

NHPC LTD.
(A Government of India Enterprise)
SECTOR-33, FARIDABAD, HARYANA - 121 003
UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2013

(₹ in lacs)

	PARTICULARS	Quarter ended 31.12.2013 (unaudited)	Quarter ended 30.09.2013 (audited)	Quarter ended 31.12.2012 (unaudited)	Nine months ended 31.12.2013 (unaudited)	Nine months ended 31.12.2012 (unaudited)	Year ended 31.03.2013 (audited)
PART I							
1	Income from operations						
	(a) Net Sales/ Income from operations *	1,12,338	1,61,521	91,157	4,33,910	4,01,142	5,04,913
	(b) Other operating income	2,125	3,481	9,880	7,515	19,584	25,751
	Total Income from operations (net)	1,14,463	1,65,002	1,01,037	4,41,425	4,20,726	5,30,664
2	Expenses						
	(a) Employee benefit expense	24,714	21,422	20,512	69,380	65,141	88,741
	(b) Depreciation & amortization expense	31,556	28,254	23,920	87,411	71,465	96,929
	(c) Other expenses	25,250	41,711	19,633	98,669	83,687	1,09,522
	Total expenses	81,520	91,387	64,065	2,55,460	2,20,293	2,95,192
3	Profit from operations before other income, finance costs and exceptional items (1-2)	32,943	73,615	36,972	1,85,965	2,00,433	2,35,472
4	Other Income	25,238	30,021	19,355	80,114	67,714	99,278
5	Profit from operations before finance cost and exceptional items (3+4)	58,181	1,03,636	56,327	2,66,079	2,68,147	3,34,750
6	Finance cost	15,115	12,031	9,892	38,752	28,339	38,538
7	Profit from operations after finance costs but before exceptional items (5-6)	43,066	91,605	46,435	2,27,327	2,39,808	2,96,212
8	Exceptional items	-	-	-	-	-	(24,001)
9	Profit from ordinary activities before tax (7-8)	43,066	91,605	46,435	2,27,327	2,39,808	3,20,213
10	Tax expense						
	a) Current Tax	8,722	18,978	8,881	46,241	46,039	58,741
	b) Adjustments relating to earlier years	3	-	-	3	985	985
	c) Deferred Tax	8,406	1,869	6,377	12,464	16,288	25,665
	Total Tax expense(a+b+c)	17,131	20,847	15,258	58,708	63,312	85,391
11	Net Profit from ordinary activities after tax (9-10)	25,935	70,758	31,177	1,68,619	1,76,496	2,34,822
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net Profit (11-12)	25,935	70,758	31,177	1,68,619	1,76,496	2,34,822
14	Paid-up equity share capital (of Face Value ₹ 10/- per share)	11,07,067	12,30,074	12,30,074	11,07,067	12,30,074	12,30,074
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						15,53,976
16	Earning per share (EPS) (in ₹) before extraordinary items (of ₹ 10/- each) (not annualised):						
	(a) Basic & Diluted EPS (before Extraordinary items)	0.21	0.58	0.25	1.37	1.43	1.91
	(b) Basic & Diluted EPS (after Extraordinary items)	0.21	0.58	0.25	1.37	1.43	1.91

* 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	1554458774	1677374015	1677374015	1554458774	1677374015	1677374015
	- Percentage of shareholding	14.04	13.64	13.64	14.04	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	9516209722	10623368758	10623368758	9516209722	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)	85.96	86.36	86.36	85.96	86.36	86.36
B	INVESTOR COMPLAINTS						
	Particulars	3 months ended 30.12.2013					
	Pending at the beginning of the quarter	2					
	Received during the quarter	803					
	Disposed during the quarter	802					
	Remaining unresolved at the end of the quarter	3					



Notes:

- 1 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.
- 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 nine months ended 31.12.2013, the following projects have been put on commercial operation:
 - (i) All the four units of 132 MW (4x 33MW) Teesta Low Dam-III Power Station (TLDP-III) (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);
 - (ii) All the three units of 45 MW (3X15 MW) Nimmo Bazgo HE Project w.e.f 10.10.2013;
 - (iii) Three out of four units of 60 MW each totalling 180 MW of 240 MW Uri-II HE Project (4X60MW) (2 units w.e.f 11.10.2013 and 1 unit w.e.f 01.12.2013).
- 4 During the quarter ended 30.06.2013, due to cloud burst and unprecedented high flood in Uttarakhand, water entered into Dhauliganga Power Station (280 MW) and submerged all the systems 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 ancilliary structures of the power station. The Assets of the power station and Loss of Generation are covered under Mega Insurance Policy. Restoration work is underway in the Power Station. Pending final settlement, on account payment of ₹3,500 Lacs and ₹4,999 Lacs have been received from Insurance Company during the current quarter against claim for loss of assets and business interruption loss respectively. On account payment towards Business Interruption Loss has been included in other income during current quarter. Losses 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.
- 5 Construction activities at site of Subansiri Lower project have been interrupted w.e.f 16.12.2011 due to protest of anti dam activists, however substantial technical and administrative work is continuing. As such administration and other general overhead including borrowing cost directly attributable to project has continued to be capitalised. The construction activities at site are expected to be resumed shortly since the matter is being pursued at the level of Government of India.
- 6 Civil works at Teesta Low Dam-IV project is at halt since 20.03.2013, due to financial difficulties of civil contractor, affecting also the interfacing E&M and HM works.
- 7 a) Sales have been recognized as per final tariff notified by Central Electricity Regulatory Commission (CERC), except for Chamera III, Chutak, TLDP-III, Nimoo-Bazgo & Uri-II Power Stations. In respect of Chamera-III, Chutak & Nimoo-Bazgo Power Stations, sales have been recognised based on provisional tariff as notified by CERC and in respect of TLDP-III & Uri-II 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 nine months ended 31.12.2013, 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 ₹ 37,324 Lacs for the nine months ended 31.12.2013 (corresponding previous period ₹ 52,849 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. To take care of any decrease in tariff, during the nine months ended 31.12.2013, an amount of ₹ 1,533 Lacs (corresponding previous period ₹ 2,294 Lacs) has been provided in the books as an abundant precaution.
- 8 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 ₹3,24,290 lacs has been utilised up to 31.12.2013 for re-coupmnt of capital expenditure already incurred from internal accruals on the projects specified for utilisation, ₹ 74,409 lacs has been invested in bank deposits as per extant investment policy of the company and ₹ 3,871 lacs recouped for meeting IPO expenditure.
- 9 During the quarter, the company has issued Tax Free Bonds through public issue amounting to ₹ 1,00,000 Lacs to be utilised for inter-alia meeting the debt requirement for on going construction projects including recoupmnt of expenditure already incurred . The issue opened on 18.10.2013 which was fully subscribed. The allotment was completed on 02.11.2013 and the same was listed on the stock exchanges on 07.11.2013.
- 10 During the quarter, the company has bought back 123,00,74,277 number of fully paid up equity shares (being 10% of pre buy back equity share capital) of face value of ₹ 10 each at a price of ₹ 19.25/- per equity share payable in cash for an amount aggregating to ₹ 2,36,789 Lacs. Consequently, equity share capital was reduced by ₹ 1,23,007 Lacs and Reserve & Surplus was utilised by ₹ 1,13,782 Lacs.
- 11 (1) Statutory Auditors have given following qualifications in their Limited Review Report on the accounts for the period ended 31.12.2013:-

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 a cumulative impact of ₹70,911 Lacs (net of tax) (including ₹ 28,789 Lacs (net of tax) for the nine months ended 31.12.2013) on the profit of the company.

(2) Statutory Auditors had given following qualification in their Audit Reports on the accounts for the year ended 31.03.2013, quarter ended 30.06.2013 and half year ended 30.09.2013:-

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) and ₹ 25,063 Lacs (Net of Tax- ₹ 19,809 Lacs), for the year ended 31.03.2013, quarter ended 30.06.2013 and half year ended 30.09.2013 respectively on the Profit of the Company.

The above qualifications at S.No.11(1) & 11(2) 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.



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12 (1) Statutory Auditors have included the following matters in Audit Reports on the accounts for the year ended 31.03.2013, quarter ended 30.06.2013 and 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.

The above points 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 and accordingly, the expenditure incurred is being carried forward. However, provision wherever considered necessary has been made in the books;

(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 31.12.2013. There would be no material impact on profitability of the company due to changed accounting practice.

(iv) refer note no.4 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.

13 The above financial results for the quarter and nine months ended 31.12.2013 have been reviewed by Audit Committee of the Board and approved by the Board of Directors of the Company in their meetings held on 31.01.2014. The same has been reviewed by the Joint Statutory Auditors of the Company as required under clause 41 of the Equity Listing Agreement.

14 Figures for the quarter ended 31.12.2013 are the balancing figures between year to date unaudited figures of the nine months ended 31.12.2013 and audited figures for the half year ended 30.09.2013.

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. L. SRIVASTAVA)
DIRECTOR(FINANCE)
DIN - 01601682

Place : New Delhi
Date : 31.01.2014

