

NHPC LTD.
(A Government of India Enterprise)
SECTOR-33, FARIDABAD, HARYANA - 121 003
AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER 2013

(₹ in lacs)

	PARTICULARS	Quarter ended 30.09.2013 (audited)	Quarter ended 30.06.2013 (audited)	Quarter ended 30.09.2012 (unaudited)	Half year ended 30.09.2013 (audited)	Half year ended 30.09.2012 (unaudited)	Year ended 31.03.2013 (audited)
PART I							
1	Income from operations						
	(a) Net Sales/ Income from operations *	161,521	160,051	170,073	321,572	309,985	504,913
	(b) Other operating income	3,481	1,909	7,171	5,390	9,704	25,751
	Total Income from operations (net)	165,002	161,960	177,244	326,962	319,689	530,664
2	Expenses						
	(a) Employee benefit expense	21,422	23,244	23,480	44,666	44,629	88,741
	(b) Depreciation & amortization expense	28,254	27,601	25,339	55,855	47,545	96,929
	(c) Other expenses	41,711	31,708	33,415	73,419	64,054	109,522
	Total expenses	91,387	82,553	82,234	173,940	156,228	295,192
3	Profit from operations before other income, finance costs and exceptional items (1-2)	73,615	79,407	95,010	153,022	163,461	235,472
4	Other Income	30,021	24,855	24,082	54,876	48,359	99,278
5	Profit from operations before finance cost and exceptional items (3+4)	103,636	104,262	119,092	207,898	211,820	334,750
6	Finance cost	12,031	11,606	10,471	23,637	18,447	38,538
7	Profit from operations after finance costs but before exceptional items (5-6)	91,605	92,656	108,621	184,261	193,373	296,212
8	Exceptional items	-	-	-	-	-	(24,001)
9	Profit from ordinary activities before tax (7-8)	91,605	92,656	108,621	184,261	193,373	320,213
10	Tax expense						
	a) Current Tax	18,978	18,541	20,662	37,519	37,158	58,741
	b) Adjustments relating to earlier years	-	-	985	-	985	985
	c) Deferred Tax	1,869	2,189	8,636	4,058	9,911	25,665
	Total Tax expense(a+b+c)	20,847	20,730	30,283	41,577	48,054	85,391
11	Net Profit from ordinary activities after tax (9-10)	70,758	71,926	78,338	142,684	145,319	234,822
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net Profit (11-12)	70,758	71,926	78,338	142,684	145,319	234,822
14	Paid-up equity share capital (of Face Value ₹ 10/- per share)	1,230,074	1,230,074	1,230,074	1,230,074	1,230,074	1,230,074
15	Paid-up Debt Capital	-	-	-	1,964,511	1,777,681	1,862,730
16	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	1,553,976
17	Debenture Redemption Reserve	-	-	-	64,955	41,463	64,955
18	Earning per share (EPS) (in ₹) before extraordinary items (of ₹ 10/- each) (not annualised):						
	(a) Basic & Diluted EPS (before Extraordinary items)	0.58	0.58	0.64	1.16	1.18	1.91
	(b) Basic & Diluted EPS (after Extraordinary items)	0.58	0.58	0.64	1.16	1.18	1.91
19	Debt Equity Ratio	-	-	-	0.66	0.64	0.67
20	Debt service coverage ratio (DSCR)	-	-	-	5.10	5.87	4.31
21	Interest service coverage ratio (ISCR)	-	-	-	11.91	15.47	13.22

* Net Sales includes proportionate amount of Advance against Depreciation written back.

PART II-SELECT INFORMATION

A	PARTICULARS OF SHAREHOLDING						
	1. Public shareholding						
	- Number of shares	1677374015	1677374015	1677374015	1677374015	1677374015	1677374015
	- Percentage of shareholding	13.64	13.64	13.64	13.64	13.64	13.64
	2. Promoters and Promoter Group Shareholding						
	a) Pledged/ Encumbered						
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
	b) Non-encumbered						
	- Number of shares	10623368758	10623368758	10623368758	10623368758	10623368758	10623368758
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	86.36	86.36	86.36	86.36	86.36	86.36

B INVESTOR COMPLAINTS

Particulars	3 months ended 30.09.2013
Pending at the beginning of the quarter	2
Received during the quarter	457
Disposed during the quarter	457
Remaining unresolved at the end of the quarter	2

STANDALONE STATEMENT OF ASSETS AND LIABILITIES


(₹ in lacs)

PARTICULARS		As at half year ended 30.09.2013 (audited)	As at year ended 31.03.2013 (audited)
A	EQUITY AND LIABILITIES		
1	SHAREHOLDERS' FUNDS		
(a)	Share Capital	1,230,074	1,230,074
(b)	Reserves and Surplus	1,697,260	1,553,976
	Sub-total - Shareholders's funds	2,927,334	2,784,050
2	Share application money pending allotment	-	-
3	NON-CURRENT LIABILITIES		
(a)	Long Term Borrowings	1,832,468	1,741,752
(b)	Deferred Tax Liabilities (Net)	50,127	46,069
(c)	Other Long Term Liabilities	182,217	170,569
(d)	Long Term Provisions	75,860	72,192
	Sub-total - Non-Current Liabilities	2,140,672	2,030,582
4	CURRENT LIABILITIES		
(a)	Short Term Borrowings	-	-
(b)	Trade Payables	15,979	17,941
(c)	Other Current Liabilities	333,703	276,660
(d)	Short Term Provisions	324,990	341,267
	Sub-total - Current Liabilities	674,672	635,868
	TOTAL- EQUITY & LIABILITIES	5,742,678	5,450,500
B	ASSETS		
1	NON-CURRENT ASSETS		
(a)	Fixed Assets	3,899,240	3,774,900
(b)	Non Current Investments	239,919	240,061
(c)	Long-term loans and advances	114,941	123,874
(d)	Other non-current assets	121,461	94,437
	Sub-total - Non-Current Assets	4,375,561	4,233,272
2	CURRENT ASSETS		
(a)	Current Investments	25,187	25,074
(b)	Inventories	6,291	5,707
(c)	Trade Receivables	248,146	204,905
(d)	Cash & Cash equivalents	679,454	561,601
(e)	Short-term Loans and Advances	236,676	209,956
(f)	Other Current Assets	171,363	209,985
	Sub-total - Current Assets	1,367,117	1,217,228
	TOTAL- ASSETS	5,742,678	5,450,500

- 1 a) Electricity generation is the principal business activity of the Company. Other operations viz., Contract, Project Management and Consultancy Works do not form a reportable segment as per Accounting Standard - 17 on Segment Reporting as notified under "The Companies Accounting Standard Rules 2006". The operations of the Company are mainly carried out within the Country and therefore, Geographical Segments are not applicable.
- b) The Company is having a single geographical segment as all its power stations are located within the country.
- 2 In view of the seasonal nature of business, the financial results of the current quarter may not be comparable with other quarters of the current financial year.
- 3 During the half year ended 30.09.2013, all the four units of 132 MW (4x 33MW) Teesta Low Dam-III Power Station(TLDP-III) have come into commercial operation (2 units w.e.f 01.04.2013, 1 unit w.e.f 01.05.2013 and 1 unit w.e.f 19.05.2013).
- 4 During the period subsequent to 30.09.2013, all the three units of 45 MW (3X15 MW) Nimmo Bazgo HE Project have been commissioned w.e.f 10.10.2013 and two units (60 MW each, totalling 120 MW) out of four units of Uri-II HE Project have also been put on commercial operation w.e.f 11.10.2013.
- 5 During the previous quarter, due to cloud burst and unprecedented high flood in Uttarakhand, water entered into Dhauliganga Power Station (280 MW) and submerged all the system in the early hours of June 17, 2013 resulting into stoppage of generation from the plant and damage of Generating Plant and Machinery and various ancillary structures of the power station. The Assets of the power station and Loss of Generation are covered under Mega Insurance Policy. However, loss beyond excess clause, if any, to be borne by the Company shall be determined after receipt of the Final Survey Report and impact thereof shall be accounted for accordingly. Restoration work is underway in the Power Station. An on-account payment of ₹35 crore has been received from Insurance Company during the month of October, 2013 against claim for loss of assets.
- 6 a) Sales have been recognized as per final tariff notified by Central Electricity Regulatory Commission (CERC), except for Teesta-V, Chamera III, Chutak & TLDP-III Power Stations. In respect of Teesta-V, Chamera-III & Chutak Power Stations, sales have been recognised based on provisional tariff as notified by CERC and in respect of TLDP-III Power Station, sales have been recognised provisionally based on 85% of capital cost filed with CERC.
- b) For the purpose of recognizing sales for the half year ended 30.09.2013, Return on Equity (ROE) (a component of tariff) has been grossed up using Minimum Alternate Tax (MAT) rate of FY 2013-14, till review of applicable rate of tax (MAT or Normal) at year end.
- c) Sales includes ₹ 49,959 Lacs for the half year ended 30.09.2013 (corresponding previous period ₹ 47,122 Lacs) which is yet to be billed.
- d) Tariff regulation notified by CERC vide notification dated 19.01.2009 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, during the half year ended 30.09.2013, an amount of ₹ 982 Lacs (corresponding previous period ₹1,425 Lacs) has been provided in the books as an abundant precaution.
- 7 Out of the Initial Public Offering (IPO) proceeds of ₹6,03,855 lacs made during financial year 2009-10, ₹ 2,01,285 lacs was paid to Ministry of Power, Govt. of India and ₹4,02,570 lacs was retained by company. Out of ₹ 4,02,570 lacs, a sum of ₹3,10,790 lacs has been utilised up to 30.09.2013 for re-coupmnt of capital expenditure already incurred from internal accruals on the projects specified for utilisation, ₹ 87,909 lacs has been invested in bank deposits as per extant investment policy of the company and ₹ 3,871 lacs recouped for meeting IPO expenditure.

- 8 With the permission of Government of India, the Board resolved on 17.09.2013 for public issue of Tax Free Bonds amounting to ₹ 1,000 crores. The issue opened on 18.10.2013 which has been fully subscribed. The allotment was completed on 02.11.2013 and the same has been listed on the stock exchanges on 07.11.2013.
- 9 The Board of Directors in their meeting held on 24th October, 2013 has approved buy back of 1,230,074,277 equity shares of ₹ 10 each at a price of ₹ 19.25 per share from the existing shareholders/ beneficial owners on proportionate basis through the Tender Offer Process. The company has filed the Draft Letter of offer with Securities Exchange Board of India (SEBI) for approval on 5th November, 2013. The buy back process will commence once SEBI accords its approval for the same.
- 10 (1)(a) Statutory Auditors have given following qualification on the Accounts for the half year ended 30.09.2013:-
 " Management has included Borrowing Cost of ₹ 57,205 Lacs and Administrative & Other Cost of ₹ 20,515 Lacs in Capital Work in Progress incurred on Subansiri Lower H.E. Project, wherein active development of project is interrupted. Accounting Standards require these expenditure incurred during interruption period be charged to Statement of Profit & Loss."
 (b) Statutory Auditors have included the following matters in their audit report on the Accounts for the half year ended 30.09.2013 under "Emphasis of Matter Paragraph", without any qualified opinion in respect of these matters:
 (i) carry forward of cost incurred on survey & investigation of projects;
 (ii) uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others;
 (iii) treatment of expenditure incurred on creation of assets not within the control of the company (Enabling Assets) effects of which has not been made in the financial statements;
 (iv) damage in Dhauliganga Power Station due to floods, resulting in suspension of operations. Losses incurred including consequential losses and loss of profit is considered recoverable from the Insurers by the Management;
 (v) non-provisioning of expenses for Dibang Project, Forest clearance for which has been rejected at the initial stage, however, a draft note for the same has been put up to the Cabinet Committee of Investment.
 (2)(a) Statutory Auditors had given following qualification on the annual accounts for the Financial Year 2012-13 and for the quarter ended 30.06.2013:-
 Capitalisation of borrowing cost and administration & other general overheads in respect of Subansiri Lower H.E Project of the Company, where the work has been interrupted w.e.f. 16.12.2011 having an impact of ₹ 52,657 Lacs(Net of Tax- ₹ 42,122 Lacs) & ₹ 12,231 Lacs(Net of Tax- ₹ 9,667 Lacs) for the year ended 31.03.2013 & quarter ended 30.06.2013 respectively on the Profit of the Company.
 (b) Statutory Auditors had included the following matters in their audit report on Annual Accounts for the Financial Year 2012-13 and for the quarter ended 30.06.2013 under "Emphasis of Matter Paragraph" without any qualified opinion in respect of these matters:
 (i) carry forward of cost incurred on survey & investigation of projects;
 (ii) uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others;
 (iii) treatment of expenditure incurred on creation of assets not within the control of the company (Enabling Assets), effects of which has not been made in the financial statements;
 (iv) damage in Dhauliganga Power Station due to floods, resulting in suspension of operations. Losses incurred including consequential losses and loss of profit is considered recoverable from the Insurers by the Management.
 The above qualifications at S.No.10(1)(a) &10(2)(a) have been addressed as under:-
 In the opinion of Management, since technical and administrative work is continued, borrowing cost and administration & other general overheads have been capitalized with adequate disclosure in the financial statements. Management is reasonably confident that based on past experience, borrowing cost and administration & other general overheads, which have been capitalized, will be allowed to be included in the capital cost of the project and consequently recoverable through tariff.
 Further, as advised by the office of the Comptroller & Auditor General of India (C&AG), the matter has been referred to "Expert Advisory Committee of the Institute of Chartered Accountants of India" (EAC of ICAI) for seeking opinion on the matter. Simultaneously, the issue has also been referred to Ministry of Corporate Affairs through Ministry of Power.
 The above points at S.No. 10(1)(b) & 10(2)(b) on which attention has been drawn by the auditors have been addressed as under:-
 (i) In the opinion of the management, the projects on which survey & investigation expenditure is incurred are still active, therefore the cost incurred on survey & investigation is being carried forward;
 (ii) Company is required to disclose the uncertainty relating to any outflow in respect of Contingent Liability in terms of Para 68 of the Accounting Standard 29, as such the same has been disclosed;
 (iii) The Company is reviewing its accounting practice. However, accounting treatment and disclosures as per existing accounting policy has been continued during the period ended 30.09.2013 . There would be no material impact on profitability of the company due to changed accounting practice.
 (iv) refer note no.5 above.
 (v) In respect of Dibang HE Project, Ministry of Environment & Forest has given its recommendation on the proposal of Ministry of Power to approach cabinet committee for investment for reviewing the decision vide OM No. 11-440/2013-FC dated 21.10.2013. In view of above, Management has decided to wait for final decision and necessary provision in respect of the expenses will be made, if the final outcome is not in favour of the Company.
- 11 Formula used for computation of 'Debt Service Coverage Ratio' (DSCR) = [Profit before Interest, Depreciation and Tax/(Principal repayment, excluding payment under put option+Interest)] and for 'Interest Service Coverage Ratio' (ISCR) = [Profit before Interest, Depreciation and Tax/ Interest]. Interest has been considered net off transferred to expenditure during construction and the principal repayment pertains to loan taken for operational projects.
- 12 The above financial results for the quarter and half year ended 30.09.2013 have been reviewed by Audit Committee of the Board of Directors and approved by the Board of Directors of the Company in their meetings held on 11.11.2013. The same has been audited by the Joint Statutory Auditors of the Company.
- 13 Figures for the quarter ended 30.09.2013 are the balancing figures between audited figures for the half year ended 30.09.2013 and audited figures for the quarter ended 30.06.2013.
- 14 During the quarter ended 30.09.2013, the company has paid final dividend of ₹ 0.60 per equity share (face value ₹ 10/= each) for the financial year 2012-13.
- 15 Figures for the previous periods have been re-grouped/re-arranged/re-cast wherever necessary.

For and on behalf of the Board of Directors of
NHPC Limited


(A. B. I. SRIVASTAVA)
DIRECTOR(FINANCE)

DIN - 01601682

Place : New Delhi
Date : 11.11.2013