b>737.00</b>
<b>(E) Due /Adjusted on account of:</b>			
i. Equity Capital	300.16	-	300.16
ii. Irrigation Component	239.25	0.06	239.31
iii. Sub-vention towards excess R&R Expenses	75.65	0.27	75.92
iv. Amount Transferred to ISP A/C	8.56	-	8.56
v. Additional Special R&R Package	207.50	-	207.50
<b>Total of (E)</b>	<b>831.12</b>	<b>0.33</b>	<b>831.45</b>
<b>(F) Amount recoverable from NVDA i.e. (E-D)</b>	<b>210.03</b>	<b>(115.58)</b>	<b>94.45</b>
<b>(G) Total Amount recoverable i.e (C+F)</b>	<b>285.95</b>	<b>(182.29)</b>	<b>103.66</b>

**Movement of Grant in Reserve during Financial Year 2016-17 is as under:**

(₹ in Crore)						
Sl. No.	Particulars	01.04.2016	Additions	Deductions	Adjustments	31.03.2017
1.	Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in ISPS as a Grant-in-Aid	265.43	3.66	15.59	-	253.50
2.	Proportionate Sub-vention towards Sardar Sarovar project transferred from NVDA Account for ISPS.	339.21	4.67	19.92	-	323.96
3.	Contribution by Govt. of Madhya Pradesh towards R&R of ISPS.	304.10	4.42	15.89	-	292.63
4.	Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in OSPS as Grant-in-Aid	160.32	0.06	10.74	-	149.64
5.	Contribution by Govt. of Madhya Pradesh towards R&R of OSPS.	240.01	0.27	11.21	-	229.07
	<b>Total</b>	<b>1,309.07</b>	<b>13.08</b>	<b>73.35</b>	<b>-</b>	<b>1,248.80</b>

9. The effect of foreign exchange fluctuation during the year is as under:

(₹ in Crore)

	For the Year ended 31.03.2017	For the Year ended 31.03.2016
(i) Amount charged to Statement of Profit & Loss excluding depreciation (as FERV)	0.83	1.14
(ii) Amount charged to Statement of Profit & Loss excluding depreciation (as Borrowing Cost)*	2.15	179.93
(iii) Amount charged to Expenditure attributable to Construction (as FERV)	-	1.57
(iv) Amount charged to Capital work-in-progress (as FERV)	-	-
(v) Amount adjusted by addition to the carrying amount of property, plant & equipment	(7.66)	22.44
(vi) Amount charged to Regulatory Deferral Account Balances	1.10	-

\* There is however no impact on profitability of the Group, as the impact of change in foreign exchange rates is recoverable from beneficiaries in terms of prevailing CERC (Terms & Conditions of tariff) Regulations. The exchange rate variation for the year is transferred to deferred foreign currency fluctuation assets (recoverable from beneficiaries) as per Significant Accounting Policy adopted in IGAAP, which is allowed to be continued for long-term foreign currency monetary items recognised till 31.03.2016 as per exemption given in IND AS 101- First Time Adoption of Ind AS.

10. Operating Segment:

- Electricity generation (including income from embedded Finance/ Operating leases) is the principal business activity of the Group. Other operations viz., Contracts, Project Management and Consultancy works do not form a reportable segment as per the Ind AS – 108 on 'Operating Segment'.
- The Group is having a single geographical segment as all its Power Stations are located within the Country.
- Information about major customers: Revenue of ₹ 4,693.26 Crore (For 2015-16 ₹ 4,492.98 Crore) is derived from following customers as per details below:

Sl. No.	Name of Customer	Revenue from customer (₹ In Crore)		Revenue from customer as a % of total revenue	
		For the Year ended 31.03.2017	For the Year ended 31.03.2016	For the Year ended 31.03.2017	For the Year ended 31.03.2016
1	UP Power Corporation Limited	1349.29	1393.46	15.65%	16.68%
2	MP Power Management Co. Ltd.	1306.93	950.90	15.16%	11.38%
3	Power Development Department, Jammu & Kashmir Govt.	1230.90	1268.18	14.27%	15.18%
4	Punjab State Power Corporation Ltd.	806.14	880.44	9.35%	10.54%
	<b>Total</b>	<b>4,693.26</b>	<b>4,492.98</b>	<b>54.43%</b>	<b>53.78%</b>

- Revenue from External Customers: The Group is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is as under:

(₹ in Crore)

Sl. No.	Revenue from External Customers	For the Year ended 31.03.2017	For the Year ended 31.03.2016
1	Ethiopia	-	2.62
2	Bhutan	21.55	16.40
3	Tazakistan	2.52	-
	<b>Total</b>	<b>24.07</b>	<b>19.02</b>

**11. Related Party Disclosures are given below:**
**(a) Interest in Subsidiaries:**

Name of Companies
NHDC LTD
Loktak downstream Hydroelectric Corporation Limited
Bundelkhand Saur Urja Limited

**(b) Interest in Joint Ventures:**

Name of Companies
National High Power Test Laboratory (P) Ltd.
Chenab Valley Power Projects Private Ltd.

**(c) List of Other Related Parties:**

Name of Related Parties	Nature of Relationship
NHPC Ltd. Employees Provident Fund	Post-employment benefit plan of NHPC
NHPC Ltd. Employees Group Gratuity Assurance Fund	Post-employment benefit plan of NHPC
NHPC Ltd. Retired Employees Health Scheme Trust	Post-employment benefit plan of NHPC

**(d) Key Management Personnel:**

Sl. No.	Name	Position Held
1	Shri Krishna Mohan Singh	Chairman & Managing Director
2	Shri Radheshyam Mina	Director (Personnel) Superannuated on 31/01/2017
3	Shri Jayant Kumar	Director (Finance) Superannuated on 28/02/2017
4	Shri Ratish Kumar	Director (Projects)
5	Shri Balraj Joshi	Director (Technical)
6	Shri Nikhil Kumar Jain	Director (Personnel) w.e.f. 07/02/2017
7	Shri Mahesh Kumar Mittal	Director (Finance) w.e.f. 01/03/2017
8	Prof. Kanika T Bhal	Independent Director
9	Prof. Arun Kumar	Independent Director
10	Shri Satya Prakash Mangal	Independent Director
11	Shri Farooq Khan	Independent Director (Retired on 17/08/2016)
12	Smt. Krishna Tyagi	Government Nominee Director
13	Ms. Archana Agrawal	Government Nominee Director
14	Shri Vijay Gupta	Company Secretary

**(e) Name and Nature of Relationship with Government and Government controlled Entities:**

S.No.	Name of the Government	Nature of Relationship with NHPC
1	Government of India	Shareholder having control over Group
2	State government of Madhya Pradesh, Uttar Pradesh and Manipur	Shareholder (NCI) in subsidiaries of NHPC
3	State Government of Jammu & Kashmir	Co-venturer in jointly controlled entity.
4	BHEL, IOCL, SAIL, PGCIL, BSNL, EESL, ITDCL, MTNL, NLCL, VSNL, CISF, KVs, POSOCO, PTC, NCCBM, GSI, BPCL, CPRI, MPPMCL and NIIL.	Entities under control of the central and state governments referred to above



(f) Key Management Personnel (KMP) compensation:

(₹ in Crore)

Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
i) Short Term Employee Benefits	3.73	1.86
ii) Post-Employment Benefits	0.37	0.28
iii) Other Long Term Benefits	0.28	0.23

(₹ in Crore)

Other Transactions with KMP	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Sitting Fees and other reimbursements to non-executive/ independent directors	0.03	0.02
Interest Received during the year	0.02	0.01

(g) Transactions with Related Parties - Following transactions occurred with related parties:

(₹ in Crore)

Particulars	During the FY 2016-17	During the FY 2015-16
<b>i) Transaction with Government that has control over Group - Central Govt./State Govt.</b>		
Services Received by the Group (Includes ₹ 383 pertains to State Govt. of J&K)	501.70	494.51
Services of Employees to the Group	3.94	3.09
Services Provided by the Group	74.82	44.50
Sale of goods/Inventory (Includes ₹ 1,229.23 pertains to Govt. of Uttar Pradesh & ₹ 1,135.65 pertains to State Govt. of J&K)	2,453.35	2785.60
Dividend paid during the year to Government of Madhya Pradesh	195.87	113.30
<b>ii) Transaction with Entities controlled by the same Government that has control over the Group</b>		
Purchase of property/Other assets	73.22	80.89
Purchase of goods/Inventory	32.74	25.59
Sale of Goods/ Inventory (MP Power Management Company)	1306.93	950.90
Services Received by the Group	72.21	60.76
Services Provided by the Group	26.31	36.17
Interest Received during the year (Interest received on Securitised Debt from MPPMCL)	45.16	50.21
Interest Paid / Payable during the year	4.80	-
Others-	182.29	51.14
<b>iii) Transaction with Joint Ventures (CVPP &amp; NHPTL)</b>		
Services Provided by the company	7.40	3.14
Deputation of Employees by the company	5.41	1.39
Finance including loans & equity contributions	386.50	-

(₹ in Crore)

Particulars	During the FY 2016-17	During the FY 2015-16
<b>iv) Transaction with Trust created for Post employment Benefit plans of the Group</b>		
<b>1. EPF Trust</b>		
Contribution to Trust	303.45	286.89
<b>2. Gratuity Trust</b>		
Contribution to Trust	(5.46)	(17.15)
Refund from Trust (Payments)	63.06	64.64
<b>3. REHS Trust</b>		
Contribution to Trust	74.05	39.55
Refund from Trusts (Payments)	19.58	10.27
<b>4. Social Security Scheme Trust</b>		
Contribution to Trust	8.43	8.92
<b>5. EDCSS Trust</b>		
Contribution to Trust	76.16	111.74
<b>Total of transactions with above trusts</b>		
Contribution to Trusts	456.63	429.95
Refund from Trusts	82.64	74.91
<b>Grand Total</b>	<b>373.99</b>	<b>355.05</b>

**(h) Outstanding Balances with Related Parties:**

(₹ in Crore)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>i) Balances with Government that has control over the Group - Central Govt./ State Govt.</b>			
Payables by the Group	114.38	116.68	113.77
Receivables by the Group	1479.66	1563.17	2002.29
Loan from Central Government (Subordinate debt)	3400.80	3033.80	2733.80
<b>ii) Balances with Entities controlled by the same Government that has control over the Group (NHPC)</b>			
Payables by the Group	47.04	55.25	72.67
Receivables by the Group	776.29	966.61	1285.18
<b>iii) Balances with Joint Ventures (CVPPL &amp; NHPTL)</b>			
Receivables by the Group	193.97	282.00	282.37
<b>iv) Balances with KMP</b>			
Receivables by the Group	0.05	0.10	0.13
<b>v) Balances with Trust created for Post- employment Benefit plans of the Group</b>			

(₹ in Crore)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Receivable by the Group			
1. Gratuity Trust	38.24	41.54	21.59
Payable by the Group			
1. EPF Trust	31.43	26.34	25.59
2. REHS Trust	38.92	12.17	-
3. Social Security Scheme Trust	0.67	0.73	0.76
4. EDCSS Trust	5.89	5.97	5.26

The Group has business transactions with the state governments and entities controlled by the Govt. of India. Transactions with these entities are carried out at market terms on arms-length basis through a transparent price discovery process against open tenders, except in a few cases of procurement of spares/services from Original Equipment Manufacturer (OEM) for proprietary items/or on single tender basis due to urgency, compatibility or other reasons. Such single tender procurements are also done through a process of negotiation with prices benchmarked against available price data of same/similar items. Therefore, party-wise details of such transactions with have not been given since such transactions are carried out in the ordinary course of business at normal commercial terms and not considered to be individually or collectively significant.

12. **Particulars of Security:** The carrying amount of assets mortgaged/ hypothecated as security for borrowings are as under.

(₹ in Crore)

Sl. No	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	<b>First Charge</b>			
1	Property Plant & Equipment	14,484.71	14,543.38	15,599.93
2	Capital Work In Progress	6,127.83	5,911.56	5,281.86
3	Other Intangible Assets	-	-	1132.40
4	Trade receivable	-	-	335.93
5	Inventories	-	-	7.75
6	Cash & cash Equivalents/ Bank Balance	-	-	1153.77
7	Other Current Assets	-	-	5883.17
8	Financial Assets- Others	567.77	582.31	609.62
	<b>Total</b>	<b>21,180.31</b>	<b>21,037.25</b>	<b>30,004.43</b>

13. **Disclosures Regarding Employee Benefit Obligations:**

(A) **Defined Contribution Plans-**

- (i) **Social Security Scheme:** The Group has a Social Security Scheme in lieu of compassionate appointment. The Group also makes a matching contribution per month per employee and such contribution was to be made for 8 years to build up corpus from the date the scheme is in operation i.e. 01.06.2007, which has been extended for another 2 years. The scheme has been created to take care of and helping bereaved families in the event of death or permanent total disability of its employee. The expenses recognised during the year towards social security scheme is ₹ 4.48 Crore (Previous Year ₹ 4.70 Crore).
- (ii) **Employees Defined Contribution Superannuation Scheme (EDCSS):** The Group has an employee defined contribution superannuation scheme for providing pension benefits to employees. As per the scheme, each employee contributes @ 5% of Basic Pay & Dearness Allowance. The Group contributes to the extent of balance available after deducting employers' contribution to Provident Fund, contribution to Gratuity Trust and REHS Trust, from the amount worked out @ 30% of the Basic Pay & DA. The Scheme is managed by Life Insurance Corporation of India. The expenses recognised during the period towards Employees Defined Contribution Superannuation Scheme (EDCSS) is ₹ 79.95 Crore (Previous Year ₹ 115.65 Crore).

(B) **Defined Benefit Plans-** Group has following defined post-employment obligations :

(a) **Description of Plans:**

- (i) **Provident Fund:** The Group pays fixed contribution to Provident Fund at predetermined rates to a separate Trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expense and is charged to the Statement of Profit & Loss/Expenditure Attributable to Construction. The obligation of the Group is to make fixed contribution and to ensure minimum rate of return to the members as specified by Government of India (GOI).
- (ii) **Gratuity:** The Group has a defined benefit gratuity plan. The ceiling limit of gratuity is fixed as per the Payment of Gratuity Act, 1972, whereby every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹ 0.10 Crore on superannuation, resignation, termination, disablement or on death. However, as per the 3<sup>rd</sup> Pay Revision Committee recommendations for revision of pay for CPSUs, the ceiling limit of gratuity has been proposed to be revised to ₹ 0.20 Crore w.e.f. 01.01.2017, which has been considered for calculating the obligation in respect of gratuity for FY 2016-17. The plan is being managed by a separate Trust created for the purpose and obligation of the Group is to make contribution to the Trust based on actuarial valuation.
- (iii) **Retired Employees Health Scheme (REHS):** The Group has a Retired Employee Health Scheme, under which retired employee and spouse of retiree, spouse and eligible dependent children of deceased employees are provided medical facilities in the Group hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Group. The liability for the same is recognised on the basis of actuarial valuation. The Scheme is being managed by a separate Trust created for the purpose and obligation of the Group is to make contribution to the Trust based on actuarial valuation.
- (iv) **Allowances on Retirement/Death:** Actual cost of shifting from place of duty at which employee is posted at the time of retirement to any other place where he / she may like to settle after retirement is paid as per the rules of the Group. In case of death, family of deceased employee can also avail this facility. The liability for the same is recognised on the basis of actuarial valuation.
- (v) **Memento to employees on attaining the age of superannuation:** The Group has a policy of providing Memento valuing ₹ 5000/- to employee on superannuation. The liability for the same is recognised on the basis of actuarial valuation.

(b) **Disclosure of Balance Sheet amounts and sensitivity analysis of Plans:**

- (i) **Provident Fund:** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

Particulars	(₹ in Crore)		
	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2015-16		
<b>Opening Balance as at 01.04.2015</b>	2,147.89	2,185.06	(37.17)
Current Service Cost	75.82	-	75.82
Past Service Cost	-	-	-
Interest Expenses/ (Income)	171.83	174.80	(2.97)
<b>Total Amount recognised in Profit or Loss</b>	247.65	174.80	72.85
<b>Remeasurements</b>	-	-	-
Return on Plan Asset, excluding amount included in interest expenses/(Income)	-	0.58	(0.58)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/Losses	31.88	14.45	17.43
<b>Total Amount recognised in Other Comprehensive Income</b>	31.88	15.03	16.85
Contributions:-	-	-	-
- Employers	-	75.82	(75.82)

Particulars	(₹ in Crore)		
	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2015-16</b>			
- Plan participants	211.25	211.25	-
Benefit payments	(383.13)	(383.13)	-
<b>Closing Balance as at 31.03.2016</b>	<b>2,255.54</b>	<b>2,278.83</b>	<b>(23.29)</b>

Particulars	(₹ in Crore)		
	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2016-17</b>			
<b>Opening Balance as at 01.04.2016</b>	<b>2,255.54</b>	<b>2,278.83</b>	<b>(23.29)</b>
Current Service Cost	81.15	-	81.15
Past Service Cost	-	-	-
Interest Expenses/ (Income)	180.45	182.31	(1.86)
<b>Total Amount recognised in Profit or Loss</b>	<b>261.60</b>	<b>182.31</b>	<b>79.29</b>
<b>Remeasurements</b>	<b>-</b>	<b>-</b>	<b>-</b>
Return on Plan Asset, excluding amount included in interest expenses/(Income)	-	0.62	(0.62)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	0.11	-	0.11
Experience (gains)/Losses	11.83	13.04	(1.21)
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>11.94</b>	<b>13.66</b>	<b>(1.72)</b>
Contributions:-	-	-	-
- Employers	-	81.15	(81.15)
- Plan participants	218.36	218.36	-
Benefit payments	(354.86)	(354.86)	-
<b>Closing Balance as at 31.03.2017</b>	<b>2,392.58</b>	<b>2,419.45</b>	<b>(26.87)</b>

The net liability disclosed above related to funded and unfunded plans are as follows:

Particulars	(₹ in Crore)		
	31st March 2017	31st March 2016	1st April 2015
Present Value of funded obligations	2,392.58	2,255.54	2,147.89
Fair value of Plan Assets	2,419.45	2,278.83	2,185.06
<b>Deficit/(Surplus) of funded plans</b>	<b>(26.87)</b>	<b>(23.29)</b>	<b>(37.17)</b>
Unfunded Plans	-	-	-
<b>Deficit/(Surplus) before asset ceiling</b>	<b>(26.87)</b>	<b>(23.29)</b>	<b>(37.17)</b>

**Sensitivity Analysis** – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

Particulars	Change in Assumptions		Increase in Assumption		Decrease in Assumptions	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Discount Rate	0.50%	0.50%	Decrease by 0.005%	0.004%	Increase by 0.005%	0.005%

- (ii) **Gratuity:** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

Particulars	(₹ in Crore)		
	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2015-16</b>			
<b>Opening Balance as at 01.04.2015</b>	625.98	654.12	(28.14)
Current Service Cost	25.89	-	25.89
Past Service Cost	-	-	-
Interest Expenses/ (Income)	50.07	52.33	(2.26)
<b>Total Amount recognised in Profit or Loss</b>	75.96	52.33	23.63
<b>Remeasurements</b>	-	-	-
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	2.58	(2.58)
(Gain)/loss from change in demographic assumptions	(0.34)	-	(0.34)
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/Losses	(36.95)	-	(36.95)
<b>Total Amount recognised in Other Comprehensive Income</b>	(37.29)	2.58	(39.87)
Contributions:-	-	-	-
-Employers	-	7.04	(7.04)
-Plan participants	-	-	-
Benefit payments	(64.43)	(67.92)	3.49
<b>Closing Balance as at 31.03.2016</b>	600.22	648.15	(47.93)

Particulars	(₹ in Crore)		
	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2016-17</b>			
<b>Opening Balance as at 01.04.2016</b>	600.22	648.15	(47.93)
Current Service Cost	34.48	-	34.48
Past Service Cost	141.85	-	141.85
Interest Expenses/ (Income)	48.02	51.85	(3.83)
<b>Total Amount recognised in Profit or Loss</b>	224.35	51.85	172.50
<b>Remeasurements</b>	-	-	-
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	1.06	(1.06)
(Gain)/loss from change in demographic assumptions	(0.01)	-	(0.01)
(Gain)/loss from change in financial assumptions	13.46	-	13.46
Experience (gains)/Losses	0.61	-	0.61
<b>Total Amount recognised in Other Comprehensive Income</b>	14.06	1.06	13.00
Contributions:-	-	-	-
-Employers	-	0.78	(0.78)
-Plan participants	-	15.23	(15.23)
Benefit payments	(63.10)	(87.06)	23.96
<b>Closing Balance as at 31.03.2017</b>	775.53	630.01	145.52



The net liability disclosed above related to funded and unfunded plans are as follows:

(₹ in Crore)

Particulars	31st March 2017	31st March 2016	1st April 2015
Present Value of funded obligations	775.53	600.22	625.98
Fair value of Plan Assets	630.01	648.15	654.12
<b>Deficit/(Surplus) of funded plans</b>	<b>145.52</b>	<b>(47.93)</b>	<b>(28.14)</b>
Unfunded Plans	-	-	-
<b>Deficit/(Surplus) before asset ceiling</b>	<b>145.52</b>	<b>(47.93)</b>	<b>(28.14)</b>

**Sensitivity Analysis** – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Discount Rate	0.50%	0.50%	Decrease by 2.78%	3.21%	Increase by 2.95%	3.42%
Salary growth rate	0.50%	0.50%	Increase by 1.26%	3.45%	Decrease by 1.41%	3.27%

- (iii) **Retired Employees Health Scheme (REHS):** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2015-16</b>			
<b>Opening Balance as at 01.04.2015</b>	518.61	-	518.61
Current Service Cost	12.38	-	12.38
Past Service Cost	-	-	-
Interest Expenses/ (Income)	41.49	-	41.49
<b>Total Amount recognised in Profit or Loss</b>	<b>53.87</b>	<b>-</b>	<b>53.87</b>
<b>Remeasurements</b>	<b>-</b>	<b>-</b>	<b>-</b>
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	33.62	(33.62)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	0.28	-	0.28
Experience (gains)/Losses	37.22	-	37.22
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>37.50</b>	<b>33.62</b>	<b>3.88</b>
Contributions:-	-	-	-
-Employers	-	555.66	(555.66)
-Plan participants	-	-	-
Benefit payments	(13.78)	(5.56)	(8.22)
<b>Closing Balance as at 31.03.2016</b>	<b>596.20</b>	<b>583.72</b>	<b>12.48</b>

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2016-17</b>			
<b>Opening Balance as at 01.04.2016</b>	596.20	583.72	12.48
Current Service Cost	14.39	-	14.39
Past Service Cost	-	-	-
Interest Expenses/ (Income)	47.69	46.87	0.82
<b>Total Amount recognised in Profit or Loss</b>	62.08	46.87	15.21
<b>Remeasurements</b>	-	-	-
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	5.27	(5.27)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	42.25	-	42.25
Experience (gains)/Losses	23.12	-	23.12
<b>Total Amount recognised in Other Comprehensive Income</b>	65.37	5.27	60.10
Contributions:-	-	-	-
-Employers	-	51.67	(51.67)
-Plan participants	-	-	-
Benefit payments	(19.24)	(19.68)	0.44
<b>Closing Balance as at 31.03.2017</b>	704.41	667.85	36.56

The net liability disclosed above related to funded and unfunded plans are as follows:

(₹ in Crore)

Particulars	31st March 2017	31st March 2016	1st April 2015
Present Value of funded obligations	704.41	596.20	-
Fair value of Plan Assets	667.85	583.72	-
<b>Deficit/(Surplus) of funded plans</b>	36.56	12.48	-
Unfunded Plans	-	-	518.61
<b>Deficit/(Surplus) before asset ceiling</b>	36.57	12.48	(518.61)

**Sensitivity Analysis** – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Discount Rate	0.50%	0.50%	Decrease by 6.09%	7.21%	Increase by 6.45%	7.97%

- (iv) **Allowances on Retirement/Death:** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

Particulars	(₹ in Crore)		
	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2015-16</b>			
<b>Opening Balance as at 01.04.2015</b>	5.32	-	5.32
Current Service Cost	0.24	-	0.24
Past Service Cost	-	-	-
Interest Expenses/ (Income)	0.43	-	0.43
<b>Total Amount recognised in Profit or Loss</b>	0.67	-	0.67
<b>Remeasurements</b>	-	-	-
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	-	-
(Gain)/loss from change in demographic assumptions	0.04	-	0.04
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/Losses	(0.54)	-	(0.54)
<b>Total Amount recognised in Other Comprehensive Income</b>	(0.50)	-	(0.50)
Contributions:-	-	-	-
-Employers	-	-	-
-Plan participants	-	-	-
Benefit payments	(0.11)	-	(0.11)
<b>Closing Balance as at 31.03.2016</b>	5.38	-	5.38

Particulars	(₹ in Crore)		
	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
<b>2016-17</b>			
<b>Opening Balance as at 01.04.2016</b>	5.38	-	5.38
Current Service Cost	0.25	-	0.25
Past Service Cost	-	-	-
Interest Expenses/ (Income)	0.43	-	0.43
<b>Total Amount recognised in Profit or Loss</b>	0.68	-	0.68
<b>Remeasurements</b>	-	-	-
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	0.18	-	0.18
Experience (gains)/Losses	(0.32)	-	(0.32)
<b>Total Amount recognised in Other Comprehensive Income</b>	(0.14)	-	(0.14)
Contributions:-	-	-	-
-Employers	-	-	-
-Plan participants	-	-	-
Benefit payments	(0.36)	-	(0.36)
<b>Closing Balance as at 31.03.2017</b>	5.56	-	5.56

The net liability disclosed above related to unfunded plans.

**Sensitivity Analysis** – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

Particulars	Change in assumptions			Increase in assumptions			Decrease in assumptions	
	31.03.2017	31.03.2016		31.03.2017	31.03.2016		31.03.2017	31.03.2016
Discount Rate	0.50%	0.50%	Decrease by	3.33%	3.08%	Increase by	3.54%	3.25%

- (v) **Memento to employees on attaining the age of superannuation:** The amount recognised in the Balance Sheet as at 31.03.2016 & 31.03.2017 along with the movements in the net defined benefit obligation during the years 2015-16 and 2016-17 are as follows:

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2015-16		
<b>Opening Balance as at 01.04.2015</b>	2.77	-	2.77
Current Service Cost	0.10	-	0.10
Past Service Cost	-	-	-
Interest Expenses/ (Income)	0.22	-	0.22
<b>Total Amount recognised in Profit or Loss</b>	0.32	-	0.32
<b>Remeasurements</b>	-	-	-
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/Losses	(0.21)	-	(0.21)
<b>Total Amount recognised in Other Comprehensive Income</b>	(0.21)	-	(0.21)
Contributions:-	-	-	-
-Employers	-	-	-
-Plan participants	-	-	-
Benefit payments	(0.30)	-	(0.30)
<b>Closing Balance as at 31.03.2016</b>	2.58	-	2.58

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2016-17		
<b>Opening Balance as at 01.04.2016</b>	2.58	-	2.58
Current Service Cost	0.10	-	0.10
Past Service Cost	-	-	-
Interest Expenses/ (Income)	0.20	-	0.20
<b>Total Amount recognised in Profit or Loss</b>	0.30	-	0.30
<b>Remeasurements</b>	-	-	-
Return on Plan Asset, excluding amount included in interest expenses/ (Income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-

(₹ in Crore)

Particulars	Present Value of Obligation	Fair value of Plan Assets	Net Amount
	(i)	(ii)	iii=(i)-(ii)
	2016-17		
(Gain)/loss from change in financial assumptions	0.07	-	0.07
Experience (gains)/Losses	(0.21)	-	(0.21)
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>(0.14)</b>	<b>-</b>	<b>(0.14)</b>
Contributions:-	-	-	-
-Employers	-	-	-
-Plan participants	-	-	-
Benefit payments	(0.28)	-	(0.28)
<b>Closing Balance as at 31.03.2017</b>	<b>2.46</b>	<b>-</b>	<b>2.46</b>

The net liability disclosed above related to unfunded plans.

**Sensitivity Analysis** – The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

Particulars	Change in assumptions			Increase in assumptions			Decrease in assumptions	
	31.03.2017	31.03.2016		31.03.2017	31.03.2016		31.03.2017	31.03.2016
Discount Rate	0.50%	0.50%	Decrease by	5.94%	2.90%	Increase by	6.12%	3.08%

(c) **Defined Benefit Plans: Significant estimates: Actuarial assumptions:**

Particulars	31st March 2017	31st March 2016	1st April 2015
Discount Rate	7.50%	8.00%	8.00%
Salary growth rate	6.00%	6.00%	6.00%

(d) **The major categories of Plan Assets are as follows:**

**Provident Fund:**

(₹ in Crore)

Particulars	31st March 2017			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	1,298.70	-	1,298.70	55.27
Corporate Bonds	1,011.75	-	1,011.75	43.05
<b>Investment Funds</b>				
Mutual Funds	31.71	-	31.71	1.35
LIC	-	-	-	-
<b>Cash &amp; Cash Equivalents</b>				
	-	7.79	7.79	0.33
<b>Total</b>	<b>2,342.16</b>	<b>7.79</b>	<b>2,349.95</b>	<b>100.00</b>

(₹ in Crore)

Particulars	31st March 2016			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	1,184.39	-	1,184.39	53.54
Corporate Bonds	1,012.00	-	1,012.00	45.75
<b>Investment Funds</b>	-	-	-	-
Mutual Funds	13.33	-	13.33	0.60
LIC	-	-	-	-
<b>Cash &amp; Cash Equivalents</b>	-	2.30	2.30	0.10
FDR	-	0.06	0.06	-
<b>Total</b>	<b>2,209.72</b>	<b>2.36</b>	<b>2,212.08</b>	<b>100.00</b>

(₹ in Crore)

Particulars	1st April 2015			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	1,081.93	-	1,081.93	50.99
Corporate Bonds	1,037.95	-	1,037.95	48.91
<b>Cash &amp; Cash Equivalents</b>	-	2.13	2.13	0.10
<b>Total</b>	<b>2,119.88</b>	<b>2.13</b>	<b>2,122.01</b>	<b>100.00</b>

**Gratuity**

(₹ in Crore)

Particulars	31st March 2017			
	Quoted	Unquoted	Total	In %
<b>Investment Funds</b>				
LIC Scheme *	-	630.02	630.02	99.98
<b>Cash &amp; Cash Equivalents</b>	-	0.11	0.11	0.02
<b>Total</b>	<b>-</b>	<b>630.13</b>	<b>630.13</b>	<b>100.00</b>

(₹ in Crore)

Particulars	31st March 2016			
	Quoted	Unquoted	Total	In %
<b>Investment Funds</b>				
LIC Scheme *	-	648.04	648.04	99.98
<b>Cash &amp; Cash Equivalents</b>	-	0.10	0.10	0.02
<b>Total</b>	<b>-</b>	<b>648.14</b>	<b>648.14</b>	<b>100.00</b>



(₹ in Crore)

Particulars	1st April 2015			
	Quoted	Unquoted	Total	In %
<b>Investment Funds</b>				
LIC Scheme *	-	654.03	654.03	99.99
<b>Cash &amp; Cash Equivalents</b>	-	0.09	0.09	0.01
<b>Total</b>	-	<b>654.12</b>	<b>654.12</b>	<b>100.00</b>

**\* Note for Gratuity Disclosure:**

NHPC Limited Gratuity Fund Trust has invested the funds of the trust in the group gratuity scheme in non-unit linked Traditional fund of Life Insurance Corporation of India (LIC) under a scheme of insurance duly approved for this purpose by IRDA.

**Retired Employees Health Scheme (REHS):**

(₹ in Crore)

Particulars	31st March 2017			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	-	-	-	-
Corporate Bonds	637.75	-	637.75	97.80
<b>Cash &amp; Cash Equivalents</b>	-	10.06	10.06	1.54
FDR	-	4.27	4.27	0.65
<b>Total</b>	<b>637.75</b>	<b>14.33</b>	<b>652.08</b>	<b>100.00</b>

(₹ in Crore)

Particulars	31st March 2016			
	Quoted	Unquoted	Total	In %
<b>Debt Instruments</b>				
Government Bonds	-	-	-	-
Corporate Bonds	559.10	-	559.10	98.17
<b>Cash &amp; Cash Equivalents</b>	-	10.43	10.43	1.83
<b>Total</b>	<b>559.10</b>	<b>10.43</b>	<b>569.53</b>	<b>100.00</b>

- (e) **Risk Exposure:** Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

**Description of Risk Exposures:**

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Group is exposed to various risks as follow -

- Salary Increase- Actual salary increase will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

- (f) Defined benefit liability and employer contributions: Funding levels are monitored on an annual basis and the current contribution rate is 30% of basic salary & dearness allowance. The Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

Expected contributions to defined-benefit plans for the year ending March 31, 2018 are ₹ 144.86 Crore.

The average duration of the defined benefit obligations is 9.62 Years (2016 - 9.58 years, 2015 - 9.48 Years).

The expected maturity analysis of undiscounted defined benefit plans is as follows:

**The expected maturity analysis of Provident Fund (NHPC Ltd. Employees Provident Fund)**

(₹ in Crore)				
Particulars	Between 0-1 years	Between 1-5 years	Over 5 years	Total
31.03.2017	333.34	829.01	1,230.24	2,392.59
31.03.2016	314.08	749.24	1,192.22	2,255.54

**The expected maturity analysis of Gratuity (NHPC Ltd. Employees Group Gratuity Assurance Fund), Post employment Medical Benefits (NHPC Ltd. Retired Employees Health Scheme Trust), Allowances on Retirement/Death and Memento.**

(₹ in Crore)					
Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>31.03.2017</b>					
Gratuity	109.77	69.17	181.75	414.84	775.53
Post-employment Medical Benefits (REHS)	27.34	29.17	98.95	548.95	704.41
Allowances on Retirement/Death	0.61	0.57	1.51	2.87	5.56
Memento to employees on attaining the age of superannuation	0.30	0.28	0.74	1.14	2.46
<b>TOTAL</b>	<b>138.02</b>	<b>99.19</b>	<b>282.95</b>	<b>967.80</b>	<b>1,487.96</b>
<b>31.03.2016</b>					
Gratuity	70.24	22.37	172.48	335.13	600.22
Post-employment Medical Benefits (REHS)	23.16	25.00	86.41	461.62	596.19
Allowances on Retirement/Death	0.61	0.20	1.54	3.02	5.37
Memento to employees on attaining the age of superannuation	0.32	0.10	0.80	1.36	2.58
<b>TOTAL</b>	<b>94.33</b>	<b>47.67</b>	<b>261.23</b>	<b>801.13</b>	<b>1,204.36</b>

- (C) **Other long-term employee benefits (Leave Benefit):** The Group provides for earned leave and half-pay leave to the employees which accrue annually @ 30 days and 20 days respectively. The maximum ceiling of encashment of earned leave is limited to 300 days. However, any shortfall in the maximum limit of 300 days in earned leave on superannuation shall be fulfilled by half pay leave to that extent. The liability for the same is recognised on the basis of actuarial valuation.

**14. Other disclosures as per Schedule-III of the Companies Act, 2013 are as under:-**

(₹ in Crore)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
a)* Value of imports calculated on CIF basis:		
i) Capital Goods	26.43	4.33
b)* Expenditure in Foreign Currency		
i) Interest	26.27	28.92
ii) Other Misc. Matters	76.05	140.76
c)* Value of spare parts and Components consumed in operating units.		
i) Imported	-	0.63
ii) Indigenous	20.92	38.96
d)* Earnings in foreign currency		
i) Others	-	2.62

\* Accrual basis.

**15. Earnings Per Share:**
**a) The Earnings Per Share (Basic and Diluted) are as under:**

	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Earnings per Share before Regulatory Income (₹) – Basic & Diluted	2.09	1.85
Earnings per Share after Regulatory Income (₹) – Basic & Diluted	2.74	2.35
Face value per share (₹)	10	10

**b) Reconciliation of Earning Used in calculating Earnings Per Share:**

	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Net Profit after Tax but before Regulatory Income used as numerator (₹ in Crore)	2310.64	2050.81
Net Profit after Tax and Regulatory Income used as numerator (₹ in Crore)	3029.43	2601.71

**c) Reconciliation of weighted Average number of shares used as denominator:**

	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Weighted Average number of equity shares used as denominator	11,06,17,77,011	11,07,06,68,496

**16. Commitments and contingent liabilities in respect of Joint Ventures:**

(₹ in Crore)

	31.03.2017	31.03.2016	01.04.2015
A Contingent Liabilities	1.66	1.50	0.67
B Capital Commitments	13.98	16.64	28.53

**17. Disclosure as per Schedule-III of Companies Act, 2013 :**

(₹ in Crore)

Name of the entities in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
1	2	3	4	5	6	7	8	9
<b>Parent</b>								
<b>NHPC Limited.</b>								
31.03.2017	78.29	25361.23	74.45	2590.97	137.52	7.66	74.55	2598.63
31.03.2016	82.00	28546.73	79.28	2311.53	105.20	3.24	79.30	2314.77
<b>Subsidiaries</b>								
<b>NHDC Limited</b>								
31.03.2017	9.43	3055.88	12.50	435.21	(19.21)	(1.07)	12.45	434.14
31.03.2016	8.24	2867.86	9.86	287.54	(2.60)	(0.08)	9.85	287.46
<b>Loktak Downstream Hydroelectric Corporation Ltd. (LDHC Ltd.)</b>								
31.03.2017	0.30	96.54	0.02	0.82	-	-	0.02	0.82
31.03.2016	0.28	95.85	0.05	1.44	-	-	0.05	1.44
<b>Bundelkhand Saur Urja Ltd. (BSUL)</b>								
31.03.2017	-	0.60	(0.01)	(0.32)	-	-	(0.01)	(0.32)
31.03.2016	-	0.93	-	(0.01)	-	-	-	(0.01)
<b>Non-controlling Interests in all subsidiaries</b>								
31.03.2017	10.44	3382.24	12.96	450.91	(18.31)	(1.02)	12.91	449.89
31.03.2016	9.10	3168.10	10.77	314.18	(2.60)	(0.08)	10.76	314.10
<b>Joint Ventures (Investment as per the equity method)</b>								
<b>National High Power Test Laboratory Private Limited (NHPTL)</b>								
31.03.2017	0.09	29.97	-	-	-	-	-	-
31.03.2016	0.07	23.44	-	-	-	-	-	-
<b>Chenab Valley Power Projects (P) Ltd. (CVPPPL)</b>								
31.03.2017	1.45	470.60	0.08	2.74	-	-	0.08	2.74
31.03.2016	0.31	107.90	0.04	1.23	-	-	0.04	1.23
<b>TOTAL</b>								
31.03.2017	100.00	32397.06	100.00	3480.33	100.00	5.57	100.00	3485.90
31.03.2016	100.00	34810.81	100.00	2915.91	100.00	3.08	100.00	2918.99

**18. Disclosure related to confirmation of balances is as under:**

- Balances shown under Materials issued to contractors, claims recoverable including insurance claims are subject to reconciliation/ confirmation and respective consequential adjustments. Claims recoverable also include claims in respect of projects handed over or decided to be handed over to other agencies in terms of Government of India directives.
- The confirmation from external parties in respect of Trade Receivables, Trade Payables, Deposits, Advances to Contractors/Suppliers/Service Providers/Others including for capital expenditure and material issued to contractors is sought for outstanding balances of ₹ 0.05 Crore or above in respect of each party as at 31st December of every year. Status of confirmation of balances as at December 31, 2016 as well as outstanding as on 31.03.2017 is as under:

(₹ in Crore)

Particulars	Outstanding amount as on 31.12.2016	Amount confirmed	Outstanding amount as on 31.03.2017
Trade receivable	3,108.98	2,546.78	2,631.60
Deposits, Advances to contractors/ suppliers/service providers/ others including for capital expenditure and material issued to contractors	1,141.86	488.13	1078.64
Trade/Other payables	287.15	110.80	374.43
Security Deposit/Retention Money payable	113.07	57.76	109.77

c) In the opinion of management, unconfirmed balances will not have any material impact.

19. Prior to transition to Ind AS, capital expenditure incurred for creation of facilities, over which the Group does not have control but which is essential principally for construction of the project, was charged to 'Expenditure Attributable to Construction (EAC) as a part of Capital Work in Progress (CWIP) on the basis of attributability of such costs to the creation of major assets of the project. With the introduction of IND AS, this accounting treatment is specifically covered under Para 9 of Ind AS-16, "Property, Plant & Equipment" which prescribes Unit of Measure approach under which management of an entity is competent to apply its judgment to recognition criteria based on its specific circumstances.

## 20. Disclosure related to Corporate Social Responsibility (CSR)

(i) The breakup of CSR expenditure under various heads of expenses incurred is as below:-

(₹ in Crore)

S.No	Heads of Expenses constituting CSR expenses	2016-17	2015-16
1	Health Care and Sanitation	15.47	5.19
2	Education & Skill Development	52.16	5.83
3	Women Empowerment /Senior Citizen	0.19	0.01
4	Environment	0.69	0.57
5	Art & Culture	0.64	0.25
6	Ex-Armed Forces	0.05	-
7	Sports	0.33	0.07
8	National Welfare Fund	0.02	-
9	Technology & Research	-	-
10	Rural Development	9.83	4.80
11	Capacity Building	0.93	0.03
12	Swachh Vidyalaya Abhiyan	0.75	82.30
13	Swachh Bharat Abhiyan	8.66	-
	<b>Total amount</b>	<b>89.72</b>	<b>99.05</b>

(ii) Other disclosures:-

(a) As per Section 135 read with Section 198 of Companies Act 2013, the amount required to be spent towards CSR works out to ₹ **65.04 Crore** for FY 2016-17. The Board of Directors had allocated total budget of ₹ **132.93 Crore** for FY 2016-17 (more than 2% of average net profit of preceding three financial years in terms of section 135 read with section 198 of Companies Act, 2013). Unspent Amount of ₹ **17.26 Crore** upto FY 2015-16 has been kept in CSR Reserve (NHDC Ltd.).

(b) Details of expenditure incurred during the year ended on 31.03.2017 paid in cash and yet to be paid in cash along with the nature of expenditure (capital or revenue nature) is as under:-

(₹ in Crore)

	Paid (a)	Yet to be paid (b)	Total (a+b)
(i) Construction/Acquisition of any asset	19.08	1.82	20.90
(ii) On purpose other than (i) above	67.00	1.81	68.81
<b>Total</b>	<b>86.09</b>	<b>3.63</b>	<b>89.72</b>

- (c) As stated above, a sum of ₹ 3.63 Crore out of total expenditure of ₹ 89.72 Crore is yet to be paid to concerned parties which are included in the relevant head of accounts pertaining to liabilities.
21. Disclosures as required under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 read with notification of Ministry of Corporate Affairs dated 04.09.2015 (Refer Note no. 20.2 and 20.3 of the Balance Sheet) are as under:

(₹ in Crore)			
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier on Balance Sheet date:		
a)	Trade Payables:		
-	Principal	6.32	1.89
-	Interest	-	0.20
b)	Others:		
-	Principal	2.15	1.42
-	Interest	-	-
(ii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
(iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(iv)	The amount of interest accrued and remaining unpaid as on Balance Sheet date	-	0.20
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

22. Disclosure on details of Specified Bank Notes (SBN) held and transacted during the period 09.11.2016 to 30.12.2016 is as under:

(₹ in Crore)			
	SBNs*	Other Denomination Notes	Total
Closing cash in hand as on 08th November 2016	0.16	0.03	0.19
(+) Permitted receipts	0.02	1.63	1.65
(-) Permitted payments	-	1.28	1.28
(-) Amount deposited in Banks	0.18	0.26	0.44
Closing cash in hand as on 30th December 2016	-	0.12	0.12

\* Specified Bank Notes are as defined in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs No. S.O. 3407(E), dated 08th November 2016.

23. Disclosures regarding leases as per IND AS -17 "Leases":

**A) Finance Lease –the Group as Lessor**

The Group has entered into an arrangement with a single beneficiary, PDD J&K for sale of the entire power generated by two power stations, namely NimmoBazgo Power Station & Chutak Power Station and MP Power Management Company for sale of the entire power generated by two power stations namely Indira Sagar and Omkareshwar Power stations, for 35 years, which is equal to the expected life of these Power Stations. Under the agreements, the customer is obliged to purchase the output at prices determined by the Central Electricity Regulatory Commission (CERC). The Group has classified these Power Stations as embedded Finance Lease as per Appendix-C to Ind AS 17- Leases. Other



Financial Assets (Current and Non-Current) include lease receivables representing the present value of future lease rentals receivable on the embedded finance lease arrangements entered into by the Group.

Details of gross investment in lease and present value of minimum lease payments receivables at the end of financial year are as under:

(a) Gross investment in the Lease :

(₹ in Crore)			
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Within one year	1040.85	1078.38	1074.30
After one year but not more than five years	3489.74	3721.60	3974.07
More than five years	15325.42	16129.77	16951.39
<b>Total</b>	<b>19856.01</b>	<b>20929.75</b>	<b>21999.76</b>

(b) Present value of minimum lease payments receivable:

(₹ in Crore)			
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Within one year	267.10	294.99	251.61
After one year but not more than five years	668.86	800.41	961.05
More than five years	4801.44	4913.82	5030.60
<b>Total</b>	<b>5737.40</b>	<b>6009.22</b>	<b>6243.26</b>

(c) Reconciliation between the gross investment in the lease and the present value of minimum lease payments receivable is as follows:

(₹ in Crore)			
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Gross investment in Lease	19,856.01	20,929.75	21,999.76
Adjustments:	-	-	-
Less: Un-earned Finance Income	13,350.60	14,157.14	14,997.41
Less: Unguaranteed residual value	768.01	763.39	759.09
<b>Present value of Minimum Lease Payment (MLP)</b>	<b>5,737.40</b>	<b>6,009.22</b>	<b>6,243.26</b>

B) Operating Lease –the Group as Lessor :

The Group has entered into an arrangement with West Bengal State Electricity Board for sale of power from TLDP-III and TLDP-IV power stations for a period of 5 years and with Jodhpur Vidyut Vitran Nigam Ltd. for sale of power from Wind Power Project, Jaisalmer for a period of 3 years. In respect of TLDP-III & TLDP-IV, under the agreements, the customer is obliged to purchase the output at prices determined by the Central Electricity Regulatory Commission. Accordingly, the Group has classified these Power Stations as Operating Leases as per Appendix-C to Ind AS 17- Leases.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

(₹ in Crore)			
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Within one year	568.86	521.32	342.41
After one year but not more than five years	607.87	1176.73	1698.05
<b>Total</b>	<b>1176.73</b>	<b>1698.05</b>	<b>2040.46</b>

24. The management of the Group is of the opinion that no case of impairment of assets exists under the provisions of Ind AS-36 on "Impairment of Assets" as at 31st March 2017.

25. Verified Emission Reductions (VERs) are nil.

26. As per Hydro Policy 2008, energy corresponding to 100 units of electricity is to be provided to each Project Affected Family (PAF) notified by the State Government through the concerned distribution licensee for a period of 10 years

from the date of commissioning of a project. Notification by the respective State Governments regarding PAFs is yet to be made. Since the total saleable energy of a power station is to be arrived at by deducting such free power from the design energy, there would not be any impact on the profit of the Group.

27. Pending approval of tariff for the period 2014-19 by Central Electrical Regulatory Commission (CERC) as per notification no. L-1/144/2013/CERC dated 21st February 2014, sales have been recognized provisionally as per tariff notified by CERC for the period 2009-14 in respect of Sewa-II, Chamara-III, TLDP-III and Parbati-III Power Stations. CERC Regulations for the tariff period 2014-19 provide for recovery of income tax from the beneficiaries by way of grossing up of the Return on Equity with effective tax rate of the respective financial year i.e. actual tax paid during the year on the generating income.
28. The Board of Directors of the Company approved a proposal for buyback of equity shares at its meeting held on February 7, 2017. Further to the said approval, the Company completed buyback of 81,13,47,977 shares of ₹ 10 each (representing 7.33% of total paid up equity capital as per the financial statements of the Company for March 31, 2016) on March 27, 2017, from the shareholders on a proportionate basis by way of a tender offer at a price of ₹ 32.25 per equity share for an aggregate amount of ₹ 2616.60 Crore in accordance with the provisions of the Companies Act, 2013 and the SEBI regulations.

## 29. Nature and details of provisions (refer Note No. 17 and 22 of Balance Sheet)

### (i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### (ii) Provision for employee benefits:

#### a) Provision for Performance Related Pay/Incentive:

Short-term Provision has been recognised in the accounts towards Performance Related Pay/ incentive to employees for the year (Previous Year 2015-16) on management estimates as per Group's rules in this regard which are based on the guidelines of the Department of Public Enterprises, Government of India.

#### b) Provision For Wage Revision as per 3rd Pay Revision Committee (PRC):

Short term provision for wage revision of the employees of the Group has been recognised in the accounts for the period 1.01.2017 to 31.03.2017 as per the recommendations of 3rd PRC constituted by the Government of India.

### (iii) Other Provisions:

#### a) Provision For Tariff Adjustment:

Provision for tariff adjustment is made on estimated basis against probable refund to beneficiaries on reassessment of tariff billed pending approval of Tariff/truing up for the period 2014-19 by Central Electricity Regulatory Commission (CERC).

#### b) Provision for Livelihood Expenses:

Provision has been recognised at discounted value adjusted for average inflation in the accounts towards special financial package finalised in consultation with the State Government and approved by the Board of Directors of NHPC for livelihood assistance of the project affected families (PAFs) in Parbati-II and Parbati-III. As per the package, pending finalisation of modalities of payment, one eligible person from each PAF shall be provided livelihood assistance equivalent to minimum wage of unskilled category as per the Government of Himachal Pradesh/ Central Government whichever is higher on monthly instalment basis, for the periods as under:

- i) Till the date of superannuation for PAFs eligible for employment.
- ii) For 2000 days to those PAFs left with zero balance land but excluded for employment.
- iii) For 1000 days to all remaining PAFs.

**c) Provision for Committed Capital Expenditure:**

Provision has been recognised at discounted value for Capital Expenditure to be incurred towards environment, compensatory afforestation, local area development, etc. which was a pre-condition while granting approval for construction of the project and expenditure towards which had not been completed till commissioning of the project. Such provisions are adjusted against the incurrence of actual expenditure as per demand raised by the concerned State Government Authorities.

**d) Provision for restoration expenses of insured assets:**

Provision has been recognised in the accounts based on management estimates for restoration of damaged assets insured under Mega & CPM Policy. Utilization of the provision is to be made against incurrence of actual expenditure towards restoration of the assets.

**e) Provisions- Others:**

This includes mainly the provisions recognised in the accounts towards claims against the Group. These provisions have been created on the basis of management estimates considering the probability of outflow of resources embodying economic benefits. Utilization/outflow of the provision is to be made on the outcome of the case.

Other provisions under this category include provision towards wage revision of Central Government Employees whose services are utilised by the Group.

**30. Disclosures relating to creation of Regulatory Deferral Account balances as per Ind AS 114:**

The Group is principally engaged in the construction & operation of hydroelectric power projects. The price (tariff) to be charged by the Group for electricity sold to its customers is determined by Central Electricity Regulatory Commission (CERC) under applicable CERC (terms & conditions of tariff) Regulations. The said price (tariff) is based on allowable costs like interest costs, depreciation, operation & maintenance including a stipulated return. This form of rate regulation is known as cost-of-service regulations. The basic objective of such regulations is to give the entity the opportunity to recover its costs of providing the goods or services plus a fair return.

For the purpose, the Group is required to make an application to CERC based on capital expenditure incurred duly certified by the Auditors or already admitted by CERC or projected to be incurred upto the date of commercial operation and additional capital expenditure duly certified by the Auditor or projected to be incurred during tariff year. The tariff determined by CERC is recovered from the customers (beneficiaries) on whom the same is binding.

The above rate regulation results into creation of a right (asset) or an obligation (liability) as envisaged in the accounting framework which is not the case in other industries. Guidance Note on Accounting for Rate Regulated Activities (previous GAAP) issued by the ICAI is applicable to entities that provide goods or services whose prices are subject to cost-of-service regulations and the tariff determined by the regulator is binding on the customers (beneficiaries). As per guidance note, a regulatory asset is recognised when it is probable (a reasonable assurance) that the future economic benefits associated with it will flow to the entity as a result of the actual or expected actions of the regulator under applicable regulatory framework and the amount can be measured reliably.

As explained above, all operating activities of the Group are subject to cost-of-service regulations as it meets the criteria set out in the guidance note and is hence applicable to the Group.

The guidance note also provides that in some cases, a regulator permits an entity to include in the rate base, as part of the cost of self-constructed (tangible) fixed assets or internally generated intangible assets, amounts that would otherwise be recognised as expense in the statement of profit and loss in accordance with Accounting Standards.

With effect from 01.04.2016, such rate regulated items are to be accounted for as per Ind AS 114 'Regulatory Deferral Accounts.' Ind AS 114 allows an entity to continue to apply previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances. For this purpose, Guidance Note of the ICAI on 'Accounting for Rate Regulated Activities' shall be considered to be the previous GAAP.

**A) Regulatory Deferral Account balances in respect of Subansiri Lower Project:**

Construction activities at site of Subansiri Lower Project have been interrupted w.e.f. 16.12.2011 due to protest of anti-dam activists and case pending at National Green Tribunal. Technical and administrative work is however continuing. Management is making all out efforts to restart the work at site. In line with the opinion of Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), borrowing cost of ₹ 1943.89 Crore (upto previous year ₹ 1578.57 Crore) and employee benefit expense, administration & other cost of ₹ 754.10 Crore upto previous year ₹ 602.71 Crore) has been charged to the Statement of Profit & Loss till 31.03.2017.

During FY 2014-15, the Group had, however, adopted the accounting as per Guidance Note on Rate Regulated Activities issued by the ICAI which allows recognition of 'Regulatory Asset' and corresponding 'Regulatory Income' of the right to recover such expense which are not allowed to be capitalized as part of cost of relevant fixed asset in accordance with the Accounting Standards, but are nevertheless permitted by Central Electricity Regulatory Commission (CERC), the regulator, to be recovered from the beneficiaries in future through tariff. This accounting policy has been followed by the Group till FY 2015-16.

Since Ind AS 114 'Regulatory Deferral Accounts' allows an entity to continue to apply previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances and recognises the Guidance Note of the ICAI on 'Accounting for Rate Regulated Activities' as the previous GAAP, the Group has continued with the accounting policy for regulatory deferral account balances in its first Ind AS Financial Statements for FY 2016-17.

Accordingly, the Group has created regulatory assets and recognized corresponding regulatory income as under:

(₹ in Crore)

Regulatory asset created in relation to:	Upto 31.03.2016	During the year ended 31.03.2017	Upto 31.03.2017
Borrowing Costs	1578.57	365.32	1,943.89
Employee Benefit expense	394.90	92.74	487.64
Administrative & Other Expense	207.81	58.65	266.46
<b>Total</b>	<b>2181.28</b>	<b>516.71</b>	<b>2,697.99</b>

After Commercial Operation Date (COD) of the Project, balance lying in the Regulatory Deferral Accounts in respect of Subansiri Lower Project shall be amortized/ liquidated in proportion to depreciation following the rates and methodology notified under CERC Tariff Regulations over the life of the Project, i.e. 35 years

Certain risks and uncertainties might affect the future recovery of the Regulatory Deferral Debit balances being created in respect of Subansiri Lower Project. These are:

- a) **Demand Risk:** Recovery of the Regulatory Deferral Account Balances shall be by way of depreciation through tariff. Accordingly, the same is affected by the normal risks and uncertainties impacting sale of electricity in India like difficulty in signing of long term PPAs, etc.
- b) **Regulatory Risk:**
  - 1) Tariff Regulations 2014-19 allows consequential costs leading to cost escalation impacting Contract prices, Interest during Construction (IDC) and Incidental Expenditure during Construction (IEDC) in force-majeure situations like the one currently being faced by the Project. Any changes in tariff regulations beyond the current period regarding admissibility of costs in force-majeure situations may adversely affect the creation and recovery of these regulatory deferral balances.
  - 2) Tariff regulations further provide that if the delay is not attributable to the generating Group but is due to uncontrollable factors, IEDC may be allowed after due prudence check. Any disallowance of expenditure after prudence check can affect the recoverability of the regulatory deferral account balances being created.

**B) Regulatory Deferral Account balances in respect of exchange differences on Foreign Currency Monetary items:**

As per Para 6(e) of Ind AS 23- "Borrowing Costs", borrowing cost on foreign currency loans to the extent treated as an adjustment to interest costs is allowed to be capitalised during construction period. Further, Para 28 of Ind AS21-"The Effects of Changes in Foreign Exchange Rates" provides that exchange differences arising on settlement or translation of monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized as Profit or Loss in the period in which they arise.

Para D13AA of Ind AS 101- "First Time Adoption of Ind AS" provides that a first-time adopter may continue the policy adopted for accounting of exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, for periods beginning on or after 01.04.2016, all exchange differences arising on translation/ settlement of monetary items other than exchange difference on borrowings to the extent treated as an adjustment to interest cost during construction period are to be charged to the Statement of Profit & Loss. All foreign currency borrowings in the books of the Group were drawn prior to 01.04.2004.

As per the CERC Tariff Regulations, any gain or loss on account of exchange risk variation shall be recoverable as part of capital cost for calculation of tariff on Commercial Operation Date (COD) of a project and on actual payment basis during O&M period. Further, CERC in past tariff orders has allowed exchange differences incurred during the construction period as a part of capital cost.

Keeping in view the provisions of Ind AS 114- "Regulatory Deferral Accounts" as regards recognition and CERC Tariff Regulations 2014-19 as regards recoverability, exchange differences arising on translation/ settlement of foreign currency monetary items to the extent charged to the Statement of Profit & Loss and further recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are being recognized as 'Regulatory Deferral Account balances' w.e.f. 01.04.2016. These balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries after Date of Commercial Operation (COD) of the Project.

The regulated assets (+)/liability (-) recognized in the books to be recovered from or payable to beneficiaries in future periods are as follows:

		(₹ in Crore)
Sl. No.	Particulars	Regulatory Deferral Account Balances
A	Opening balance as on 01.04.2016	-
B	Addition during the year (assets (+)/ liability (-))	(2.50)
C	Amount collected (-)/refunded (+) during the year	-
D	Regulatory income/(expense) recognized in the Statement of Profit & Loss (B-C)	(2.50)
E	Closing balance as on 31.03.2017 (A+D)	(2.50)

Certain risks and uncertainties might affect the future recovery of the Regulatory Deferral account balances being created in respect of exchange differences on Foreign Currency Monetary items. These are:

- a) **Demand Risk:** Recovery/payment of the regulatory deferral debit/credit balance shall be by way of billing to the beneficiaries. Accordingly, the same is affected by the normal risks and uncertainties impacting sale of electricity in India like difficulty in signing of long term PPAs, etc.
- b) **Regulatory Risk:** Tariff Regulations 2014-19 allows recovery of exchange risk variation through tariff as part of capital cost during construction period and on actual payment basis during O&M period. Any changes in tariff regulations beyond the current period regarding allowability of such costs in tariff may adversely affect the creation and recovery of these regulatory deferral account balances.
- c) **Regulatory Deferral Account Balances in respect of expenditure recognised due to recommendations of 3rd PRC for Pay Revision of CPSUs:**

Pay Revision of employees of CPSUs is due from 1st January, 2017. According to the recommendations of the committee constituted for the purpose by the Government of India, in addition to enhancing Basic Pay, DA and allowances w.e.f. 01.01.2017, the ceiling limit of Gratuity has been proposed for enhancement from the existing ₹ 0.10 Crore to ₹ 0.20 Crore w.e.f. 01.01.2017.

Impact of proposed revision of pay for Financial Year 2016-17 includes expense recognised in the Statement of Profit & Loss towards provision for enhancement in pay and allowances for the period 01.01.2017 to 31.03.2017 and expense recognised in Profit & Loss/ Other Comprehensive Income (OCI) on actuarial valuation due to enhancement of ceiling limit of Gratuity in respect of Operational Power Stations including expenditure of Corporate Office and Regional Offices allocated to such units.

CERC Tariff Regulations 2014-19 read with the Statement of Reasons CERC (Terms and Conditions of Tariff) Regulations, 2014 provides that the impact of actual increase in employee cost on account of wage revision of operational Power Stations is recoverable from the beneficiaries in future through tariff. Further, during the tariff period 2004-09, CERC had allowed recovery of the actual increase in employee cost on account of wage revision (w.e.f. 01.01.2007) upto 50% of the salary and wages (Basic + DA) of the employees of the petitioner Group as on 31.12.2006 from the beneficiaries in twelve equal monthly instalments.

Keeping in view the provisions of Ind AS 114- "Regulatory Deferral Accounts" as regards recognition and CERC Tariff Regulations 2014-19 as regards recoverability, additional expenditure on employee benefits due to pay revision, to the extent charged to the Statement of Profit & Loss or to Other Comprehensive Income and further recoverable from the beneficiaries in subsequent periods as per Tariff Regulations and earlier approval of the CERC, are being recognized as 'Regulatory Deferral Account balances'. These balances are to be adjusted from the year in which they become recoverable from the beneficiaries as per approval of the CERC.

The Regulatory Deferral Account Balance (assets) recognized in the books to be recovered from the beneficiaries in future periods are as follows:

Regulatory Deferral Account Balances relating to items recognised in the Statement of Profit & Loss:

(₹ in Crore)

Sl. No.	Particulars	Regulatory Deferral Account Balances
A	Opening balance as on 01.04.2016	-
B	Addition during the year (+)	205.88
C	Amount collected during the year (-)	-
D	Regulatory income recognized in the Statement of Profit & Loss (B+C)	205.88
E	Closing balance as on 31.03.2017 (A+D)	205.88

Regulatory Deferral Account Balances relating to items recognised in Other Comprehensive Income:

(₹ in Crore)

Sl. No.	Particulars	Regulatory Deferral Account Balances
A	Opening balance as on 01.04.2016	-
B	Addition during the year (+)	9.05
C	Amount collected during the year (-)	-
D	Regulatory income recognized in Other Comprehensive Income (B+C)	9.05
E	Closing balance as on 31.03.2017 (A+D)	9.05

Certain risks and uncertainties might affect the future recovery of the Regulatory Deferral account balances being created in respect of additional expenditure due to revision of pay of employees. These are:

- a) **Demand Risk:** Recovery/payment of the regulatory deferral debit/credit balance shall be by way of billing to the beneficiaries. Accordingly, the same is affected by the normal risks and uncertainties impacting sale of electricity in India like difficulty in signing of long term PPAs, etc.
- b) **Regulatory Risk:** Tariff Regulations 2014-19 allows recovery of additional employee cost on account of pay revision through tariff. Any changes in tariff regulations beyond the current period regarding allowability of such costs in tariff may adversely affect the creation and recovery of these regulatory deferral balances.
- 31 (i) Uri-II Power Station, where accidental fire broke out on 20.11.2014, resulting in stoppage of generation, has since been restored during the months of June, July & August 2015. The Assets of the power station and loss of generation are covered under Mega Risk Policy. Status of Insurance claim as on 31.03.2017 is as under:

(₹ in Crore)

Particulars of claims	Updated claim lodged	Amount received	Amount charged to Statement of P&L	Balance receivable		
				As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Against material damage	63.20	46.00	3.16	14.04	33.23	66.74
Business Interruption Loss	276.27	110.00	-	166.27*	242.28*	NA
<b>Total</b>	<b>339.47</b>	<b>156.00</b>	<b>3.16</b>	<b>180.31</b>	<b>275.51</b>	<b>66.74</b>

\* Included in Contingent Assets in Para 2 to Note 34



- (ii) Chutak Power Station, which was under shutdown w.e.f. 28.06.2015 due to sudden rise of water in Power House upto Turbine floor and partially Generator floor, has been restored during the months of August and September 2015. The Assets of the power station and loss of generation are covered under Mega Risk Policy. Status of Insurance claim as on 31.03.2017 is as under:

(₹ in Crore)

Particulars of claims	Updated claim lodged	Amount received	Amount charged to Statement of P&L	Balance receivable		
				As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Against material damage	7.93	-	2.00	5.93	5.93	NA
Business Interruption Loss	19.87	1.80	-	18.07*	19.87*	NA
<b>Total</b>	<b>27.80</b>	<b>1.80</b>	<b>2.00</b>	<b>24.00</b>	<b>25.80</b>	<b>NA</b>

\* Included in Contingent Assets in Para 2 to Note 34

- (ii) Dhauliganga Power Station which was closed due to cloud burst and high flood on 17.06.2013 has since been restored during the months of May/June 2014. The Assets of the power station and Loss of Generation are covered under Mega Risk Policy. Status of Insurance claim as on 31.03.2017 is as under:

(₹ in Crore)

Particulars of claims	Updated claim lodged	Amount received	Amount charged to Statement of P&L	Balance receivable		
				As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Against material damage	189.50	105.00	2.00	82.50	135.91	121.48
CPM damage	0.31	0.30	0.01	-	0.43	NA
<b>Business Interruption Loss:</b>						
-On account of generation loss	348.36	190.00	-	158.36*	154.71*	191.57*
-On account of increased cost of working	3.25	-	-	3.25*	NA	NA
<b>Total</b>	<b>541.42</b>	<b>295.30</b>	<b>2.01</b>	<b>244.11</b>	<b>291.05</b>	<b>313.05</b>

\* Included in Contingent Assets in Para 2 to Note 34

32. Board of Directors in its meeting held on 20.03.2014 discussed that the viability of Bursar HE Project is dependent upon financial support from Govt. of India and Govt. of Jammu & Kashmir. Ministry of Power (MOP), Govt. of India was approached to provide funding for Survey & Investigation of Bursar Project to make it viable. As advised by the MoP, Ministry of Water Resources (MoWR) was approached to provide funds. In the meeting held with MoWR on 27.04.2015, it has been informed by the representatives of MoWR that the request of NHPC for release of funds for preparation of DPR is under consideration for approval of Govt. of India. Investigation works on the project are continued and the expenditure of ₹ 225.25 Crore have been incurred and carried forward in capital work in progress. However, as an abundant precaution, provision for this amount has been made in the books of accounts.
33. Kotlibhel-1A project is one of the 24 hydro-electric projects located in the State of Uttarakhand which is covered by the order dated 13.08.2013 of Hon'ble Supreme Court of India directing MoEF not to grant these projects environmental/forest clearance until further order and to examine the significant impact on the bio-diversity of Alaknanda & Bhagirathi river basin. Pending adjudication about the fate of this project, the expenditure incurred amounting to ₹ 305.52 Crore up to 31.03.2017 have been carried under capital work in progress. However, as an abundant precaution, provision for this amount has been made in the books of accounts.

34. In terms of Board Resolution No.6 (2) of the 356th meeting of the Board of Directors held on 05/02/2013 an amount of ₹ **2.49 Crore** has been paid till 31.03.2017 to the State Forest Department towards Basin Study for Tawang I & II projects and other projects in the basin to be reimbursable by the Government of Arunachal Pradesh (GoAP) on pro-rata basis. However as per management, the chance of such recovery is remote and hence such expenditure has been debited to Capital Work in Progress.
35. The Ministry of Environment, Forests & Climate Change (MoEF& CC) vide letter No. F.No.8-85/2011-FC dated 15.04.2015 has accorded the "in-principle" approval for diversion of forest land for construction of Dibang Multipurpose Project (2880 MW). Further, Environment clearance to the Project has been accorded by MoEF& CC vide letter dated 19.05.2015. In view of above, a sum of ₹ **213.84 Crore** incurred on the Project is being carried forward as Capital Work in Progress.
36. Pursuant to meeting of ACB of the company held on 27th May 2017, representation has been sent to the Ministry of Corporate Affairs (MCA) vide letter no. NH/CS/433 dated 29th May 2017 seeking clarification/ exemption on applicability of the Ministry of Corporate Affairs (MCA) notification no. G.S.R. 639(E) dated 29.06.2016. Management is of the opinion that the security deposits held are in the form of retention money for the performance of the contract for supply of goods and provision of services and accordingly not to be treated as deemed deposits in terms of amended rule 2(1)(c)(xii) of the Companies (Acceptance of Deposits) Amendment Rules 2016. In case opinion of the MCA is contrary to the same, exemption has also been sought for the current financial year and compliance thereafter has been assured.

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**As per report of even date**

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

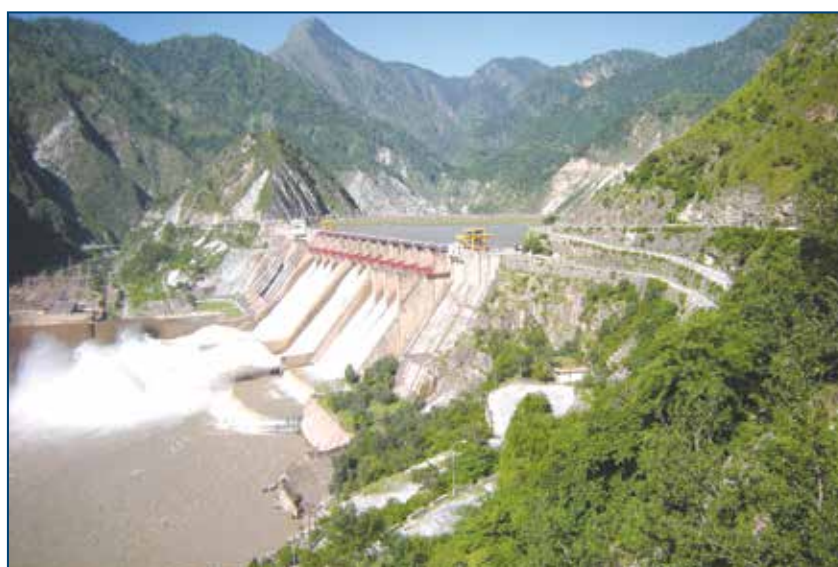
**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**(VASU GUPTA)**  
Partner  
M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017



690 MW SALAL POWER STATION (JAMMU & KASHMIR) - CONCRETE DAM

## Note No. 35: First time adoption of IND AS

### Transition from Indian GAAP to IND AS

These financial statements, for the year ended 31st March, 2017, are the first financial statements the Group has prepared in accordance with Ind AS. For periods upto and including the year ended 31 March, 2016, the Group prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

The accounting policies set out in Note No. 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS Balance Sheet as of 1 April 2015 (date of transition). In preparing its opening Ind AS Balance Sheet, the group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed: Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### i) Optional exemptions:

- a) **Deemed Cost for Property, Plant and Equipment, Investment Property and Intangible Assets:** Since there is no change in functional currency, the Group has availed exemption under paragraph D7AA of Appendix C to IND AS 101 which permits a first time adopter to continue with the carrying values of its Property, Plant & Equipment, Investment Property and Intangible Assets as at the date of transition to IND AS measured at their previous GAAP carrying value.
- b) **Long Term Foreign Currency Monetary Items:** Paragraph D13AA of appendix C to Ind AS 101 permits a first time adopter to continue the policy adopted for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended immediately before the beginning of the first Ind AS financial reporting period as per previous GAAP. The Group has availed the exemption under paragraph D13AA and has continued to apply the accounting policy earlier adopted for accounting of exchange differences arising on restatement of long-term foreign currency monetary items recognised till 31.03.2016.
- c) **Designation of previously recognised financial instruments:** Paragraph D19 of Ind AS 101 allows an entity to designate investment in equity instruments at Fair Value through Other Comprehensive Income (FVTOCI) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly the Group has elected to avail the exemption and designate its investment in equity instruments at Fair value through Other Comprehensive Income (FVTOCI).
- d) **Leases:** Appendix C to Ind AS 17- Leases requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, the assessment should be carried out at the inception of the contract or arrangement. Paragraph D9 of Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such arrangements/contracts based on the conditions in place as at the date of transition.
- e) **Joint ventures:** Paragraph D31AA of Ind AS 101 provides an exemption for changing from proportionate consolidation to the equity method. As per the exemption, when changing from proportionate consolidation to the equity method, an entity should recognise its investment in the joint venture at transition date to Ind AS. That initial investment should be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. The balance of the investment in joint venture at the date of transition to Ind AS, determined in accordance with the above is regarded as the deemed cost of the investment at initial recognition.

The group has elected to apply this exemption for its joint venture.

#### ii) Mandatory exceptions:

- a) **Estimates:** An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the previous GAAP (after adjustment to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for the following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- All assets and liabilities have been classified into financial assets/liabilities and non-financial assets/liabilities.
  - Investments in Equity instruments carried at Fair Value through Other Comprehensive Income (FVTOCI).
  - Investment in debt instruments carried at FVTOCI.
  - Fair valuation of loans to employee such as house building advance, car advance, computer advance and scooter advance using discounted cash flow method. Comparative prevailing interest rate of SBI has been used as discount rate to arrive at the fair value of above said advances.
  - Non-current interest free financial liabilities like Retention money/ security deposit have been fair valued using discounted cash flow method. The weighted average cost of debt of the group for FY 2014-15 has been used as discount rate.
- b) **Classification and measurement of financial assets:** Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
- c) **Government Loan:** Ind AS 101 requires a first-time adopter to apply the requirements in Ind AS 109, *Financial Instruments*, and Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to Ind ASs. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS Balance Sheet. An entity shall apply Ind AS 109 to the measurement of such loans drawn after the date of transition to Ind ASs. Consequently, the group has used its previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance Sheet.
- d) **Non-controlling interests:** Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. This requirement needs to be followed even if this results in the non-controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from the date of transition. Consequently, the group has applied the above requirement prospectively.

#### B) Reconciliations between previous GAAP and Ind AS:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

##### (i) RECONCILIATION OF TOTAL EQUITY AS AT 31ST MARCH 2016 AND 1st APRIL 2015

		(₹ in Crore)	
	Notes to reconciliation on first time adoption	31st March 2016	1st April 2015
Total Equity(Shareholder's Fund) as per Previous GAAP		34,819.27	34,083.18
<b>Adjustments :</b>			
Impact of arrangements/contracts containing a lease	1	817.56	757.10
Fair valuation of Investments	2	86.01	116.27
Fair valuation of Financial Assets and Financial liabilities other than investments	3	12.33	18.74
Rebate to Customers (Upfront Provision)	4	(1.40)	(1.46)
Discounting of Provisions	5	7.94	9.71
Proposed Dividend (including dividend tax)	6	854.32	580.12
Investments-adjustment of premium/discount on acquisition	7	0.66	0.43

		(₹ in Crore)	
	Notes to reconciliation on first time adoption	31st March 2016	1st April 2015
Change in policy for recognition of Property, Plant & Equipment (PPE)	8	17.08	-
Remeasurement of Post-Employment Benefit obligations	9	(12.75)	-
Grants in Aid - Classified as Deferred Income	10	(1,309.07)	(1,366.65)
Net effect of JV Consolidated using Equity Method	11	(2.98)	(3.11)
Deferred Tax on Undistributed Earnings of Subsidiaries	12	(434.02)	(396.35)
Tax effect of adjustments	13	(44.14)	(9.45)
<b>Total Adjustments</b>		<b>(8.46)</b>	<b>(294.65)</b>
<b>Total equity as per IND AS</b>		<b>34,810.81</b>	<b>33,788.53</b>

(ii) RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2016

		(₹ in Crore)	
Particulars	Notes to reconciliation on first time adoption	31st March 2016	
Profit after tax as per Previous GAAP		2,919.59	
<b>Adjustments:</b>			
Impact of arrangements/contracts containing a lease	1	60.46	
Fair valuation of Financial Assets and Financial liabilities other than Investments	3	(6.41)	
Rebate to Customers (Upfront Provision)	4	0.06	
Discounting of Provisions	5	(1.77)	
Investments-adjustment of premium/discount on acquisition	7	0.23	
Change in policy for recognition of Property, Plant & Equipment (PPE)	8	17.08	
Remeasurement of Post-Employment Benefit obligations	9	(36.69)	
Grants in Aid - Classified as Deferred Income	10	35.66	
Net effect of JV Consolidated using Equity Method	11	0.06	
Deferred Tax on Undistributed Earnings of Subsidiaries	12	(37.67)	
Tax effect of adjustments made on transition to Ind AS	13	(34.69)	
<b>Total Adjustments</b>		<b>(3.68)</b>	
<b>Profit after tax as per IND AS (A)</b>		<b>2915.91</b>	
<b>Other comprehensive income</b>			
- Remeasurement of Post-Employment Benefit obligations	9	23.94	
- Fair valuation of Equity Investment	2	(20.78)	
- Fair valuation of Investment in Debt Instruments	2	(0.08)	
<b>Other comprehensive income (B)</b>	<b>13</b>	<b>3.08</b>	
<b>Total comprehensive income (A+B)</b>		<b>2918.99</b>	

**(iii) IMPACT OF IND AS ADOPTION ON CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ in Crore)

	Notes to reconciliation on first time adoption	Previous GAAP	Adjustments	Ind AS
Net cash flow from Operating activities		5428.59	542.12	5970.71
Net cash flow from Investing activities		(884.89)	138.67	(746.22)
Net cash flow from Financing activities		(4005.33)	5.01	(4000.32)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>15</b>	<b>538.37</b>	<b>685.80</b>	<b>1224.17</b>
Cash and cash equivalents as at 1st April 2015		6892.22	(6695.87)	196.35
<b>Cash and cash equivalents as at 31st March 2016</b>		<b>7430.59</b>	<b>(6010.07)</b>	<b>1420.52</b>

**Notes to Reconciliation on First Time Adoption:**
**Note 1: Impact of Arrangements/Contracts Containing a Lease**

Under previous GAAP the investment in power generating stations had been accounted as fixed assets in the books of the group. These assets were carried at historical cost and depreciation was charged to the Statement of Profit and Loss. Revenue from these power stations was accounted on the basis of sale of power made to the beneficiaries. The Group has classified certain Power Stations as Finance Lease arrangements as per Appendix-C to Ind AS 17- *Leases*. Accordingly the investment in the plant is recognised as a Lease Receivable and Property, Plant and Equipment (PPE) have been derecognised from the books of accounts. Each lease receipt is allocated between the principal repayment and income from Finance Lease. Consequent to the above the total equity has increased by ₹ **817.56 Crore** as on March 31, 2016 (₹ **757.10 Crore** as on April 1, 2015) and Total Comprehensive Income increased by ₹ **60.46 Crore** for the year ended March 31, 2016 on account of reversal of depreciation charged to the Statement of Profit and Loss in excess of recovery toward lease receivables.

**Note 2: Fair valuation of investments**

Under the previous GAAP, investments in equity instruments and debt instruments were classified based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. Fair value changes with respect to investments in equity instruments and debt instruments designated as at Fair value through OCI (FVTOCI) have been recognised in FVTOCI – Equity investments Reserve and FVTOCI –Debt investments Reserve, as at the date of transition and subsequently in the other comprehensive income for the year ended March 31, 2016. Consequent to the above, the total Equity as at March 31, 2016 increased by ₹ **86.01 Crore** (₹ **116.27 Crore** as at April 1, 2015) and Total Comprehensive Income for the year ended March 31, 2016 decreased by ₹ **20.86 Crore**.

**Note 3: Fair valuation of Financial Assets and Financial liabilities on initial recognition**

Under the previous GAAP, long term employee loans (such as house building advance, car advance, computer advance and scooter advance) and long term retention money/security deposits (that are repayable in cash on completion of the contractual term) are recorded at their transaction value. Under Ind AS, all financial Instruments are required to be initially recognised at fair value. Accordingly, the Group has fair valued these financial Instruments under Ind AS. Consequent to this change total equity increased by ₹ **12.33 Crore** as at March 31, 2016 (₹ **18.74 Crore** as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 decreased by ₹ **6.41 Crore** due to unwinding of interest and amortisation of deferred employee cost, partially off-set by the notional interest income recognised on employee loans.

**Note 4: Rebate to customers (upfront provision)**

Under the previous GAAP rebate to customers was recognised in the Statement of Profit and Loss on actual basis. Revenue was being recognised on gross basis inclusive of rebate given to customers. Under Ind AS revenue arising on a transaction is to be measured at the fair value of the consideration received or receivable taking into account the amount of trade discounts/rebate allowed by the Group. Accordingly, sale of power has been disclosed net of rebate to customers. Rebate to customers is now required to be accounted on accrual basis by way of estimation.



Consequently total equity decreased by ₹ 1.40 Crore as at March 31, 2016 (₹ 1.46 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 increased by ₹ 0.06 Crore due to upfront provisioning of rebate allowed to customers.

#### **Note 5: Discounting of provisions**

Under the previous GAAP, discounting of provisions was not allowed. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value is material. Accordingly, non-current provisions have been discounted to their present values. Consequently total equity increased by ₹ 7.94 Crore as at March 31, 2016 (₹ 9.71 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 decreased by ₹ 1.77 Crore due to unwinding of interest.

#### **Note 6: Proposed dividend**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend (including dividend distribution tax) of ₹ 854.32 Crore as at March 31, 2016 (₹ 580.12 Crore as at April 1, 2015) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

#### **Note 7: Investments-adjustment of premium/discount on acquisition**

Under previous GAAP, interest was recognised in statement of profit and loss without considering premium/discount on acquisition of debt instruments. Under Ind AS, such premium/discount on acquisition of investments in debt instruments is required to be deducted from the carrying amount of investment at initial recognition. Interest income from these financial assets is recognized in the Statement of Profit and Loss using the effective interest rate method after considering premium/discount. Consequently total equity increased by ₹ 0.66 Crore as at March 31, 2016 (₹ 0.43 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 increased by ₹ 0.23 Crore due to adjustment of premium/discount on acquisition.

#### **Note 8: Change in the accounting policy for recognition/derecognition of Property Plant & Equipment (PPE):**

Under previous GAAP, machinery spares procured along with the plant & machinery or subsequently and whose use is expected to be irregular are capitalized, either separately (when cost of such spares are known) or with the mother plant. Written down value (WDV) of the subsequently purchased machinery spares was being charged off to Statement of Profit and Loss in the year in which they were replaced in place of retrieved spares, provided the spares so retrieved did not have any useful life. Similarly, value of such spares, procured and replaced in place of retrieved spares, were being charged off to Statement of profit and loss in that year itself, provided spares so retrieved did not have any useful life. Under Ind AS, spares parts (procured along with the Plant & Machinery or subsequently) which meet the recognition criteria of PPE are capitalized. The carrying amount of those spare parts that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Consequently total equity increased by ₹ 17.08 Crore as at March 31, 2016 (₹ Nil as at April 1, 2015). The total comprehensive income for the year ended on 31 March 2016 increased by ₹ 17.08 Crore due to change in accounting policy for PPE.

#### **Note 9: Remeasurement of post-employment benefit obligations**

Under Ind AS 19- Employee Benefits, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in OCI instead of the Statement of Profit or Loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Consequently, the other comprehensive income for the year ended March 31, 2016 increased by ₹ 23.94 Crore (net of tax) while profit for the year decreased by ₹ 36.69 Crore. Accordingly total equity decreased by ₹ 12.75 Crore as at March 31, 2016 (₹ Nil as at April 1, 2015) due to tax impact on the amount classified to OCI.

#### **Note 10: Grants in Aid - Classified as Deferred Income**

Under the previous GAAP, grant in Aid was classified as part of Reserve & Surplus. Under Ind AS, grant related to assets has been classified as deferred income and is amortised on the useful life of the related assets. Accordingly, grant in aid has been presented under non-current liabilities instead of other equity. Consequently total equity decreased by ₹ 1309.07 Crore as at March 31, 2016 (₹ 1366.65 Crore as at April 1, 2015). The total comprehensive income for the year ended March 31, 2016 increased by ₹ 35.66 Crore due to amortisation of grant.

**Note 11: Net effect of JV Consolidated using Equity Method**

Under the previous GAAP, joint ventures were classified as joint controlled entities and accounted for using the proportionate consolidation method. Under Ind AS, these joint ventures are accounted for using the equity method based on the balances as at the transition date. An impairment assessment has been performed as at 1 April 2015 and no impairment provision is considered necessary.

**(a) Impact on Total Equity**

	(₹ in Crore)	
Proportionate Share net of adjustments consolidated under Indian GAAP	31-Mar-16	01-Apr-15
Total Assets	54.16	37.94
Total Liabilities	43.76	36.49
Net Addition in Reserve for JV under Indian GAAP (proportionate Consolidation)	10.40	1.45
Net Addition in other Equity under equity method	7.43	(1.67)
<b>Net effect of JV Consolidated using Equity Method</b>	<b>(2.98)</b>	<b>(3.11)</b>

**(b) Impact on Total Comprehensive Income**

	(₹ in Crore)
Proportionate Share net of adjustments consolidated under Indian GAAP	31-Mar-16
Revenue	1.92
Expenses	0.09
Taxes	0.66
Profit after Tax proportionately consolidated	1.17
Share of Net Profit of Joint Ventures accounted for using the equity method	1.23
<b>Net effect of JV Consolidated using Equity Method</b>	<b>0.06</b>

**(c) Summarised statement of cash flows of Joint Ventures for the year ended 31 March 2016 not considered under Ind AS in the consolidated statement of cash flows:**

	(₹ in Crore)
	31-Mar-16
Opening cash and cash equivalents 1 April 2015	47.67
Cash flow from operating activities	5.74
Cash flow from investing activities	(45.71)
Cash flow from financing activities	5.60
<b>Closing cash and cash equivalents 31 March 2016</b>	<b>13.30</b>

**Note 12: Deferred Tax on Undistributed Earnings of Subsidiaries**

Under previous GAAP, tax expense in the consolidated financial statements was computed by performing line by line addition of tax expense of the parent and its subsidiaries. No adjustment to tax expense was made on consolidation. Under Ind AS, deferred taxes are also recognised on undistributed profits of subsidiaries. Consequently total equity decreased by ₹ 434.02 Crore as at March 31, 2016 (₹ 396.35 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 decreased by ₹ 37.67 Crore due to increase in tax expenses.

**Note 13: Tax effect of adjustments made on transition to Ind AS**

Deferred tax has been recognised on all the adjustments made on transition to Ind AS. Accordingly total equity decreased by ₹ 44.14 Crore as at March 31, 2016 (₹ 9.45 Crore as at April 1, 2015). The Total Comprehensive Income for the year ended March 31, 2016 increased by ₹ 34.69 Crore due to such adjustments.

**Note 14: Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, fair value gains or (losses) on FVTOCI equity instruments and fair value gains or (losses) on FVTOCI debt instruments net of tax. The concept of Other Comprehensive Income did not exist under previous GAAP. The Total Comprehensive Income for the year ended March 31, 2016 increased by ₹ 3.08 Crore due to such adjustments.

**Note 15: Impact of Ind AS adoption on the cash flows for the year ended March 31, 2016**

Under the previous GAAP, all the Bank Balances were part of Cash & Cash Equivalents. However, as per IND AS, only short term Bank Deposit with original maturity of less than three months form part of Cash & Cash Equivalent. Accordingly, bank deposits amounting to ₹ 5863.01 Crore (previous year ₹ 6418.72 Crore) and ₹ 147.06 Crore (previous year ₹ 277.15 Crore) which were classified as Cash & Cash Equivalents in Indian GAAP are classified as "Current- Financial Assets - Bank Balances Other than Cash & Cash Equivalents" and "Non-Current-Financial Assets- Other Financial Assets" respectively under Ind AS. The changes in Bank deposits which are not classified as Cash & Cash Equivalents of ₹ 685.80 Crore forms the part of Operating Activities and Investing Activities in Cash Flow Statement.

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**  
Company Secretary

**MAHESH KUMAR MITTAL**  
Director (Finance)  
DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
DIN 02223301

**As per report of even date**

**For S N Dhawan & Co. LLP**  
(Chartered Accountants)  
FR No. 000050N/N500045

**For Gupta Gupta & Associates**  
(Chartered Accountants)  
FR No. 001728N

**For Ray & Ray**  
(Chartered Accountants)  
FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
M. No. 084993

**(VASU GUPTA)**  
Partner  
M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
M. No. 51028

Place : New Delhi  
Date : 30th May, 2017

**For Consolidated Financial Statements**
**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
 Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part "A": Subsidiaries**

1	Sl. No.	1	2	3
2	Name of the subsidiary	NHDC Ltd.	Loktak Downstream Hydroelectric Corporation Ltd.	Bundelkhand Saur Urja Ltd.
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March	31st March	31st March
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR
5	Share capital	19,625,800,000	1,176,923,090	10,000,000
6	Reserves & surplus	49,195,396,801	187,521,124	(3,968,319)
7	Total assets	88,085,964,615	1,421,327,534	132,519,596
8	Total Liabilities	19,264,767,814	56,883,320	126,487,915
9	Investments	Nil	Nil	Nil
10	Turnover	13,069,243,994	Nil	Nil
11	Profit before taxation*	12,603,552,213	16,321,264	431,709
12	Provision for taxation**	3,290,722,141	5,216,423	3,662,118
13	Profit after taxation	9,312,830,072	11,104,841	(3,230,409)
14	Proposed dividend	Nil	Nil	Nil
15	% of shareholding	51.08%	74.00%	99.99%

\* Including income on regulatory deferral account balances.

\*\* Provision for taxation includes tax expenses and tax on regulatory deferral account balances.

1. Names of subsidiaries which are yet to commence operations	1. Loktak Downstream Hydroelectric Corporation Ltd. 2. Bundelkhand Saur Urja Ltd.
2. Names of subsidiaries which have been liquidated or sold during the year.	Nil

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures		Chenab Valley Power Projects Pvt. Ltd.	National High Power Test Laboratory (P) Ltd.
1	Latest audited Balance Sheet Date	31st March 2017	31st March 2016
2	Shares of Associate/Joint Ventures held by the company on the year end No.	460,000,000	30,400,000
	Amount of Investment in Associates/Joint Venture	4,600,000,000	304,000,000
	Extend of Holding %	49.78%	20%
3	Description of how there is significant influence	N.A.	N.A.
4	Reason why the associate/joint venture is not consolidated	N.A.	N.A.
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	4,706,002,638	299,658,000
6	Profit / Loss for the year		
	i Considered in Consolidation	27,380,877	Nil
	ii Not Considered in Consolidation	27,622,893	Nil
1. Names of associates or joint ventures which are yet to commence operations.		1. Chenab Valley Power Projects Pvt. Ltd. 2. National High Power Test Laboratory (P) Ltd.	
2. Names of associates or joint ventures which have been liquidated or sold during the year.		National Power Exchange Ltd. has been liquidated during the year.	

**VIJAY GUPTA**  
Company Secretary

**For and on behalf of the Board of Directors**  
**MAHESH KUMAR MITTAL**  
 Director (Finance)  
 DIN 02889021

**K M SINGH**  
Chairman & Managing Director  
 DIN 02223301

**For S N Dhawan & Co. LLP**  
 (Chartered Accountants)  
 FR No. 000050N/N500045

**As per report of even date**  
**For Gupta Gupta & Associates**  
 (Chartered Accountants)  
 FR No. 001728N

**For Ray & Ray**  
 (Chartered Accountants)  
 FR No. 301072E

**(S.K. KHATTAR)**  
Partner  
 M. No. 084993

**(VASU GUPTA)**  
Partner  
 M. No. 537545

**(BARUN KUMAR GHOSH)**  
Partner  
 M. No. 51028

Place : New Delhi  
 Date : 30th May, 2017

**Annexure-XII****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b)  
OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NHPC LIMITED, FARIDABAD  
FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of financial statements of NHPC Limited, Faridabad for the year ended 31st March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 30<sup>th</sup> May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Act of the financial statements of NHPC Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. on the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on behalf of the  
Comptroller & Auditor General of India**

**Sd/-  
(Ritika Bhatia)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-III,  
New Delhi**

Place: New Delhi  
Date: 19<sup>th</sup> July 2017

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NHPC LIMITED FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of consolidated financial statements of NHPC Limited for the year ended 31<sup>st</sup> March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129(4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 30<sup>th</sup> May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) read with Section 129(4) of the Act of the consolidated financial statements of NHPC Limited for the year ended 31 March 2017. We conducted a supplementary audit of the financial statements of NHPC Limited, NHDC Limited, Chenab Valley Power Projects Private Limited and Loktak Downstream Hydroelectric Corporation Limited but did not conduct supplementary audit of the financial statements of Bundelkhand Saur Urja Limited and National High Power Test Laboratory Private Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

on the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on behalf of the  
Comptroller & Auditor General of India**

**Sd/-  
(Ritika Bhatia)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-III,  
New Delhi**

Place: New Delhi  
Date: 19<sup>th</sup> July 2017





*Shri Ratish Kumar, the then CMD & Director (Projects) alongwith Senior Officers of NHPC during the blood donation camp organized to commemorate the 75<sup>th</sup> Anniversary of Quit India Movement on 25.08.2017 wherein Shri N.K. Jain, Director (Personnel) is donating blood.*



***'Kalash' scheme:** An initiative for safe drinking water facility taken by Subansiri Lower Project in Dhemaji, Lakhimpur and Jorhat districts of Assam.*



**330 MW Kishanganga Project (J&K) – Upstream view of Dam**



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**एनएचपीसी लिमिटेड**  
(भारत सरकार का उद्यम)



**NHPC Limited**  
(A Government of India Enterprise)

CIN L40101HR1975GOI032564

एनएचपीसी कार्यालय परिसर, सैक्टर - 33, फरीदाबाद - 121003, हरियाणा (भारत) वेबसाइट : [www.nhpcindia.com](http://www.nhpcindia.com)  
NHPC Office Complex, Sector - 33, Faridabad - 121003, Haryana (India) Website : [www.nhpcindia.com](http://www.nhpcindia.com)  
EPABX : 0129-2278421 / 422 / 423