NHPC LIMITED.

(A Government of India Enterprise) CIN: L40101HR1975GOI032564

SECTOR-33, FARIDABAD, HARYANA - 121 003

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2016

(Amount ₹ in Lacs)

	PARTICULARS	Quarter Ended	
		30.06.2016 Unaudited	30.06.2015 Unaudited
1	**Income from operations**		
	(a) Net Sales/ Income from operations *	216,604	198,033
	(b) Other operating income	3,075	2,134
	Total Income from operations (net)	**219,679**	**200,167**
2	**Expenses**		
	(a) Employee benefits	32,075	26,720
	(b) Depreciation & amortization	33,840	33,479
	(c) Water usage charges	25,798	24,055
	(d) Other	26,154	23,594
	Total expenses	**117,867**	**107,848**
3	**Profit from operations before other income, finance costs and exceptional items (1-2)**	**101,812**	**92,319**
4	Other Income	16,327	21,605
5	**Profit from operations before finance costs and exceptional items (3+4)**	**118,139**	**113,924**
6	Finance Costs	27,507	27,379
7	**Profit from operations after finance costs but before exceptional items (5-6)**	**90,632**	**86,545**
8	Exceptional items	-	-
9	**Profit before rate regulated income and tax (7-8)**	**90,632**	**86,545**
10	Rate Regulated Income/ (Expenditure)	13,794	13,500
11	**Profit before tax (9+10)**	**104,426**	**100,045**
12	Tax expense		
	a) Current Tax	25,860	20,957
	b) Adjustments relating to earlier years	(7,216)	-
	c) Deferred Tax	-	(729)
	Total Tax expense (a+b+c)	**18,644**	**20,228**
13	**Net Profit after tax (11-12)**	**85,782**	**79,817**
14	Extraordinary items (net of tax expense)	-	-
15	**Net Profit (13-14)**	**85,782**	**79,817**
16	Other Comprehensive Income (Net of Tax)	842	(2,781)
17	**Total Comprehensive Income (15+16)**	**86,624**	**77,036**
18	Paid-up equity share capital (of Face Value ` 10/- per share)	1,107,067	1,107,067
19	Basic & Diluted EPS		
	Earning per share before Regulatory Income (in ₹) (Equity shares, face value of ₹ 10/- each) (not annualized):	0.68	0.63
	Basic & Diluted EPS		
	Earning per share after Regulatory Income (in ₹) (Equity shares, face value of ₹ 10/- each) (not annualized):	0.77	0.72

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

Notes:

1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company in the respective meetings held on 12th August, 2016. Joint Statutory Auditors of the Company have carried out Limited Review of the results for the current quarter and of the corresponding previous quarter.

2(a) The Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2016 and accordingly, these financial results have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015 as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules framed thereunder and the other accounting principles generally accepted in India. Consequently, results for the quarter ended 30th June 2015 have been restated to comply with Ind AS to make them comparable.
In pursuance of SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016, the Company has presented financial results for the current quarter ended 30th June, 2016 and corresponding previous quarter ended 30th June, 2015.

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2(b)	Reconciliation of the standalone financial results under Ind AS and as reported under previous Generally Accepted Accounting Principles (GAAP) for the quarter ended 30th June, 2015 are summarised as below:

Particulars	Ref. to Notes	Amount (₹ in Lacs)
(i) Net Profit after Tax as per previous Indian GAAP		76,717
(ii) Impact of arrangements/contracts containing a lease	a	1,980
(iii) Net Gain/(Loss) on financial assets/ financial liabilities	b	(67)
(iv) Reclassification of actuarial gains/(losses) in respect of employee benefit schemes through OCI	c	1,033
(v) Impact of Prior Period expenses transferred to Opening reserves	d	54
(vi) Change in policy for recognition of Property, Plant & Equipment (PPE)	e	100
(vii) Net Profit after Tax as reported under Ind AS		79,817
Other Comprehensive Income		
- Remeasurements of defined benefit plans	c	(675)
- Investment in Equity Instruments	f	(1,465)
- Investment in Debt Instruments	f	(641)
(viii) Total Other Comprehensive Income (Net of Tax)		(2,781)
(ix) Total Comprehensive Income (TCI)		77,036

	Notes to reconciliation:
	a) Property, Plant and Equipment (PPE) containing a lease arrangement has been de-recognized and shown at fair value as lease receivable as per Ind AS 17- Leases.
	b) The Company has valued financial assets (other than investment in Subsidiaries and Joint Ventures which are accounted at cost) and financial liabilities, at fair value. Impact of fair value changes as on the date of transition, is recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss or Other Comprehensive Income, as the case may be.
	c) Under previous GAAP actuarial gains/losses were recognised in Statement of Profit & Loss. Under Ind AS, the same is recognised in Other Comprehensive Income.
	d) Prior period errors in respect of items of income/expenditure relating to periods before the date of transition to Ind AS have been adjusted against reserves as per Ind AS 8- "Accounting Policies, Changes in Accounting Estimates & Errors."
	e) Impact of change in accounting policy for spares qualifying as asset as per Ind AS 16- 'Property, Plant & Equipment' on the date of transition has been recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss.
	f) Under previous GAAP, non current investments were stated at cost. Where applicable, provision was made to recognise the decline, other than temporary, in valuation of such investments. Under Ind AS 109- 'Financial Instruments', financial assets in equity instruments (other than investment in Subsidiaries and Joint Ventures which are accounted at cost) have been classified at Fair value through Other Comprehensive Income (FVTOCI) by way of an irrevocable election at the date of transition.
3	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 Ind AS 108- 'Operating Segments' specified under Section 133 of the Companies Act, 2013. The operations of the Company are mainly carried out within the country and therefore Geographical Segments are not applicable.
4	Till FY 2015-16, the Company had recognized Regulatory Income in accordance with the Guidance Note on Rate Regulated Activities issued by the Institute of Chartered Accountants of India. With effect from FY 2016-17, 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. Ind AS 114 further provides that for this purpose, Guidance Note of the ICAI on 'Accounting for Rate Regulated Activities' shall be considered to be the previous GAAP. Accordingly, Regulatory Income of ₹ 13794 Lacs for the current quarter (cumulative upto 30.06.2016 ₹ 231826 Lacs) have been recognized in respect of Subansiri Lower Project, where construction activities have been interrupted w.e.f. 16.12.2011 due to protest of anti-dam activists.
5	Pending approval of tariff for the period 2014-19 by the Central Electricity Regulatory Commission (CERC) as per notification No.L-1/144/2013/CERC dt 21st February 2014, sales have been recognized provisionally as per tariff notified by CERC for the period 2009-14 except for Bairasiul, Salal, Chamera-I, Chamera-II, Uri-I, Uri-II, Tanakpur, Dhauliganga, Rangit & Loktak Power stations for which tariff orders for the period 2014-19 have been issued. However, pending 'truing up' of the capital cost for the tariff period 2009-14, sales have been reduced by ₹ 7093 Lacs on estimated basis during the current quarter (corresponding previous quarter ₹ 3580 Lacs) as an abundant precaution.
6	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. Deferred tax liability created for the quarter ended on 30.06.2016 on generating income amounting to ₹ 7007 lacs is accordingly accounted for as deferred tax adjustment against deferred tax liability as the same would get adjusted in effective tax rate in future period.
7	All non-convertible bonds of the Company are secured by way of first paripassu charge over certain immovable assets and movable assets of the Company. The available asset cover exceeds the required cover under terms of various issue offer documents.

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8	Comptroller and Auditor General of India during supplementary audit of the Financial Statements for F.Y. 2015-16 had commented upon the significant accounting policy no. 2.3.4 of the Company regarding accounting treatment of Enabling Assets. This comment has been addressed as under:- During 2015-16, Companies (Accounting Standard) Amendment Rules 2016 which includes revised AS 10- 'Property, Plant & Equipment (PPE)' has been notified by the Ministry of Corporate Affairs on 30.03.2016. Para 17 of revised AS-10 provides that cost of an item of PPE includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Similar para (9.1) existed in earlier AS-10- 'Accounting for Fixed Assets' also. Para-9 of revised AS-10 prescribes the "Unit of Measure Approach". The Unit of Measure approach has been further clarified vide para 6 of appendix A to the Exposure Draft of revised AS-10 issued by the ICAI. Combined reading of Para 17 & Para 9 of revised AS-10 supports the accounting treatment being followed by the Company as regards enabling assets. Further, Ind AS-16, Property, Plant & Equipment, applicable from 01.04.2016, also prescribe the attributability as well as "Unit of Measure approach". Though MCA has clarified vide Circular No. 04/2016 dt. 27.04.2016 that applicability of the revised standards is for accounting periods commencing on or after the date of notification (30.03.2016), revised AS-10 contains transitional provisions. Hence accounting treatment of enabling assets as followed upto 31st March 2016 is correct and continued to follow.
9	In the month of April 2016, Govt. Of India (GoI) disinvested 11.36% of the total paid up equity share capital of the Company by selling its 125,76,27,941 shares through Offer for Sale (OFS). The shareholding of GoI after OFS stands at 74.60% of the total paid up equity share capital.
10	CERC (Terms & Conditions of Tariff) Regulations 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. An amount of ₹ 76550 lacs is due but not recognised on account of surcharge till 30.06.2016 due to significant uncertainties towards ultimate collection and is in accordance with Significant Accounting Policy of the Company.
11	Expenditure incurred for conducting survey & investigation of Bursar and Kotlibhel-IA projects during the quarter ended on 30.06.2016 has been provided for ₹ 996 Lacs and ₹ 426 Lacs respectively, as an abundant precaution due to the uncertainties attached. Accordingly the total provision made for ₹ 21583 Lacs and ₹ 15695 Lacs respectively on these two projects for the expenditure incurred upto 30.06.2016.
12	Statutory Auditors have included the following matters in Audit Report on the accounts for the year ended 31.03.2016 under "Emphasis of Matter Paragraph", without modifying their opinion in respect of these matters:
	(i) Stay from Hon'ble high court of Delhi against implementation of stoppage of Personal Pay Adjustment(fitment benefits) recovery from below Board level Executives,
	(ii) Provisions against the expenditure incurred for conducting survey & investigation of projects or being carried forward pending clearances with various authorities,
	(iii) Uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others,
	(iv) Various balances which are subject to reconciliation/confirmation and respective consequential adjustments,
	(v) Kotlibhel-IA project the fate of which is pending adjudication before the Hon'ble Supreme Court of India,
	(vi) Capital expenditure incurred for creation of facilities i.e. enabling assets is charged to Expenditure Attributable to Construction (EAC).
	Matters referred under para (i) to (v) were included by the Statutory Auditors under " Emphasis of Matter Paragraph" in the Audit Report for the year ended 31.03.2015 as well.
	The above points on which attention has been drawn by the auditors have been addressed as under:-
	(i) 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,
	(ii) 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,
	(iii) Management has assessed and provided for the probable outflow wherever required as per provisions of Ind AS.
	(iv) In the opinion of the management, unconfirmed balances will not have any material impact,
	(v) & (vi) are statements of fact.

For and on behalf of the Board of Diectors of
NHPC Ltd.

(JAYANT KUMAR)
DIRECTOR (FINANCE)
DIN -03010235

Place : New Delhi
Date : 12.08.2016