

PETITION NO...../GT/2026

**PETITION FOR DETERMINATION OF
TARIFF OF SUBANSIRI LOWER HYDRO
ELECTRIC PROJECT (2000 MW) FOR THE
PERIOD 23.12.2025 TO 31.03.2029.**



Commercial Division

**NHPC Office Complex,
Sector33, Faridabad (Haryana)-121 003**

Volume-XIII



NHPC LIMITED

(A Government of India Enterprise)

Regd. Office: NHPC Office Complex, Sector-33, Faridabad-121003 (Haryana)

Tel: (0129) 2270603, 2250591, 2278018 Fax: (0129) 2270902

Website: www.nhpcindia.com

Compliance Officer Mr Vijay Gupta, Company Secretary

E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com, nhpcbndsection@gmail.com

CIN No. L40101HR1975GOI032564

Registered Office and Corporate Office

NHPC Limited,
NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India

(This is an Offer Letter prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as amended, Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.

(The Company was incorporated on November 7, 1975 under the Companies Act, 1956 (the “**Companies Act**”) as a private limited company under the name ‘National Hydroelectric Power Corporation Private Limited’. The word ‘private’ was subsequently deleted on September 18, 1976. Our Company was converted into a public limited company with effect from April 2, 1986. The name of the company was changed to ‘NHPC Limited’ with effect from March 28, 2008.)

OFFER LETTER FOR PRIVATE PLACEMENT OF SECURED NON-CUMULATIVE NON CONVERTIBLE REDEEMABLE TAXABLE BONDS (W - SERIES) IN THE NATURE OF DEBENTURES IN 2 TRANCHES W1 & W2.

W1 SERIES@ 6.91% p.a. TENOR OF 5 YEARS & W2 SERIES @ 7.35% p.a TENOR OF 10 YEARS, Rs. 50 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 1500 CRORE & Rs. 750 CRORE respectively (INCLUDING GREEN SHOE OPTION).

ISSUE OPENS: 15.09.2017

ISSUE CLOSES: 15.09.2017

LISTING

The Bonds are proposed to be listed on WDM Segment of Bombay Stock Exchange.

TRUSTEES FOR THE BONDHOLDERS

IDBI Trusteeship Services Ltd.,
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001

REGISTRAR TO THE ISSUE

RCMC Share Registry Private Limited
Corporate Office,
B-25/1, First Floor,
Okhla Industrial Area Phase II, New Delhi - 110020.
Tel : 011 – 26387320, 26387321, 26387323

ARRANGERS TO THE ISSUE

Sl. No.	Name of Arranger	Address of Arranger	Contact Details
1.	ICICI BANK	ICICI Tower, NBCC Palace, Bhimsma Pitamah Marg, New Delhi-110003	Kunal Narang 011- 42218224/959968482 7/9891293040 kunal.narang@icicibank.com
2.	HDFC BANK LTD	Unit No. 401 & 402, 4th Floor, Tower B, Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg Lower Parel, Mumbai - 400013	Niranjan Kawatkar 022- 33958009/66521006/ 1162/9867602451 niranjan.kawatkar@hdfcbank.com
3.	A. K. CAPITAL SERVICES LIMITED	609 6th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg, Connaught Place, New Delhi-110 001, India	Pankaj Agrawal 011- 23739628/999930590 3 pankaj.agrawal@akgroup.co.in
4.	ICICI SECURITIES PRIMARY DEALERSHIP LIMITED	3rd Floor, NBCC Place, ICICI Bank Tower, Pragati Vihar, Bhisham Pitamah Marg, New Delhi-110003.	Ashutosh Garg (91 11) 24390025/26, 24369989/90/981044 4388 ashutosh.garg@isecpd.com
5.	TRUST INVESTMENT ADVISORS PRIVATE LIMITED	109/110, 1st Floor, Balrama, Village Parigkhari, Bandra-Kurla Complex, Bandra (East), Mumbai- 400051	Sanjeev Jain 011- 43554045/46/989907 7799 sanjeev.jain@trustgroup.in
6.	AXIS BANK LIMITED	Treasury (Debt Capital Markets & ET) AXIS Bank Ltd. Axis House, 4th Floor, Tower 1, Sector-128, Noida-201304	Premanshu Sharma 011- 43682437/999905507 6 premanshu.sharma@axisbank.com
7.	SBI CAPITAL MARKETS LTD	202, Maker Tower 'E' Cuffe Parade, Mumbai-400005	Vivek Khurana 022-22178300 Vivek.Khurana@sbicaps.com
8.	DARASHAW & CO PVT LTD	A 238, 2nd Floor, Defence Colony, New Delhi 10024	Umesh Khandelwal 011-46008585-90 umesh-



			khandelwal@darashaw.com

This taxable bond issue is being made on a private placement basis. It is not and should not be deemed to constitute an offer to the public in general. It cannot be accepted by any person other than to whom it has been specifically addressed.

The contents of this Offer Letter for private placement are not transferrable and are intended to be used by the parties to whom it is distributed. It is not intended for distribution to any other person and should not be copied / reproduced by the recipient for any person whatsoever.

The information contained in this Offer Letter has certain forward looking statements. Actual result may vary materially from those expressed or implied, depending upon economic conditions, government policies and other factors. Any opinion expressed is given in good faith but is subject to change without notice. No liability is accepted whatsoever for any direct or consequential loss arising from the use of the document.

NHPC does not undertake to update this Offer Letter for Private Placement to reflect subsequent events and thus it should not be relied upon without first confirming the accuracy of such events with NHPC.

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I. Definition / Abbreviations

Issuer Related Terms

<u>Term</u>	<u>Description</u>
Articles of Association or Articles	The articles of association of the Company, as amended from time to time
Auditors	The Joint Statutory Auditors of the Company are 1. M/s Ray and Ray, Kolkata, West Bengal 2. M/s Gupta Gupta and Associates, Jammu, Jammu & Kashmir 3. M/s S N Dhawan and Co. LLP, New Delhi
Board or Board of Directors	The Board of Directors of the Company
Directors	The Directors of the Company
Memorandum of Association or Memorandum	The memorandum of association of the Company, as amended from time to time
Promoter	The President of India, acting through the Ministry of Power, Government of India
Registered Office	The registered office of the Company, which, as at the date of this Disclosure Document, is located at NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India

Conventional and General Terms

<u>Term</u>	<u>Description</u>
Act or Companies Act	The Companies Act, 1956, as amended and/or the Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India as applicable.
BSE	The Bombay Stock Exchange Limited
CAD	Canadian Dollar
CDSL	Central Depository Services (India) Limited
Crore / crs.	10 million
CSR	Corporate Social Responsibility
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
EGM	Extraordinary general meeting of the shareholders of our Company
EPS	Earnings per share, i.e., profit after tax for a Fiscal year divided by the weighted average number of equity shares during the Fiscal year
Financial Year/Fiscal/FY	Period of 12 months ended March 31 of that particular year
Gol	Government of India
HUF	Hindu Undivided Family
JPY	Japanese Yen

<u>Term</u>	<u>Description</u>
LIC	Life Insurance Corporation of India
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
NEFT	National Electronic Fund Transfer
NHDC Ltd.	Formally known as - Narmada Hydroelectric Development Corporation Ltd.
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
BSE	BSE Limited (Stock Exchange)
O&M	Operation and Maintenance
PAN	Permanent Account Number allotted under the I.T. Act
PTC	PTC India Limited
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, NCT of Delhi and Haryana
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Guidelines	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as amended,
Supreme Court	Supreme Court of India
US\$ or USD or US Dollar	U.S Dollar
w.e.f.	With effect from

Technical and Industry Related Terms

<u>Term</u>	<u>Description</u>
AFC	Annual Fixed Charges
Bonds	W1 SERIES@ 6.91% p.a. TENOR OF 5 YEARS & W2 SERIES @ 7.35% p.a. TENOR OF 10 YEARS, Rs. 50 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 1500 CRORE & Rs. 750 CRORE respectively (INCLUDING GREEN SHOE OPTION)
Bondholder / Debenture holder	The holder of bonds
BRRP/BREW	Bihar Rural Road Projects/Bihar Rural Electrification Works
CCEA	Cabinet Committee on Economic Affairs
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPSU	Central Public Sector Undertaking
CWC	Central Water Commission
Design energy	The quantum of energy which could be generated in a 90% dependable year with 95% installed capacity of the generating station
Deemed Date of Allotment	Date as specified in summary Term Sheet
DPE	Department of Public Enterprises
DPR	Detailed Project Report
DRR	Debenture Redemption Reserve



Term	Description
Issuer/NHPC/Corporation /Company	NHPC LIMITED
MoEF & CC	Ministry of Environment, Forest and climate change.
MU	Million Units
MW	Mega Watt
Offer Letter	Offer Letter dated 15.09.2017 as prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as further amended, Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation of India Limited
PPA	Power Purchase Agreement
REC	Rural Electrification Corporation Limited
Registrar	Registrar to the issue, in this case RCMC Share Registry Private Limited
RoR	Run-of-the-river
SCADA	Supervisor Control and Data Acquisition
SEB(s)	State Electricity Board(s) and their successor(s), if any, including those formed pursuant to restructuring/unbundling
SERC	State Electricity Regulatory Commission
The issue/The offer/Private Placement	W1 SERIES@ 6.91% p.a. TENOR OF 5 YEARS & W2 SERIES @ 7.35% p.a. TENOR OF 10 YEARS, Rs. 50 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 1500 CRORE & Rs. 750 CRORE respectively (INCLUDING GREEN SHOE OPTION).
Tripartite Agreements	Tripartite Agreements executed among the GoI, RBI and the respective State governments
Unit	1 KWh, i.e. the energy contained in a current of one thousand amperes flowing under an electromotive force of one volt during one hour

AUTHORITY TO THE ISSUE

The present issue of bonds is being made pursuant to the Special Resolutions obtained on 22nd Sep, 2016 through e-voting in accordance with the provisions of Section 110 of the Companies Act 2013.

The following resolutions were passed by the Shareholders:-

Pursuant to the provisions of Section 42, 71 and all other applicable provisions of the Companies Act, 2013 read with relevant rules (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the provisions of the Articles of Association of the Company, approval of the members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for secured/unsecured redeemable nonconvertible debentures/bonds, in one or more series/tranches, aggregating up to Rs. 4500 crore (Rupees Four Thousand Five Hundred Crore), on private placement, on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and in the beneficial interest of the Company including time, consideration for the issue, utilization of issue proceeds and all other



matter connected with or incidental thereto. The approval shall be valid for a period of one year from the date of approval.

In line with the above special resolution passed, the present issue of W series Secured, Redeemable, Taxable and Non-Convertible Debentures / Bonds through Private Placement basis was approved by the Board of Directors of NHPC in 405th & 408th meeting for raising funds up to Rs 2250 crore. The proposed borrowing is within the overall borrowing limits of NHPC.

DISCLAIMERS

GENERAL DISCLAIMER

The Offer Letter is prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time, Form PAS-4 prescribed under section 42 of Company Act 2013 and Rule, 14(1) of Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.

This document does not constitute an offer to the public generally or subscribe for or otherwise acquire the bonds to be issued by NHPC LIMITED (the “issuer”/the NHPC/ “the company”) The document is for the exclusive use of institutions to whom it is delivered and it should not be circulated or distributed to the third parties. The Company certifies that the disclosures made in this document are generally adequate and are in conformity with the captioned SEBI Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Offer Letter has not been approved by Securities & Exchange Board of India (SEBI). The debentures have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Offer Letter. It is to be distinctly understood that Private Placement Offer Letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in Private Placement Offer Letter. Pursuant to rule 14 (3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the company shall maintain a complete record of private placement offers in FORM PAS-5. A copy of such records along with the Private Placement Offer Letter in the form of FORM PAS-4 shall be filed with the Registrar of Companies, along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014 and with SEBI within a period of (30)thirty days of circulation of the Private Placement Offer Letter. However SEBI reserves the right to take up at any point of time, with Issuer, any irregularities or lapses in Private Placement Offer Letter.

DISCLAIMER OF THE JURISDICTION

The private placement of debentures is made in India to Companies, Corporate Bodies, Trusts registered under the Indian Trusts Act, 1882, Societies registered under the Societies Registration Act, 1860 or any other applicable laws, provided that such Trust/ Society is authorised under constitution/ rules/ byelaws to hold debentures in a Company, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Insurance Companies, Commercial Banks including Regional Rural Banks and Cooperative Banks, Provident, Pension, Gratuity, Superannuation Funds as defined under Indian laws. The Offer Letter does not, however, constitute an offer to sell or an invitation to subscribe to securities offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Offer Letter



comes is required to inform him about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of courts and tribunals of Delhi. All information considered adequate and relevant about the Issuer has been made available in this Offer Letter for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever.

DISCLAIMER OF THE ISSUER

The Issuer confirms that the information contained in this Offer Letter is true and correct in all material respects and is not misleading in any material respect. All information considered adequate and relevant about the Issue and the Company has been made available in this Offer Letter for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever. The Company accepts no responsibility for statements made otherwise than in this Offer Letter or any other material issued by or at the instance of the Issuer and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of this Offer Letter has been submitted to the Bombay Stock Exchange of India Ltd. (hereinafter referred to as "BSE") for hosting the same on its website. It is to be distinctly understood that such submission of the document with BSE or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Company. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER OF THE ARRANGERS TO THE ISSUE

It is advised that the Issuer has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in this Offer Letter. The role of the Advisors and Arranger to the Issue (collectively referred to as "Arranger"/ "Arranger to the Issue") in the assignment is confined to marketing and placement of the debentures on the basis of this Offer Letter as prepared by the Issuer. The Arranger have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Offer Letter. The Arranger shall use this Offer Letter for the purpose of soliciting subscription from a particular class of eligible investors in the debentures to be issued by the Issuer on private placement basis. It is to be distinctly understood that the aforesaid use of this Offer Letter by the Arranger should not in any way be deemed or construed that the Offer Letter has been prepared, cleared, approved or vetted by the Arranger; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Letter; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. Arranger is not responsible for compliance of any provision of new Companies Act, 2013. The Arranger or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Offer Letter.

DISCLAIMER OF THE DEBENTURE TRUSTEE



The debenture trustee is not a guarantor and will not be responsible for any non-payment of interest and redemption and/or any loss or claim.

1. GENERAL INFORMATION

a) & b) Issuer Information and Date of Incorporation

i. Name of the Issuer

NHPC LIMITED

ii. Date of Incorporation

November 7, 1975

iii. CIN No.

L40101HR1975GOI032564

iv. Registered Office & Corporate Office of the Issuer

NHPC LIMITED

NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India

www.nhpcindia.com

Tel: (0129) 2270603, 2250591, 2278018

Fax: (0129) 2270902

v. Compliance Officer of the Issuer

Mr. Vijay Gupta

Company Secretary,
NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India

Tel: +91 129 227 8018

E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com, nhpcbondsection@gmail.com

vi. CFO of the Issuer

Mr. Mahesh Kumar Mittal,
Director (Finance),
NHPC Office Complex,



Sector - 33, Faridabad, PIN - 121 003,
Haryana, India
Tel: +91 129 227 8021
Email: dir-fin@nhpc.nic.in

vii. Arrangers of the instrument

S.NO	Name of Arranger	Address of Arranger	Contact Details
1		ICICI Tower, NBCC Palace, Bhimsma Pitamah Marg, New Delhi-110003	Kunal Narang 011- 42218224/959968482 7/9891293040 kunal.narang@iciciba nk.com
2	HDFC BANK LTD	Unit No. 401 & 402, 4th Floor, Tower B, Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg Lower Parel, Mumbai - 400013	Niranjan Kawatkar 022- 33958009/66521006/ 1162/9867602451 niranjan.kawatkar@h dfcbank.com
3	A. K. CAPITAL SERVICES LIMITED	609 6th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg, Connaught Place, New Delhi-110 001, India	Pankaj Agrawal 011- 23739628/999930590 3 pankaj.agrawal@akgr oup.co.in
4	ICICI SECURITIES PRIMARY DEALERSHIP LIMITED	3rd Floor, NBCC Place, ICICI Bank Tower, Pragati Vihar, Bhisham Pitamah Marg, New Delhi-110003.	Ashutosh Garg (91 11) 24390025/26, 24369989/90/981044 4388 ashutosh.garg@isecpd .com
5	TRUST INVESTMENT ADVISORS PRIVATE LIMITED	109/110, 1st Floor, Balrama, Village Parigkhari, Bandra-Kurla Complex, Bandra (East), Mumbai- 400051	Sanjeev Jain 011- 43554045/46/989907 7799 sanjeev.jain@trustgro

			up.in
6	AXIS BANK LIMITED	Treasury (Debt Capital Markets & ET) AXIS Bank Ltd. Axis House, 4th Floor, Tower 1, Sector-128, Noida-201304	Premanshu Sharma 011-43682437/999905507 6 premanshu.sharma@axisbank.com
7	SBI CAPITAL MARKETS LTD	202, Maker Tower 'E' Cuffe Parade, Mumbai-400005	Vivek Khurana 022-22178300 Vivek.Khurana@sbicaps.com
8	DARASHAW & CO PVT LTD	A 238, 2nd Floor, Defence Colony, New Delhi 10024	Umesh Khandelwal 011-46008585-90 umesh-khandelwal@darashaw.com

viii. Trustee of the Issue

IDBI Trusteeship Services Ltd.,
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001

ix Registrar of the Issue

RCMC Share Registry Private Limited
Corporate Office,
B-25/1, First Floor,
Okhla Industrial Area Phase II, New Delhi - 110020.
Tel : 011 – 26387320, 26387321, 26387323
Fax : 011 - 26387322
E-mail: shares@rcmcdelhi.com

x Credit Rating Agencies of the Issue

a) ICRA Limited

1105 Kailash Building 11th Floor
26 K.G.Marg
New Delhi 110001
Tel. : +91 11 23357940-50, 45333238

b) CARE Ltd.

13th Floor, E-1 Block
Videocon Tower, Jhandewalan Extension,
New Delhi-110055
Tel. : +91 11 45333200, 45333238

xi Auditors of the Issuer

The Joint Statutory Auditors of the Company are:



- a) M/s Ray and Ray,
Chartered Accountants,
WebelBhawan, Ground Floor,
Block-EP & GP, Sector-V,
Bidhannagar, Salt Lake,
Kolkatta-700091
- b) M/s Gupta Gupta and Associates,
Chartered Accountants,
142/3, Trikuta Nagar,
Jammu Tawi - 180012,
Jammu & Kashmir
- c) M/s S N Dhawan and Co. LLP,
Chartered Accountants,
410 AnsalBhawan,
16 Kasturba Gandhi Marg,
New Delhi-110001.

xii.

Banker of the Issue

State Bank of India
New Issue Department,
Capital Market Branch (11777)
Fort, Mumbai-400001
Maharashtra, India
Tel: +91 22 22094927/22094932
Fax: +91 22 22094921
Email: nib.11777@sbi.co.in

c) A brief summary of the business of NHPC and Subsidiaries:

Overview

We are a Mini Ratna power generating company through conventional & non conventional sources. We are dedicated to the planning, development and implementation of an integrated and efficient network of power projects in India. We plan, formulate & execute all aspects of the development of conventional & non conventional sources, from concept to commissioning.

Our Total Installed Capacity is 6717 MW (including 1520 MW in JV mode). Total installed capacity and total generating capacity includes two power stations with a combined capacity of 1,520 MW, constructed and operated through our Subsidiary, NHDC. We have commissioned 19 hydroelectric power stations & 1 wind power project on standalone basis. Our current total generating capacity after taking into account the downgrade of capacity ratings of Tanakpur Power Station is 6691.20 MW. Our power stations and hydroelectric projects are located predominantly in the North and North Eastern states of India and in the states of Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Arunachal Pradesh, Assam, Manipur, Sikkim, West Bengal and Rajasthan. Our Subsidiary NHDC is having projects in Madhya Pradesh.

Our Company and our Subsidiary company generated 23275 MUs (including deemed generation of Chutak & Nimmo Bazgo Power Stations & actual generation of Wind Power Project, Jaisalmer) and 4748.51 MUs of electricity, respectively, in FY 2016-17. In FY 2016-17, our Company and our Subsidiary sold 19763.33 MUs and 4669.96 MUs of electricity, respectively.

We are presently engaged in the construction of 3 no. hydroelectric projects with aggregate capacity of 3130 MW and 01 no. solar project in Tamil Nadu with aggregate capacity of 50 MW. 1 No. JV project i.e. 1000 MW Pakal Dul HE project under M/s. CVPPL has been sanctioned by GoI and major work are to be awarded by M/s. CVPPL. We are awaiting government sanction for a further five projects with an anticipated capacity of 4,995 MW. In addition, we are awaiting government sanction for 4 Nos. joint venture and subsidiary projects with an anticipated capacity of 2000 MW. Survey and investigation works are being



carried out to prepare project proposal reports for two additional projects while DPR is under examination in CEA/CWC for Bursar project, totaling 1160 MW of anticipated capacity. Besides this, Agreement has been signed on 03.07.2015 for development of 4 hydro projects of total capacity of 293 MW in West Bengal, on ownership basis.

Besides hydro power development, NHPC has also taken up Wind, Solar and Thermal projects. NHPC has taken development of 2 nos. Wind Projects of 88 MW i.e. 72 MW, (8 MW in first phase in Kerala), 12.5 MW in Andhra Pradesh, 1 no. Solar Project of 32 MW Kalpi, UP in JV mode and 1 no. Thermal Project in Bihar of 1320 MW in JV mode are under PIB stage.

We are keen to harness the hydropower potential in the states through joint venture alliances with state governments by way of developing Techno-economically feasible projects. Pursuant to MoU with the government of Madhya Pradesh, we have incorporated our Subsidiary NHDC on August 1, 2000 to take advantage of the hydroelectric potential of the Narmada river basin.

The Company has been actively pursuing business development and has entered into various agreements for expanding its business portfolio. Six projects totaling 3370 MW (Kiru- 624 MW, Kwar- 540 MW, Loktak Downstream-66 MW, Chamkharchhu- 770 MW, Kalpi- 50 MW and Pirpanti- 1320 MW) are to be implemented as Joint Ventures in India and abroad.

Loktak Downstream Hydroelectric Corporation Limited, a Subsidiary Company, has been incorporated for developing hydro power projects in Manipur with 74% shareholding by NHPC and 26% by the Government of Manipur. The Company is currently developing 66 MW Loktak Downstream Project in Manipur. Another Joint Venture Company, Chenab Valley Power Projects (Pvt) Ltd., has been formed in which NHPC, JKSPDC and PTC are partners in 49:49:2 basis for taking up three projects totaling 2,164 MW in the Chenab River basin in Jammu and Kashmir. Other projects under development in JV mode are Chamkharchhu-I (770MW) HE Project, Bhutan (JV between NHPC & DGPC), Kalpi (32 MW) Solar Project, UP (JV between NHPC & UPNEDA), Pirpanti (1320 MW) Thermal Power Project, Bihar (JV between BSPGCL & NHPC Ltd.).

In order to foray into the thermal generation sector, a Memorandum of Understanding (MoU) was signed on 22/02/2014 amongst NHPC Limited Bihar State Power Generation Company Limited (BSPGCL), and Pirpanti Bijlee Company Private Limited (PBCPL) for development of 1320 (2x660) MW Pirpanti Thermal Power Project at Pirpanti, District Bhagalpur, Bihar through Joint Venture Company with 74% equity participation of NHPC and balance 26% equity share of BSPGCL in PBCL (Project Company) Ministry of Power on dated 07.12.2015 circulated the PIB Memo for investment approval and formation of JVC by acquiring 74% of equity share of BSPGCL by NHPC.

BSPGCL/Govt. of Bihar has submitted the updated DPR to NHPC vide letter dated 08.09.2016 and the approval of Govt. of Bihar on extension of MoU & equity funding without availing loan from NHPC is under process. NHPC is pursuing with Govt. of Bihar for extension of MoU & decision with regard to equity funding.

Coal Block: Doecha-Pachami-Dewanganj-Harinsingha coal block at Birbhum District, West Bengal was allocated on 6th September 2013 to the project along with other states. Due to difficulties faced in operationalization of allocated Coal Block to six states and one CPSU, Ministry of Coal, Govt of India has invited application on dated 03.10.2016 for allocation of seven coal blocks to these States/CPSUs separately. The work of allocation of separate coal block is under process at Ministry of Coal, Govt. of India.



Further, a Subsidiary company “Bundelkhand Saur Urja Limited” has been formed for executing 50 MW Solar Power Project in UP. The shareholding of NHPC is not less than 74% & that of UPNEDA is not more than 26%. The Company is currently developing 32 MW Solar Power Project in UP.

We have the required expertise & experience in the design, development, construction and operation of hydroelectric projects. We execute and manage all aspects of projects, from front-end engineering design to commissioning and operation & maintenance of the project. We have also been engaged as a project developer for certain projects where our scope of work was to design, develop and deliver a hydroelectric power station to a client on an agency basis. We also provide contract-based technical, management advisory and consultancy services to domestic and international clients.

Based on our audited financial statements, in Fiscals 2015, 2016 and 2017 we generated total income (excluding exceptional items) of Rs.7663.58 crore, Rs. 8353.82 crore and Rs. 8729.84 crore respectively.

The company earned a net profit of Rs.2124.47 crore, Rs. 2440.14 crore and Rs.2795.59 crore (excluding OCI) respectively in Fiscals years 2015, 2016 and 2017.

In FY 2016-17, we derived Rs. 7117.00 crore i.e 81.52 % of our audited total income from the sale of energy to SEBs and their successor entities, pursuant to long term power purchase agreements.

Our operational efficiency has been reflected through high average plant availability for our power stations, which are measured by the Plant Availability Factor (PAF). The average Plant Availability Factor for our power stations for Fiscals 2015 and 2016 and 2017 were 77.3%, 81.60% and 83.41% respectively.

These availability factors, when are higher than the normative plant availability factor required under CERC Regulations, entitles us to certain incentive payments, pursuant to the tariff policy for Fiscal 2009-Fiscal 2014 and Fiscal 2014-Fiscal 2019.

We have obtained OHSAS 18001:2007, ISO 9001:2015, ISO 14001:2015 certifications from the M/s URS Certification Limited, Noida (UP), all of which are valid until July 23, 2020.

In recognition of our performance and our consistent achievement of targets as negotiated under the MoU system of GoI, we enter into MoU with MoP on an annual basis. The GoI has rated our performance as “Excellent” from Fiscal 1995 through to Fiscal 2006, “Very Good” in Fiscal 2007, “Excellent” in Fiscal 2008, “Very Good” in Fiscal 2009, 2010, 2011, 2012 & 2013 “Good” in Fiscal 2014. Performance rating for the Fiscal 2015 & 2016 is “Very Good”. Also, in recognition of our performance, we were designated as a Mini-Ratna Category-I public sector undertaking in April 2008. As a Mini-Ratna Category-I entity, we have autonomy to undertake new projects having project cost of upto Rs. 500 crs. without GoI approval.

The President of India, and its nominees, before the Initial Public Offer held 100% of the issued and paid-up Equity Share capital of our Company. At present President of India holds 74.50% of the paid-up Equity Share capital of our Company after Buyback of NHPC Shares, which has been completed in the month of March 2017.

Our Competitive Strengths



We believe that the following are our primary competitive strengths:

Established track record in implementing hydroelectric projects:

NHPC has wide experience and expertise in implementing projects which provide it significant competitive advantage. It has a strong design and engineering base with in-house expertise in developing good project layout, designing structures, geology, geo-physics, geo-technics, construction and material surveys. Its engineering capabilities range right from the stage of conceptualization till the commissioning of projects.

Capabilities from concept to commissioning including in-house Design & Engineering:

NHPC has a competent and committed workforce. Its executives have extensive experience in the industry with capabilities ranging from conceptualization, construction, commissioning and operation of hydro power projects. Their skills, industry knowledge and operating experience provide NHPC with a significant competitive advantage. NHPC also has a full-fledged Design Division dedicated for catering to design and Engineering of its projects. Its in-house design team with extensive experience in hydro sector gives it an edge over other hydro companies.

Survey & Investigation, Exploratory Drilling and Preparation of DPR:

Survey and Investigation is one of the most important aspects of hydropower Project which has direct impact on timely completion of project in a cost effective manner. NHPC has in-house expertise equipped with latest technology/instruments to carryout detailed topographical survey and developing maps. The company has also in-house expertise to carrying out exploratory drilling in difficult terrains (mountainous/riverbed) required for sub surface exploration of hydropower projects. Based on investigation reports, NHPC prepares PFR/FR/DPR for obtaining statutory clearances from various scrutiny agencies like CEA/CWC etc.

Geological Investigation Capabilities:

NHPC has a very strong in-house team of experienced geologists, geophysicists and research personnel capable of providing engineering geological and geotechnical solutions for hydropower projects right from inception to commissioning. Entire spectrum of geological, geophysical, geotechnical and construction material investigations as per guidelines of ISRM/BIS which are mandatory for preparation of PFR/FR/DPRs, can be handled by the team. The team also caters to requirements for obtaining mandatory clearances from various Govt. agencies like GSI, CEA, CWC, CSMRS etc. Construction stage geological monitoring and collection of geological data is done continuously which helps in resolving issues during construction in an expeditious manner. The in-house team also contributes in resolving the issues pertaining to geological/geotechnical aspects during post commissioning stage of the projects and also renders services for resolution of geotechnical issues for various consultancy assignments taken up by NHPC from time to time.

NHPC has a full-fledged Engineering Geophysics unit which is capable of carrying out almost all kinds of geophysical investigations for hydropower projects such as seismic refraction, resistivity imaging, seismic tomography, tunnel seismic prediction, inclinometer survey, blast vibration monitoring, site specific seismic design parameter studies for projects and their clearances from NCSDP etc. For post construction seismic monitoring, Strong Motion Accelerographs (SMAs) are installed at all the operating power stations covering the entire Himalayan belt. A real time Seismic Data Center has also been established at Corporate Office



for centralized online monitoring of Seismic Data collected by all accelerographs installed at the Power Stations.

A fully-equipped geotechnical lab is functional within this Division to carry out laboratory rock mechanic tests and petrographic analysis. Moreover, a sophisticated remote sensing lab has also been developed with capabilities to generate topographic survey maps from satellite imagery/DEM and to supplement field geological data in inaccessible areas.

Extensive Experience in Construction and operation:

NHPC, over the years, has gained extensive exposure in the construction and operation of hydro projects in remote/ non-penetrative areas, geo-technically sensitive Himalayan terrain. Almost all NHPC projects are situated in remote areas which come with a range of challenges- logistical, climatic and technological. However, with its strong and efficient team of competent and experienced professionals, who have the capability to execute all types and sizes of hydro power projects, NHPC has successfully managed to develop and implement 22 power stations (including two through its subsidiary NHDC). The Chamara-II Power station and two projects of our subsidiary NHDC viz., Indira Sagar and Omkareshwar projects have been commissioned ahead of schedule.

Strong financial position:

NHPC is a Mini-Ratna Schedule 'A' enterprise with an authorized share capital of Rs.15000 Crore and an investment base of over Rs. 50,000 Crore. It also has a strong financial position with a rating of IND AAA by India Ratings for domestic borrowings.

Strong operating performance:

NHPC has at present 22 Power Stations with an aggregate capacity of 6717 MW under operation (including 2 Nos. power stations of 1520 MW in JV mode and 1 Wind Power Project). Thus, NHPC with its fleet of power stations is a flagship company in hydro power sector in India.

Strong in-house design and engineering team:

We have an in-house team for project design and our engineering capabilities range from the concept stage to the commissioning of our projects. The team also takes need based support of international and national project consultants. Our Company has in-house expertise in a range of related engineering disciplines, viz. hydrology, electrical, civil, hydro-mechanical and geotechnical design. Our engineers have a rich experience in the design of underground caverns shaft & tunnels and are able to provide solutions for variable and unpredictable complex geological conditions. They also have rich experience in the design of various type of dams such as Concrete dam, Rockfill dam, Concrete face Rockfill dam. Our engineers employ a variety of specialized analysis and design engineering using different computer aided design software. Our engineer's skills are constantly upgraded by adopting best practices and through participating in various national and international conferences.

Our Strategy

Our corporate vision is to become "To be a global leading organization for sustainable development of clean power through competent, responsible and innovative values".

The following are our strategies to achieve this vision:

**Expand our installed capacity through Joint Ventures and MoUs:**

We seek to expand our installed capacity by tapping into new geographic markets where there is significant scope for capacity expansion through conventional and non-conventional sources of energy. Presently we are engaged in the construction of 3 hydroelectric projects in the state of Jammu & Kashmir, Himachal Pradesh and Arunachal Pradesh with aggregate capacity of 3130 MW and 01 no. solar project in Tamil Nadu with aggregate capacity of 50 MW, which is expected to increase our total installed capacity further by 3180 MW. 1 No. JV Project 1000 MW Pakal Dul HE Project under M/s. CVPPL has been sanctioned by GoI and major works are to be awarded by M/s. CVPPL. We are awaiting government sanction for a further 5 nos. projects with an anticipated capacity of 4995 MW. In addition, we are awaiting government sanction for 4 nos. joint venture and subsidiary projects with an anticipated capacity of 2000 MW. Survey and investigation works are being carried out to prepare project proposal reports for 2 nos. additional projects while DPR is under examination in CEA/CWC for Bursar project, totaling 1160 MW of anticipated capacity. Besides this, Agreement has been signed on 03.07.2015 for development of 4 hydro project of total capacity of 293 MW in West Bengal, on ownership basis

A 50 MW Solar Power Project in UP is being taken up under Joint Venture with Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA). For this a Subsidiary company "Bundelkhand Saur Urja Limited" has been formed. Request for providing concessions to Project, for commercial viability has been made to MoP and MNRE.

DPR for wind power project in Kerala for installed capacity of 72 MW has been prepared through National Institute of wind energy (NIWE). DPR submitted by NHPC to Govt. of Kerala. Signing of PPA is awaited. EPC bids for 12.5 MW Wind Power Project in Andhra Pradesh has been invited.

Promote and develop our consulting and advisory services:

NHPC is providing consultancy services in the all fields of hydro power i.e. river basin services, survey work, design and engineering, geological and geotechnical studies, hydraulic transient studies, hydrological studies, contract management, construction management, equipment planning, underground construction, testing, commissioning and operation and maintenance.

The major consultancy assignments undertaken by NHPC comprise of assignments from Central and State Government agencies like State Electricity Boards and Public Sector Undertakings including overseas projects.

We aim to continue to deliver advisory services to clients and government entities in India and abroad.
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Continue to expand our international activities:

We intend to continue to expand our international operations and further exploit the potential hydropower opportunities available internationally by leveraging our existing relationships developed through our past international consultancy assignments.

NHPC was entrusted with the preparation of DPRs of 2 HE Projects by MEA in Myanmar namely 1200MW Tamanthi Project and 880MW Shwezaye project. Both the DPRs were submitted to MEA as well as Govt. of Union of Myanmar.

NHPC was entrusted with the work of preparing DPRs of Chamkharchhu-I H.E. Project (770 MW) and PFR of KuriGongri H.E. Projects in Bhutan by the Ministry of Power. We have submitted the DPR & PFR of both the



projects. Further the execution of Chamkharchu-I HE Project is also entrusted to NHPC in JV mode with Govt. of Bhutan which is in advance stage of finalization.

In March 2010, an agreement was signed between NHPC and the Department of Energy, Royal Government of Bhutan for providing engineering consultancy services for pre-construction activities at the Mangdechhu H.E. Project (720 MW) in Bhutan which has been completed successfully. Further, NHPC has been engaged as the Design & Engineering Consultant for the execution of Mangdechhu H.E. Project, wherein NHPC is successfully carrying detailed design & Engineering of the project. In addition, NHPC is also providing consultation in survey for checking of HRT alignment during construction of project.

NHPC had also been assigned the work of RMU of Varzob-I H.E. Project in Tajakistan under a tripartite agreement signed between MEA, BHEL & NHPC. NHPC has completed it successfully.

NHPC has completed the Management consultancy contract for Ethiopian Electric Power Corporation (EEPCo), Ethiopia in consortium with Powergrid and BSES Rajdhani Power Limited (BRPL).

Maintain our focus in environmental and corporate social responsibility:

We have undertaken a number of environmental and corporate social responsibility initiatives and intend to expand our involvement in these areas. We conduct our business operations in a socially responsible and sustainable manner, adopting green technologies, processes and standards that contribute to social and environmental sustainability.

Invest in technology to modernize our operations and improve our project operating performance:

We intend to reduce our operating costs and improve our project-operating performance by investing in technologically advanced equipment and methods and by devoting resources to modernize our power stations.

Our Operations by Segment:

Our core business is the generation and sale of hydroelectricity. We also provide contract-based services including technical, management advisory and consultancy services as well as project execution on contract basis. The table below shows our total restated income by business segment:

Total income by business segment (excluding exceptional items) (Standalone)

(Rs. in Crore)

Power Stations	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Sales (Net)	7139.46	7346.77	6736.64	5335.11
Revenue from Contracts, Project Management and Consultancy Works	52.07	34.22	47.53	86.39
Interest on Power Bonds	0.54	19.05	42.87	66.35



Other Income	1537.77	953.78	836.54	1506.14
Total	8729.84	8353.82	7663.58	6993.99

Our Hydropower Generation Business:

Our core business operations involve the generation and sale of hydroelectricity. Our projects are spread across different stages of development from the early stages of survey and investigation to operation and maintenance.

The GoI and the state government identify the geographic areas where additional electricity is needed by determining existing and projected installed capacity and projected demand for electricity. Factors such as economic growth, population growth and industrial expansion are used to determine projected demand. To gauge the expected supply of electricity, the capacities of the existing power stations and the projects under construction or development are studied. Before Initiation of any hydropower project, project developer/proponent has to obtain consents of respective State Governments(s). In case the project is being initiated by a Public sector company, it may require consent of Administrative Ministry also. Earlier, order under section 18(A) of the erstwhile Electricity (Supply) Act 1948 was issued by Ministry of Power. Now, projects are taken up through signing of Memorandum of Understanding/ Implementation Agreement with State Government (Post Electricity Act, 2003). The Power Projects can also be allotted to the developer through bidding system by State Govt. / Central Govt. As per Govt. of India three stage Clearances process for the hydro projects developments are as under:

Stage-I: Preparation of Pre-Feasibility Report/Feasibility Report.

Stage-II: During this stage Detailed Project Report and EIA/EMP report submitted for obtaining various clearances from the concerned Ministry/agency.

Stage-III: Final sanction and project construction

The hydroelectric project proposal is presented to the CCEA for its final sanction. After receiving the sanction of the CCEA, Major works related to construction of the project are awarded and construction can begin at the project site.

Completed Projects:

We have set forth below the details of all our completed projects, including joint venture project:

Power Station	State	Installed Capacity (MW)	Year of Commissioning	Revenue Generated in Fiscal 2018 as on 31.03.2017 from Sale of Power (Rs. in Crore)
BairaSiul	Himachal Pradesh	180	1981	132.57
Loktak	Manipur	105	1983	173.06



(Rs. in
crore)

Salal	Jammu & Kashmir	690	1987/1995	742.60
Tanakpur ¹	Uttarakhand	120	1992	130.47
Chamera I	Himachal Pradesh	540	1994	405.89
Uri I	Jammu & Kashmir	480	1997	624.73
Rangit	Sikkim	60	2000	117.96
Chamera II	Himachal Pradesh	300	2004	297.38
Dhauliganga	Uttarakhand	280	2005	295.11
Dulhasti	Jammu & Kashmir	390	2007	1143.05
Teesta V	Sikkim	510	2008	592.46
Sewa II	Jammu & Kashmir	120	2010	213.13
Chamera III	Himachal Pradesh	231	2012	373.77
Chutak	Jammu & Kashmir	44	2013	93.96
TLDP-III	West Bengal	132	2013	355.85
NimmoBazgo	Jammu & Kashmir	45	2013	160.76
Uri II	Jammu & Kashmir	240	2014	732.76
Parbati-III	Himachal Pradesh	520	2014	386.43
TLDP-IV	West Bengal	160	2016	161.13
Wind Power Project- Jaisalmer	Rajasthan	50	2016	5.76
Total				7138.83
Add : AAD				60.68
Total Sales				7199.51
Completed Projects with NHDC				
Indira Sagar	Madhya Pradesh	1000	2005	845.15
Omkareshwar	Madhya Pradesh	520	2007	461.78
Total				1306.92
Grand Total				8506.43
Note: 1 Derating of Tanakpur Power Station of 94.2 MW from September 1996 vide CEA letter no.DMLF/PS/9/7/96				

Projects Under Construction

We have set forth below the details of all our hydroelectric projects, which are currently under construction:

A. HYDRO PROJECTS:-

Ongoing Projects & States	Installed Capacity (MW)	Price Level	CCEA Approved Cost (Rs. in Crore)	Price Level	Anticipated Cost (Rs. in Crore)
Parbati II (H.P.)	800	Dec'01	3,919.59	Mar'15	8398.75 ^{*1}
Subansiri Lower (Ar.Pradesh/ Assam)	2000	Dec'02	6,285.33	Feb 16	17435.15 ^{*2}
Kishanganga (J&K)	330	Sep'07	3,642.04	Jan17	5882.01 ^{*3}
Total	3130		13846.96		31715.91

*1 RCE at Mar 15 PL submitted to CEA but returned back with a request to get approval of Memorandum of Changes prior to examine the RCE.

*2 RCE at Feb 16 PL submitted to CEA but returned back with a request to get approval of Memorandum of Changes prior to examine the RCE.

* 3 RCE at Jan17 PL submitted to MoP/CEA.

B. SOLAR PROJECT:-

Ongoing Solar Project & States	Installed Capacity (MW)	Estimate Cost (Rs. in Crore)	Anticipated Cost (Rs. in Crore)
NHPC-Solar Project,Tamilnadu	50MW	279.25 (including 10Yrs O&M)	287.48

Projects cleared but construction yet to start:

Ongoing Projects & States	Installed Capacity (MW)	Price Level	CCEA/Cabinet Approved Cost (Rs. in Crore)
Pakaldul ¹ (IN JV, J&K)	1000	Mar'13	8112.12

1. MoP has conveyed the Cabinet Sanction of project and award of main work contracts is in progress.

Projects Awaiting Clearances:

The hydroelectric projects including our joint venture projects detailed below are awaiting final sanction from the CCEA:

S.No.	Projects	State	Proposed Installed Capacity (MW)
A. Hydro-Stand alone			
1	KotliBhel Stage IA ¹	Uttarakhand	195

2	Dibang ²	Arunachal Pradesh	2880
3	Teesta IV ³	Sikkim	520
4	Tawang I ⁴	Arunachal Pradesh	600
5	Tawang II ⁵	Arunachal Pradesh	800
		Total (A)	4995
B. Hydro – Projects in Joint Venture			
1	Loktak Downstream	Manipur (JV with Govt. of Manipur)	66
2	Kiru ⁶	J&K (JV With JKSPDC & PTC)	624
3	Kwar ⁶		540
	Total (B)	Total (B)	1230
C. Hydro-JV Project in Bhutan			
1	Chamkharchu-I	Bhutan (JV of NHPC &Druk Green Power Corporation)	770
Total Hydro 9 projects (A+B+C)			6995
D. NHPC-Wind Projects (PPA Signing awaited)			
1	Wind Project	Palakkad, Kerela	72.0
2	Wind Project	Andhra Pradesh	12.5
Total –Wind Projects			84.50
E. Solar Project(under PPA Signing/Award)			
1.	JV-Solar Project	Kalpi, UP (JV of NHPC & UPNEDA)	32
Total – Solar Projects			32
F. Thermal Project in JV			
1	Pirpainti Thermal Power Project	Pirpainti, Bihar (JV in BSPGCL & NHPC Ltd.)	1320
	Grand Total (A + B+C+D+E+F)		8431.5

Notes:

1. For Kotlibhel- IA, all Statutory Clearances such as Concurrence from CEA, Defence clearance, Environment clearance and Stage-I Forest Clearance are available. PIB recommended implementation of project on 23.10.2013 subject to Hon'ble Supreme Court clearance. Hon'ble Supreme Court has put embargo on 24 Hydro Projects proposed on Alaknanda and Bhagirathi rivers till further order. Kotlibhel IA is one of these 24 Projects.

Beside above projects under clearance, two projects namely Kotlibhel Stage 1B (320 MW) and Kotlibhel Stage II (530 MW) in Uttarakhand were under clearance stage. CEA had concurred these schemes and PIB had also recommended the projects in 2007. However, Environmental Clearance of Kotlibhel- IB has been withdrawn by MOEF. In this context NHPC has filed a civil Appeal before Hon'ble Supreme Court. Further, MOEF has also declined permission for diversion of Forest land for construction of KB-1B and KB-II HE Project.

2. MOEF&CC accorded Forest Clearance (ST-I) to Dibang Multipurpose Project in Arunachal Pradesh on 15.04.2015 and Environment Clearance on 19.05.2015.

Earlier concurrence of Dibang Multipurpose Project was accorded by CEA for 3000 MW. Dibang Multipurpose Project was accorded Forest Clearance (ST-I) by Ministry of Environment, Forest and Climate Change on 15.04.2015 with reduction in dam height by 10 meters. The installed capacity due to reduction in Dam height shall to be 2880 MW now. Fresh DPR submitted to CEA on 15.09.2016 and concurrence meeting of CEA held on 02.05.2017. Minutes are awaited.

A case before the National Green Tribunal, Eastern Bench, Kolkata challenging the environment clearance of the project is pending.

3. MOEF&CC has accorded environmental clearance to Teesta-IV on 09.01.2014 and Forest clearance (ST-I) on 26.02.2013. Gram Sabha meetings have been completed at all 10 GPUs and resolutions for the same have been forwarded to State Forest dept. on 24.01.2017, 19.05.2017 and 30.06.2017 by District Authority. State Forest dept. is being pursued for raising the demand against NPV, CA, CAT etc. An appeal challenging the Environmental Clearance accorded to the project is pending before NGT, Kolkata. The matter is in the stage of final hearing.
4. MoEF& CC vide letter dt.10.06.2011 accorded Environmental Clearance to Tawang Stage-I HE Project. The forest proposal was re-discussed on 16.05.2017 and as per MoM, FAC has desired to undertake study regarding habitat of black neck crane in project area through WII Dehradun. Meanwhile, Government of Arunachal Pradesh conveyed approval to Resettlement & Rehabilitation plan of the project on 02.12.2016. Compliance under FRA 2006 is in process.
5. MOEF & CC has accorded environmental Clearance to Tawang (Stage-II) HE Project vide letter dated 10.06.2011 and Forest Clearance Stage-I (FC-1) vide letter dated 08.01.2014. Compliance under FRA 2006 is in process.
6. All Statuary clearances including MOEF &CC Clearances are available. Capacity of Kiru and Kwar earlier envisaged as 600 and 520 MW respectively have been revised to 624 and 540 MW respectively after appraisal by CEA.

Projects under Survey and Investigation:

The following hydroelectric projects are under survey and investigation for preparation of DPR:

Project	State	Proposed Installed Capacity (MW)
A. Hydro		
Bursar	Jammu & Kashmir	800
Dhauliganga Intermediate	Uttarakhand	210
Goriganga IIIA	Uttarakhand	150
Total -Hydro		1160
B. Solar		
Solar Project-under identification	Anywhere in India	250
Total		1410

Notes:

1. Earlier Bursar capacity was envisaged as 1020 MW. As per Terms of Reference (TOR) of Ministry of Environment, Forest and climate change (MoEF&CC), the capacity of Bursar has been reduced to 800 MW.



2. Earlier capacity of Dhauliganga Intermediate in the implementation agreement was envisaged as 210 MW. However, as per Terms of Reference (TOR) the capacity was envisaged as 225 MW. Now as per Post PFR Studies, capacity is likely to be reduced to 210 MW.
3. Earlier capacity of Gauriganga –III A in the implementation agreement was envisaged as 120 MW. However, as per Terms of Reference (TOR) the capacity was envisaged as 165 MW. Now as per Post PFR Studies, capacity is likely to be reduced to 150 MW.
4. NHPC is envisaging addition of 250 MW Solar Project in anywhere in India, in association with SECI, for which projects are under identification.

Contracts, Project Management and Consultancy Works Business:

We believe that our industry leadership experience, expertise & track record put us in a strong position to offer a wide range of consultancy services in the field of hydropower. Our consultancy services division was set up in 1993 to offer consulting and contractual services to meet requirements for different project types.

Our clients include central and state government agencies in India including SEBs and PSUs, as well as a number of foreign governments and private sector entities. From a marketing perspective, consultancy contracts also allow us to establish a relationship with potential future clients and, in the case of project feasibility studies, to become involved at an early stage in turnkey projects for which we may later submit bids.

Turnkey Agency Contracts:

We have undertaken international agency contracts under the direction of GoI. These projects are undertaken in the spirit of cooperation with foreign governments and also to broaden our international experience. The status of various turnkey agency projects undertaken by our consultancy services division is set out below:

Project	Country/State/Union Territory	Installed/ Proposed Total Capacity (MW)	Status
Devighat	Nepal	14.10	Commissioned
Kurichhu	Bhutan	60.00	Commissioned
Kalpong	India (Andaman & Nicobar Islands)	5.25	Commissioned
Sippi	India (Arunachal Pradesh)	4.00	Commissioned
Kambang	India (Arunachal Pradesh)	6.00	Commissioned
Total		89.35	

Specialized Government Agency Works

DEEN DAYAL UPADHYAY GRAM JYOTI YOJNA (Erstwhile RGGVY)

NHPC implemented 36 nos. Rural Electrification projects under the Xth and XIth plan scheme of DEEN DAYAL UPADHYAY GRAM JYOTI YOJNA (Erstwhile RGGVY) in various states of India on the basis of fixed agency fees i.e. 09-12% of the cost of the project. Rural electrification projects were allocated to NHPC in 27 districts spread over five states viz. West Bengal, Bihar, J&K, Chhatisgarh and Odisha at an estimated cost



of approx. Rs. 2700 crore. Out of 36 projects, works have been completed in 35 nos. projects except Leh project in J&K.

Major achievements of Rural Electrification works till 30.06.2017 are as under:

- Electrified 9077 nos. Un-electrified/ De-electrified villages.
- Electrified 18693 nos. Partially electrified villages.
- Provided service connections to 16.1 Lacs BPL families.
- Constructed 11 nos. 66/11 KV new sub-stations in Leh and Kargil.
- Constructed 48 nos. 33/11KV new sub-station.
- Augmented / Up-graded 104 nos. 33/11 KV new sub-stations.

Rural Road Projects under Pradhan Mantri Gram Sadak Yojna (PMGSY) :

An MOU was signed amongst NHPC; Ministry of Rural Development, Government of India and Government of Bihar for the construction of rural roads in six districts namely Vaishali, Muzaffarpur, Sitamarhi, East Champaran, Sheohar and West Champaran of Bihar under the Pradhan Mantri Gram Sadak Yojna (PMGSY). Under the scheme, NHPC awarded the works for execution of 758 roads spread over 06 districts and having cost of Rs. 1725.65 Crore. Till 30.06.2017, 753 roads having 3084 km length have been completed. Further, construction of balance 05 roads in Vaishali district are under progress.

As per the Tripartite Agreement, maintenance of all 758 roads are to be carried out for five (05) years after completion of their construction. Out of 753 roads already completed, maintenance period of five years of 623 roads covering 2580 km of road length is over, while 130 roads having 504 km of road length are under maintenance period.

Design and engineering:

The engineering and design of a hydroelectric project requires input from a number of specialist engineering disciplines, particularly, civil and hydro-mechanical design, geological and geotechnical and electrical and mechanical design.

Civil and hydro mechanical design:

This aspect of the project includes:

- Planning and layout design studies of projects for Detailed Project Reports (DPR) including review of DPRs prepared by other agencies for projects proposed for execution.
- Planning, co-ordination and evaluation of pre-construction stage investigation works.
- Planning and optimized designs for Civil & hydro-mechanical components associated with hydropower projects from concept to commissioning.
- Hydrological studies to determine power potential as well as its implementation in structural design.
- Assessing of impact of soil erosion and sediment on the proposed hydroelectric projects and development of reservoir operation strategy to manage sediment related problems.
- Framing Technical Specifications for Civil & hydro-mechanical works.
- Minimizing project cost based on detailed design and drawings.
- Preparation of Operation & Maintenance Manuals for Civil & HM Works.
- Providing solutions to the issues related to O&M of Civil/HM structures of Power Stations
- Safety monitoring of structures through instrumentation and Dam Safety Inspection, including analysis/preparation of Reports.



- Providing consulting services to Joint Venture Companies, outside agencies, State /Govt Departments.

Geological and geotechnical engineering:

The geotechnical engineering process involves the collection of sufficient qualitative and quantitative geological, geotechnical and construction material information to determine basic design parameters for the major civil structures of the project.

Electrical and mechanical design:

This involves assessing the electrical and mechanical needs of the power station & associated switchyard/GIS and includes:

- (i) Assessing power potential, plant capacity and energy based on inputs like hydrological series etc.
- (ii) Framing of Technical Specifications for E&M Works.
- (iii) Evolving optimized designs for electromechanical works of projects under planning and execution.
- (iv) Providing technical data on electromechanical equipment.

Contract and construction management:

Our role as contract and construction manager is to organize and supervise the construction of the project. We determine the number of contracts that are awarded per project after reviewing the size and capacity of the project. In general, one or two contracts for civil works, one contract for the hydro mechanical components and one contract for the electromechanical components of each project are awarded. However, EPC (Turnkey) Contracts are considered, wherever appropriate.

Operation and maintenance:

Once the power station is commissioned and becomes fully operational the operation and maintenance division is responsible for the orderly running of the project. This division maintains a database of generation parameters for statistical review and analysis that can be used to optimize generation along with reducing downtime of equipment. This division also analyses data to forecast problems and advises on remedial measures.

Automation of stations:

Presently, the operations of all the power stations are either semi or fully automated. Our Uri, Chamera II, Dhauliganga, Dulhasti, Sewa-II, Teesta-V, Chamera-III, Uri-II, Teesta Low Dam-III, Teesta Low Dam-IV, Parbati-III, Chutak and NimooBazgo power stations are equipped with advanced distributed control systems / SCADA systems. We are in process of implementing DCS/ SCADA systems at BairaSiul, Loktak & Salal power stations. DCS/SCADA systems provides for better operation, monitoring and control of the power station.

Sale of Energy**Tariffs:**

Tariffs for each of our hydropower stations are determined by the CERC. A new tariff regulation was issued by CERC pursuant to notification no. L-1/144/2013-CERC dated February 21, 2014, and relates to the Control Period (CP) from April 1, 2014 to March 31, 2019.



Tariff are determined by reference to AFC, which comprise of return on equity, depreciation, interest on loan, interest on working capital, operation & maintenance expenses. The AFC is recoverable as primary energy charges and capacity charges. Recovery of capacity charges dependent on the actual availability of our machines for generating power. Capacity charge is determined by reference to the NAPAF, which has been prescribed for each project based on the nature of the project whereas Energy charge is recoverable on the basis of actual generation.

We are entitled to receive incentives for achieving a plant availability factor greater than NAPAF as well as for generating energy in excess of the design energy level of the plant.

Power Purchase Agreements:

The GoI allocates the output of each of our stations among the station's customers. Each of our power stations has PPAs with its customers. Under the terms of the PPAs, we are obliged to supply electricity to SEBs or their successor entities, private distribution companies and other GoI entities in accordance with the terms of the allocation issued by the GoI from time to time. The power supplied to customers is billed as per tariff regulations issued by CERC.

The MoUs signed with respective state governments where power station is situated we require to provide 12% of the energy that we generate to the respective state free of cost. In addition to above, allocation order issued by MoP after 31.03.2008, 1% additional free power given to home state for local area development fund & home state has to provide matching 1% from their share of 12% free power. The sale of power from various projects is regulated as per allocation of power issued by MoP, GoI.

The term of validity of the PPA is generally for life span of the project (i.e. 35 years). In some cases, PPA for 5 years or 10 years from the date of the commercial operation of the project have also been signed, provided that such PPAs may be renewed or replaced on such terms and for such further time as the parties may agree. However, the provisions of a PPA continue to operate until such PPA is formally renewed or replaced in case customer continues to get Power from the Projects.

The tariffs charged and the conditions for the supply of energy, as well as the levy of surcharge and rebates are determined according to the tariff regulations issued by the CERC or policies of GoI from time to time. NHPC also offer its own rebate scheme to willing customers. Further, settlement of any disputed current dues is determined according to the directives of the CERC or the GoI as issued from time to time.

The parties to a PPA are not liable for any claim for loss or damage arising out of failure to carry out the terms of such PPA to the extent that such failure is due to force majeure events such as riot, strike, lock out, fire, explosion, flood, drought, earthquake, war or other forces, accidents etc. beyond the control of either party. Any party claiming the benefits of this provision holds the burden of proving that the event occurred and damage was suffered.

All questions or disputes between parties in connection with a PPA, except the extent of power vested with the respective RPC(s), are settled through arbitration in accordance with the provisions contained in the Electricity Act, 2003 and the Arbitration and Conciliation Act, 1996 as amended and any statutory modifications thereto, in the event such differences cannot be settled through conciliation prior to



arbitration. Notwithstanding the existence of any question, dispute & differences referred to arbitration, the parties here to shall continue to perform their respective obligations under this agreement.

Recoveries through the One-Time Settlement Scheme (“One Time Settlement”):

NHPC previously had problems recovering payments from SEBs and other state government entities; however, in 2001, the MoP, and the state entities established a scheme of One Time Settlement. Pursuant to the One Time Settlement, the Gol, on behalf of the central sector power utilities, executed Tripartite Agreements with the RBI and the state governments valid up to 31.10.2016, (further extended for 10/15 years up to 31st October 2026/2031 by MOP in response of 21 No states), to effectuate a settlement of overdue payments, by way of tax-free power bonds, owed to NHPC by the SEBs or their successor entities or other state government entities with provisions for incentives for future timely payment.

Under these agreements, the overdue amounts outstanding as of September 30, 2001 were securitised by the issue of tax-free power bonds and long term advances amounting to Rs. 2,818.04 crore against outstanding principal dues, late payment surcharge, and conversion of bonds issued by the SEBs after March I, 1998. Tax free interest on the power bonds and long- term advances are payable to NHPC at a rate of 8.5% p.a. payable on half yearly basis. These bonds mature and the long-term advances are payable in various stages, starting from October 1, 2006 until April 1, 2016 except DTL –Long Term Advance (Matured on September 30, 2016).

Research and Development:

Most of NHPC projects are located in Himalayan region where rivers carry heavy silt loads which damage the underwater turbine components. Research and Developmental activities being carried out for prolonged operating life of underwater components of the Power Stations are as under.

- Measures are being undertaken for installing arrangements for monitoring of cavitation in Teesta-V shall be the first Power Station to have the same. This system shall be helpful in timely maintenance of the machines and shall prolong their life span.
- For optimization of the performance of Power Stations, Energy Audit of all NHPC Power Stations are being conducted regularly and energy saving measures are being implemented in a phased manner.
- Planning to deploy ROV for inspection of underground parts / structures
- Remote sensing based sedimentation studies for Teesta-IV Hydroelectric project of NHPC Ltd: The study of Four year duration starting from November 2016 will undertake the basic resource mapping of the catchment area like soils, land use/cover and geological features including landslides. These inputs will be used in a soil erosion model to predict the sediment outcome from the catchment area. Besides above, the temporal satellite data will be used to monitor the dam site to understand the sedimentation and will be compared with historical records.
- *Research work of “Study on Bonding of High Performance Concrete with old concrete” is being taken up with the help of National Council of Cement and Building Material (NCCBM) Faridabad*

Clean Development Mechanism

We are in the process of securing benefits from our hydropower projects under the clean development mechanism (“CDM”) scheme pursuant to the United Nations Framework Convention on Climate Change of 1994. Under this scheme, an industrialized country that wishes to get credits from a CDM project must obtain the consent of the developing country hosting the project to claim such credit and confirm that the



project will contribute to sustainable development. Then, using methodologies approved by the CDM Executive Board, the applicant must make the case that if the carbon project would not have happened then there should be absent such benefits, and must establish a baseline estimating the future emissions in the absence of the registered project. The case is then validated by a third party agency, called a Designated Operational Entity, to ensure the project results in real, measurable, and long-term emission reductions.

Hydropower projects registered by the CDM Executive Board are eligible to earn certified emission reduction ("CER") credits. CER credits can be sold to industrialized countries to meet their greenhouse gas emission reduction targets under the terms of the Kyoto Protocol Treaty of 2005 amended from time to time.

Nimmo Bazgo (3X15 MW) and Chutak (4X11 MW) Projects located in Jammu & Kashmir state have been registered by the CDM Executive Board of the United Nations Framework Convention on Climate Change (UNFCCC). The Nimmo Bazgo and Chutak projects shall annually reduce emissions of approximately 187,893 metric tons of CO₂ equivalent and 166,831 metric tons of CO₂ equivalent respectively. However, CDM Registration of these projects is being revised under the new isolated grid methodology which may be suitably fit in these projects to incorporate the change in connectivity of these projects from National Grid to Local Isolated Grid. In this regard, the work has been awarded to M/s Core Carbon X Solution Private Limited, Hyderabad for revision of CDM methodology and verification, issuance and sale of CER's of Nimoo Bazgo and Chutak Power Station.

Validation, assistance in registration and annual verification for first five monitoring years in respect of 50 MW wind project in Jaisalmer, Rajasthan under CDM of UNFCCC has been awarded to M/S MITCON Consultancy and Engineering Services Ltd, Pune (MH). In feasibility study report, the Consultant has concluded that Project is financially viable without CDM benefit only and cannot be processed further under CDM mechanism after considering all the financial parameters presented in board agenda note.

NHPC's Teesta-V Power Station has been successfully validated under the Voluntary Emission Reduction Scheme. Verification of the generation for the period from April 2008 to September 2009 and for the period from October 2009 to May 2012 has been completed. Approximately 2 Crore VERs are expected to be issued within a period of 10 years. Crediting period shall be renewed for another 10 years. Sale of VERs are under process. Teesta- V Power station is certified to get 29.7 lakh VERs for the period from April'08 to Sep'09 and 50.82 lakh VERs for the period from Oct'2009 to May 2012. Till now, NHPC has sold 15.56 lakh VERs (excluding the 20% share given to EVI as consultancy fee) and realized revenue of Rs. 279.95 lakh.

The work order for validation, assistance in registration and annual verification for first monitoring year for the Projects / Power Stations namely Uri-II, Parbati-III & TLDP-IV and Validation and assistance in registration for Parbati-II Hydroelectric project have already been awarded to M/S EKI Energy Services Ltd, Indore (MP).

At present Uri-II, Parbati-II, Parbati-III and TLDP-IV are successfully listed in VCS APX registry and verification under VCS of PB-III and Uri-II Power Stations are also successfully completed. Now TLDP-IV Power Station is under verification process.

Information and Communication Technologies:



We make effective use of Information and Communication Technologies (ICT) for the execution and management of our Projects and Power Stations. We consider information technology to be a strategic tool for us to improve our overall productivity and efficiency. NHPC has very extensive ICT infrastructure and all its sites viz. Corporate Office, Regional offices, Projects and Power Stations are connected with the NHPC Enterprise Communication Network through multimode, fail-safe communications links using OPGW MPLS-VPN, BSNL MPLS-VPN, VSAT-Ku Band and Broadband technologies. NHPC has presently co-located key servers at TIER-III Data Centers of NICS at New Delhi and BSNL at Faridabad. Own Disaster Recovery (DR) site is also operational at NHPC Office at Kolkata. IT Policy as well as IT & Cyber Security policy are also in place to manage the systems and to ensure optimum and secure utilization of the assets owned by NHPC.

We have successfully implemented ERP (Enterprise Resource Planning) software solution to help in managing optimum utilization of generating assets as well as accelerated development of construction projects thereby improving quality, productivity and profitability of the organization. IFS ERP has been implemented in NHPC in centralized environment and the data for the entire Corporation pertaining to ERP resides in single Oracle database. ERP is being accessed remotely from all locations of NHPC through above enterprise communication network. All key business functions viz. Finance, HR, Procurement, Contracts, Assets, Inventory, Project Management, Power Plant Operation & Maintenance, Energy Sales & Accounting, Quality Assurance etc. have been implemented in ERP. Employee Self Service (ESS) is also implemented across NHPC catering to all employees of the Corporation.

A host of other software applications has been implemented covering key business functions and providing services like Internet, Intranet, E-mail, Voice & Video Conferencing, Web-casting etc. leveraging the ICT Infrastructure. All employees can have easy access to their personal information etc. through user friendly Sahaj Sewa Portal.

NHPC has successfully achieved standardization of data and accuracy of information to a large extent with well-planned ICT facilities. This has also resulted in reduction of paper consumption and improved quality of information. As per Government of India directives, the e- procurement (Electronic Tender) System, e-Reverse Auction as well as environment friendly disposal of e-waste have also been implemented successfully.

Software:

Our electromechanical design division has developed a suite of software, Jal Vidyut, for in-house use in connection with power potential assessment, preliminary power house sizing and speed and pressure rise computations. DPRs for several projects have been successfully submitted to the CEA for TEC using data computed by the software. This suite of software was developed in an effort to standardize engineering practice in our organisation. Similarly, a no. of software has been developed for hydrological & hydraulic analyses like Reservoir routing, sedimentation flood frequency analysis etc. by civil design division. We intend to continue to refine this software to increase its utility to our engineering team.

Insurance:

We rely upon insurance coverage obtained by our contractors to insure damage and loss to our hydroelectric projects during the construction phase. Our contractors take third-party insurance in respect of risks associated with our assets and infrastructure that are ancillary to our stations during the construction phase.



We insure the risks associated with damage due to fire, storm, cyclone, flood, earthquake, landslide and terrorist activities to our power stations once they have been commissioned and are operating. We have obtained “Mega Risk Insurance Policy”, “Comprehensive Package Insurance for CPM Equipments” & “Third Party Insurance” Policies in respect of all O&M Power Station w.e.f. 31.07.11.

Human Resources:

Our Company had 7837 employees as on 30.06.2017. Out of this 4569 employees were engaged in operation and maintenance areas of our business. We believe that a well-trained and experienced team of employees is crucial to our continued growth and success. In this regard, we are committed to recruiting and retaining the best talent in the industry, providing them the best training and development facilities with remuneration at levels that will encourage them to perform to best of their capability.

Employee Training and Development:

We encourage our employees to develop management and technology skills through internal programs, industry affiliations and external certifications. The training and development needs of our staff are assessed on a regular basis. We have a comprehensive training policy for the development of our employees.

Unions:

The majority of our workers are affiliated with worker unions. We believe in harmonious relationships with our worker unions. Most of our generating stations have unions that are registered under the Trade Union Act, 1926. Most of these unions are affiliated with one of the five Apex Level Unions namely – All India NHPC Employees’ & Workers’ Council, All India Workers’ & Employees’ Federation, NHPC Karamchari Mahasangh, NHPC Employees’ Front and National Coordination of NHPC Employees Union. We have previously had instances of sporadic and localised protests.

Environmental Compliance and Resettlement & Rehabilitation:

NHPC is sensitive towards environment and well-being of people. Prior to project construction, detailed Environmental Impact Assessment (EIA) studies are carried out based on which Environmental Management Plans (EMP) are formulated, as listed below, to mitigate any adverse impact on social and environmental aspects.

1. Compensatory Afforestation,
2. Biodiversity Management,
3. Catchment Area Treatment,
4. Restoration of Muck Disposal area,
5. Restoration of construction areas and quarry sites,
6. Public Health Management,
7. Disaster Management plan,
8. Green Belt Development plan
9. Fishery Management Plan
10. Environmental Monitoring
11. Resettlement and Rehabilitation Plan.

Based on EIA & EMP reports and proceedings of Public Hearing, environmental clearance is accorded by MoEF. NHPC executes EMPs with utmost sincerity.



Besides the mandatory/statutory requirements, NHPC also undertakes many voluntary activities for improvement of environment in and around its projects such as voluntary afforestation, herbal park development, etc.

A full-fledge Environment & Diversity Management Division comprising of qualified environment professionals is existent in NHPC, whose role and responsibility is to ensure sustainable development of hydropower in letter and spirit.

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.

NHPC is highly sensitive towards its project affected persons. To meet the needs and aspirations of the project affected families and the host population, NHPC formulated its own Resettlement and Rehabilitation Policy-2007 in line with the National Rehabilitation and Resettlement Policy, 2007. NHPC's R&R Policy provides certain additional benefits over and above those proposed in NRRP, 2007. However, in view of "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013", which came in force from 01.01.2014, both R&R and land acquisition for NHPC Projects shall be dealt in accordance with the provisions of this Act.

Recent initiatives towards socio-economic development in connection with our power stations and projects, including initiatives under our R&R Policy for the benefit of PAPs, include the following:

Construction, widening and maintenance of roads and bridges; Afforestation, Development of irrigational facilities, water supply, and drainage facilities; Rural electrification works; Organisation of educational, and vocational training programs, Scholarship, awareness programs on horticultural and agricultural practices, healthcare programs and promotion of sports and culture; organisation of health checkup camps, vaccination and immunization works, free distribution of medicines; and on the occasions, our Company has assisted in reconstruction of flood-affected villages.

Corporate Social Responsibility:

CSR has been an integral part of NHPC's business philosophy. NHPC is conducting its business in a socially responsible way by maintaining high level of organizational integrity and ethical behaviour, in conformity with expected standards of transparency in reporting and disclosing the performance in all spheres of its activities, demonstration of concern for social welfare, adoption of best management practices and effective operational methods to win the trust and confidence of all stakeholders. NHPC is playing a significant role in the area of Corporate Social Responsibility by addressing the social, economic and environmental concerns of key stakeholders including those directly impacted by its operations & activities in a sustainable manner.

CSR Policy of NHPC intends to be in line with the provisions of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules issued by Ministry of Corporate Affairs and DPE's latest Guidelines on CSR. CSR activities undertaken by NHPC are in conformity with the list of items / activities specified in Schedule-VII of the Companies Act, 2013.

NHPC has undertaken a number of CSR initiatives for the community living in and around its Projects / Power Stations / Units in the areas of Healthcare, Sanitation, Education, Rural Development, Skill Development, Environmental sustainability, Women Empowerment, Promotion of sports, arts & culture etc.

Sector-wise key CSR Initiatives undertaken / being undertaken by NHPC

Sector / Area	Particulars of CSR Initiatives
Education	- Scholarships to students - Providing support for the setting up of Engineering College/Training Institutes - Providing Infrastructural support to Schools
Skill Development	Enhancement of employability of rural youth and women by means of Skill Development Programs Supporting infrastructural development and other up-gradation activities in Industrial Training Institutes adopted by NHPC.
Health	- Organizing medical camps, health awareness programs - Augmentation of health infrastructure - Deployment of Mobile medical units (MMUs) in rural areas - Providing medical care to local population including medicines
Sanitation	- Construction of toilets in Govt. schools under Swachh Vidyalaya Abhiyan - Undertaking various Swachh Bharat Abhiyan activities - Providing sanitation facilities in public places - Providing potable drinking water, community RO Plant & Sanitation Complex, arrangement of drinking water supply lines
Rural Development	- Construction/renovation of pathways, RCC Bridges, drains, rain shelters, community halls, cremation sheds, grave yards etc. - Establishment of food processing units
Environment	- Development of Bio-Diversity Park. - Installation of solar street lights
Women empowerment	- Training to women in various areas to generate self-employment. - Literacy program for rural women
Sports, Art, Culture & capacity building etc.	- Training to Promote sports - Promoting art and culture - Conducting Stake holder meetings/ Base-line surveys/ Impact assessment programs etc.

Competition:

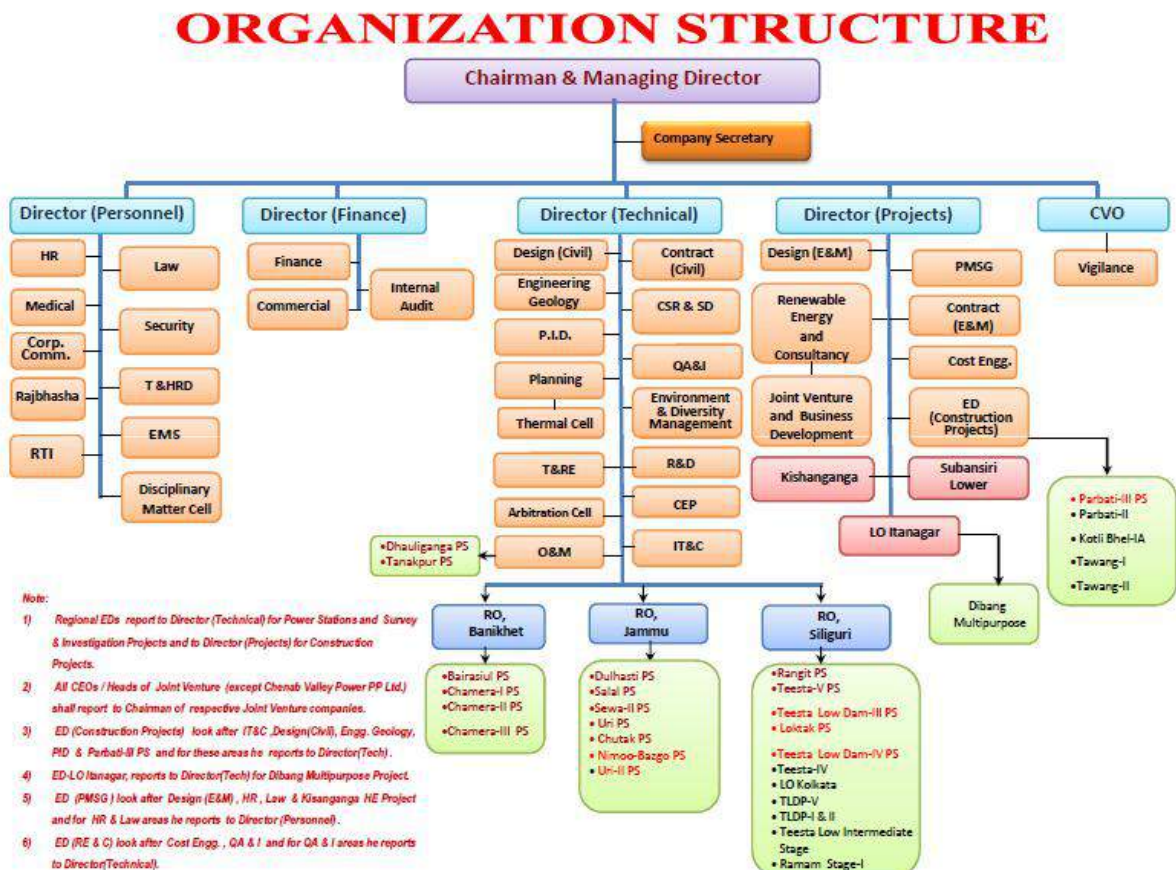
Our Total installed capacity is 6717 MW (Including 50 MW in wind power). As on June 2017, Total installed capacity of hydroelectric projects in India was approximately 44614.42 MW. Our Company, with a hydro installed capacity of 5147 MW, represents approximately 11.54% of the capacity share on standalone basis. Combined with NHDC's installed capacity of 1,520 MW, we represent a capacity share of 6667 MW

approximately 14.94% of total Hydro capacity of India. In Fiscal 2016 our Company generated 23404 MU of electricity and 23275 MU as on March 17 (including deemed generation of Chutak & Nimmo Bazgo power stations and actual generation of wind power project, Jaisalmer. Some of the other players in this industry are Bhakra Beas Management Board (“BBMB”), generation companies of the various states of India, such as, MAHAGENCO, Andhra Pradesh Generation Company (“APGENCO”), Satluj Jal Vidyut Nigam Limited, which is a joint venture between the GoI, the government of Himachal Pradesh and Tehri Hydro Development Corporation Limited (“THDC”), which is a joint venture between the GoI and the government of Uttar Pradesh, along with other private players. Due to the historical imbalance between demand and supply in the Indian power sector, there has generally been a stable market for power generation companies in India. However, the Electricity Act, 2003, removes licensing requirements for thermal generators, provides for open access to transmission and distribution networks and removes restrictions on the right to build captive generation stations. These reforms provide opportunities for increased private sector involvement in power generation. Specifically, the open access reforms, by which generators will be able to sell their output directly to distribution companies and, ultimately, directly to consumers, may increase the financial viability of private investment in power generation.

While under the Electricity Act, 2003, CEA approval and consent of relevant state government is required to set up a hydropower project, the increased opportunities for private investment in the market described above, when combined with available hydro potential in India and the resulting low costs of production, may lead to increased investment in and competition in the hydroelectric sector in the future.

d) & e) Organisation Structure & Management of the Company

i) Organisation Structure.



ii) Details of the current directors of the Company*

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 half of the actual strength of the Board.

Presently, the Board of NHPC Limited comprises Chairman and Managing Director (CMD), Functional Directors, Government Nominee Directors and Independent Directors. As on March 31, 2017, there were 10 Directors, of which five were Functional Directors including Chairman and Managing Director, two Government Nominee Directors and three Independent Directors.

Table 1: Composition of the Board of Directors as on 31.03.2017 was as under:-

Particulars	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
Total	14	10

Name, Designation & DIN	Age	Director of the Company since	Address	Details of Other Directorship
Shri Krishna Mohan Singh Designation: Chairman and Managing Director, Occupation: Service Nationality: Indian DIN: 02223301	59	23.09.2015	CMD Awas, NHPC Residential Colony, Sector-41, Faridabad, Haryana-121 010	- NHDC Ltd. - Loktak Downstream Hydroelectric Corporation Ltd.
Shri Ratish Kumar, Designation: Director (Projects) Occupation: Service Nationality: Indian DIN: 06852735	56	06.01.2016	20-C, Pocket-B, Mayur Vihar Phase – II, Delhi – 110091	- Bundelkhand Saur Urja Limited
Shri Balraj Joshi Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 07449990	57	01.04.2016	406 Urja Vihar, Sec-45 Faridabad, Haryana- 121010	- Chenab Valley Power Projects Private Limited
Shri Nikhil Kumar Jain, Director (Personnel)	55	07.02.2017	Flat No. 297, Ganpat Andolkar	Nil

Occupation: Service Nationality: Indian DIN: 05332456			Block, Asian Games Village Complex, New Delhi-110049	
Shri Mahesh Kumar Mittal, Director (Finance) Occupation: Service Nationality: Indian DIN: 02889021	56	01.03.2017	Flat No. 110, Pocket-K, Sarita Vihar, New Delhi-110076	-Chenab Valley Power Projects Private Limited - PTC India Limited
Smt. Krishna Tyagi, Government Nominee Director Occupation: Service Nationality: Indian DIN: 07230978	56	08.07.2015	C-253, Pocket-7, Kendriya Vihar, Sector-82,Noida (U.P)-201304	NIL
Smt. Archana Agrawal, Government Nominee Director Occupation: Service Nationality: Indian DIN No. 02105906	49	06.03.2016	Joint Secretary (Hydro), Ministry of Power, 4 th Floor, Shram Shakti Bhawan, Rafi Marg, New Delhi – 110 001	- SJVN Ltd.
Shri Satya Prakash Mangal, Independent Director Nationality: Indian DIN: 01052952	55	26.11.2015	A-2/51, 2 nd Floor, Safdarjung Enclave, New Delhi-110029	- Raunaq EPC International Limited - SPMC Global Advisory Service Private Limited - Addwings Rail & Infra Solutions Private Limited - NHDC Limited
Prof. Arun Kumar Independent Director Nationality: Indian DIN: 07346292	56	26.11.2015	A-02 Hill View Apartments, IIT Roorkee, Haridwar - 247667	NIL
Prof. Kanika Tandon Bhal Independent Director Nationality: Indian DIN: 06944916	51	26.11.2015	68, Vikramshila Apartments, IIT Campus, New Delhi-110016	NIL

Name of the current directors who are appearing in the RBI defaulter list and / or ECGC default list, if any.

NIL

iii. Details of change in directors since last 3 years as on 31.03.2017.

Name, Designation & DIN	Date of Appointment / Cessation	Director of the Company since	Remarks
Shri Mahesh Kumar Mittal, Director (Finance) Occupation: Service Nationality: Indian DIN: 02889021	01.03.2017	01.03.2017	Appointment
Shri Jayant Kumar, Director (Finance) Occupation: Service Nationality: Indian DIN: 03010235	28.02.2017	26.05.2015	Appointment/Ce ssation
Shri Nikhil Kumar Jain, Director (Personnel) Occupation: Service Nationality: Indian DIN: 05332456	07.02.2017	07.02.2017	Appointment
Shri Radheshyam Mina, Director (Personnel) Occupation: Service Nationality: Indian DIN: 00149956	31.01.2017	28.04.2009	Appointment/Ce ssation
Shri Farooq Khan Designation: Independent Director Nationality: Indian DIN: 07348921	17.08.2016	26.11.2015	Appointment/ Cessation
Shri Balraj Joshi Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 07449990	01.04.2016	01.04.2016	Appointment
Shri Dinesh Prasad Bhargava Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 01277269	31.03.2016	26.03.2009	Cessation

Smt. Archana Agrawal Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 02105906	06.03.2016	06.03.2016	Appointment
Shri Aniruddha Kumar, Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 07325440	29.02.2016	28.10.2015	Appointment/ Cessation
Shri Ratish Kumar Designation: Director (Projects) Occupation: Service Nationality: Indian DIN: 06852735	06.01.2016	06.01.2016	Appointment
Prof. Kanika Tandon Bhal Designation: Independent Director Nationality: Indian DIN: 06944916	26.11.2015	26.11.2015	Appointment
Prof. Arun Kumar Designation: Independent Director Nationality: Indian DIN: 07346292	26.11.2015	26.11.2015	Appointment
Shri Satya Prakash Mangal Designation: Independent Director Nationality: Indian DIN: 01052952	26.11.2015	26.11.2015	Appointment
Shri Arun Kumar Verma Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 02190047	19.10.2015	17.12.2014	Appointment/ Cessation
Shri Krishna Mohan Singh Designation: Chairman and Managing Director Occupation: Service Nationality: Indian DIN: 02223301	23.09.2015	23.09.2015	Appointment
Shri Atul Kumar Garg Designation: Independent Director Nationality: Indian DIN: 02281287	23.09.2015	30.03.2012	Cessation
Shri Ashoke Kumar Dutta	23.09.2015	30.03.2012	Cessation

Designation: Independent Director Nationality: Indian DIN: 00045170			
Shri R. S. T. Sai Designation: Chairman and Managing Director Occupation: Service Nationality: Indian DIN: 00171920	23.09.2015	08.06.2014	Appointment/ Cessation
Smt. Krishna Tyagi Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 07230978	08.07.2015	08.07.2015	Appointment
Shri K. N. Garg Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 06707847	30.06.2015	07.10.2013	Appointment/ Cessation
Shri J .K. Sharma Designation: Director (Projects) Occupation: Service Nationality: Indian DIN: 00387785	11.03.2015	10.04.2009	Cessation
Shri Mukesh Jain, Government Nominee Director DIN No.: 06733536	10.11.2014	11.11.2013	Appointment/ Cessation
Shri Arun Kumar Mago, Independent Director DIN No. 01624833	31.10.2014	09.11.2011	Cessation
Shri R. Jeyaseelan, Independent Director DIN No.: 02143850	31.10.2014	12.11.2011	Cessation
Shri G. S. Vedi, Independent Director DIN No.: 02286126	31.10.2014	08.11.2011	Cessation
Shri A. Gopalakrishnan, Independent Director DIN No.: 02880344	26.09.2014*	10.03.2013	Re-appointment / Cessation
Shri Shantikam Hazarika,	26.09.2014*	24.05.2012	Appointment/



Independent Director DIN No.: 00523656			Cessation
Shri A.B.L. Srivastava Designation: Director (Finance) Occupation: Service Nationality: Indian DIN: 01601682	15.09.2014	11.02.2008	Cessation
Shri G. Sai Prasad, Government Nominee Director holding additional charge of the post of Chairman and Managing Director since July 24 2012 DIN No.: 00325308	08.06.2014	20.12.2011	Cessation

*Shareholders in their 38th Annual General Meeting held on 26.09.2014 have not approved the appointment of Shri A Gopalakrishnan & Shri Shantikam Hazarika as independent Directors of the company.

Note: Sh. Farooq Khan, Independent Director has resigned from the office of Director w.e.f 17.08.2016.

f) MANAGEMENT'S PERCEPTION OF RISK FACTOR

An investment in Bonds involves a certain degree of risk. You should carefully consider all the information in this Offer Letter, including the risks and uncertainties described below: before making an investment in the Bonds. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Bonds. Additional risks and uncertainties not known to the Company or that the Company currently believes to be immaterial may also have an adverse effect on its business, prospects, results of operations and financial condition. If any of the following or any other risks actually occur, the Company's business, prospects, results of operations and financial condition could be adversely affected and the price and value of your investment in the Bonds could decline such that you may lose all or part of your investment.

You should not invest in the Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your own tax, financial and legal advisors about the particular consequences of an investment in the Bonds.

Unless otherwise stated, our financial information used in this section is derived from our Standalone Reformatted Financial Information, prepared in accordance with accounting standards generally accepted in India.

Internal Risk Factors

- 1. We have contingent liabilities that we have not provided for, which if materialise, may adversely affect our financial condition.***

Our total contingent liabilities that have not been provided for as of Mar 31, 2017 were Rs. 8825.90 crore. The details are as follows:

Claims against our Company not acknowledged as debts in respect of: (Rs. in crore)

Particulars	Amount
Capital Works	7848.60
Land Compensation Cases	19.36
Disputed Income Tax, Sales Tax and Service Tax Demands	373.53
Others	584.41
Total	8825.90

“The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters and others where the amount cannot be quantified.”

In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected.

2. Our Subsidiary is involved in certain other legal, regulatory and arbitration proceedings that, if determined against it, may have an adverse impact on our Company.

There are certain outstanding legal proceedings against our subsidiary i.e. NHDC pending at different levels of adjudication before various courts, tribunals, authorities and appellate bodies in India. Legal issues may exist in case of other subsidiaries i.e. CVPPL, LDHCL and BSUL. Should any new development arise, such as a change in the Indian law or rulings against it by appellate courts or tribunals, we may need to make provisions in our financial statements, which may increase our expenses and current liabilities. We can give no assurance that these legal proceedings will be decided in the favor of our Subsidiaries. Any adverse decision may have a significant effect on our business, financial condition and results of operations. In addition, certain directors and officers of our subsidiaries, are, from time to time, impleaded in certain cases in their respective official capacities.

3. The construction and operation of hydroelectric projects has faced opposition from local communities and other parties, including in the form of litigation instituted against our Company and Subsidiary and we may continue to face such opposition in the future.

The construction and operation of hydroelectric projects has faced opposition from local communities where these projects are located and from special interest groups. We as well as our subsidiaries have encountered opposition to the construction or operation of our projects in the past and we cannot assure you that we will not encounter such opposition in the future. For instance, Subansiri Lower Hydroelectric Project is severely affected due to intermittent law and order problem, strike/agitation called by various local groups. Further, construction activities of the project have been stopped with effect from December 16, 2011 due to agitation by various pressure groups.

In general, we are more at risk from opposition to hydroelectric projects that require the construction of

storage facilities because construction of such facilities involves the inundation of surrounding land. The resettlement and rehabilitation program for PAPs is developed on a project by project basis and is included in our budget for each project. Whilst we have set up an institutional framework to implement our resettlement and rehabilitation policy, the government of the State in which the project is located is ultimately responsible for disbursing compensation provided by us in respect of the PAPs. Significant opposition by local communities, special interest groups and other parties to the construction of our projects, including by way of litigation initiated against our Company and our Subsidiary, may adversely affect our reputation and financial condition.

4. The development of our projects may be subject to unexpected complexities and delays, which may cause the actual costs of developing projects to differ significantly from our estimates.

Our decision to develop or modify a project is typically based on the results of a feasibility study, which estimates the expected project costs. However, there are a number of uncertainties inherent in the development and construction of any hydroelectric project, including but not limited to:

- Availability of funds to finance the project and undertake construction and development activities;
- Costs, delays or difficulties in the acquisition of land and associated resettlement and rehabilitation issues;
- Availability and cost of skilled labour, power and transport facilities;
- Difficulties associated with accurately anticipating geological, hydrological and climatic conditions;
- Delay or failure to obtain necessary environmental and other governmental clearances, including those relating to financing of our projects;
- Interruptions or delays caused by project-affected persons, special interest groups or labour unions or local communities;
- Disruptions caused by natural disasters such as earthquakes, landslides or floods, accidents, explosions, fires, or the breakdown, failure or substandard performance of equipment due to improper installation or operation; and
- Non-viability of a project or shift in the location of a project on account of techno-feasibility reasons or otherwise.

In addition, the costs, timing and complexities of project development and construction can increase because of the remote location of many of our hydroelectric project sites. Specifically, such uncertainties may cause delays, cancellations or modifications in the scope or schedule of our incomplete projects or projects included in our future plans, which may adversely affect our predicted cash flow position, revenues and earnings. Due to the possibility of cancellations or adjustments in project scope, we cannot predict with certainty when, if or to what extent or at what cost a project currently under development or a planned future project will be completed.

In particular, the MoEF has decided that since North Sikkim is an ecologically sensitive and geologically unstable area for undertaking the major projects, therefore the projects above the Chungthang area should not be considered for the construction of dams and large scale development activities.

Furthermore, any delays associated with the commissioning of our projects that are inter-dependent on other projects for a variety of reasons including water supply and tailrace discharge may lead to disruptions in the dependent project including reduction in generation capacity. In particular, we believe that the delay in the commissioning of the Parbati II project resulted in a reduction in the generation capacity of Parbati III project of energy since the Parbati III project is dependent upon the tailrace discharge from the Parbati II



project which may result in a material adverse effect on our business and financial condition.

If our projects incur cost overruns above sanctioned estimates, the additional costs incurred require approval from the CERC for reimbursement. In cases where such approval is not granted, we bear the additional costs. Further, any cancellation, delay in execution or adjustment in the scope of a project may result in our failure to receive, on a timely basis or at all, the payments due to us for a project. Any delay or default in payment for incomplete projects may result in higher costs, lower return on capital or reduced earnings, and may require us to absorb unrecompensed costs or pay penalties for delay.

5. As a company engaged in infrastructure sector, we and our projects have received certain tax benefits in the past. We cannot assure that such benefits will be available to us in the future. Unavailability of such benefits in the future may have an adverse effect on our business, profits, results of operations and financial condition.

We, as well as infrastructure projects executed by us have benefited from certain tax regulations and incentives that accord favorable treatment to infrastructure-related activities. For instance, currently, the developers of power projects also receive a ten year income tax holiday on all projects.

We cannot assure you that we would continue to be eligible for such tax benefits or any other benefits. If the laws or regulations regarding the tax benefits applicable to us or the infrastructure sector as a whole were to change, our taxable income and tax liability may increase to that extent, which would adversely affect our financial results. Additionally, if such tax benefits were not available or significantly reduced, infrastructure projects could be considered less attractive which could negatively affect the sector and be detrimental to our business, prospects, results of operations and financial condition.

6. Our trademark is not currently registered under the Trade Marks Act, 1999. Any failure to protect our intellectual property rights may adversely affect our business.

Currently, we do not have a registered trademark over our name and logo under the Trade Marks Act, 1999, and consequently do not enjoy the statutory protections accorded to a trademark registered in India. Any failure to protect our intellectual property rights may adversely affect our business.

7. Our projects typically require a long gestation period and substantial capital outlay before we realise benefits or returns on investments.

Due to the nature of our business, our projects typically require a long gestation period and substantial capital outlays before completion or before positive cash flows can be generated. The time and costs required in completing a project may escalate due to many factors. In addition, failure to complete a project development, or failure to complete a project according to its original specifications or schedule, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected.

8. Our expansion plans require significant capital expenditures and if we are unable to obtain necessary funds on acceptable terms, our business or expansion plans may be adversely affected.

We will require significant additional capital to finance our business plan, in particular, our capacity expansion plan. In Fiscal 2018, GoI approved a budget estimate of Rs. 3089.36 crore for our Company. Our

ability to finance our capital expenditure plans is subject to a number of factors, some of which are beyond our control, including tariff regulations, our results of operations, general economic and capital market conditions, borrowing or lending restrictions, if any, imposed by state governments, the GoI and the Reserve Bank of India ("RBI"), our ability to obtain financing on acceptable terms, and the amount of dividends required to be paid to the GoI and our public shareholders. In addition, in the past some lenders have not disbursed funds to us when scheduled to do so. Also, adverse developments in the credit markets may significantly increase our debt service costs and the overall cost of our funds. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements. This may, in turn, adversely affect the implementation of our current projects or future business plans.

9. The majority of our revenues are derived from sales of power to the state electricity entities, as per the directives of the GoI, and we cannot assure you that the state electricity entities will always be able to secure their payments to us.

In Fiscal 2017 we derived Rs. 7191.53 crore or 82.00% of our standalone total income from the sale of energy to SEBs and their successor entities, pursuant to long-term power purchase agreements. We are obliged to supply power to State electricity entities, including their successors and unbundled entities, in accordance with the terms of the allocation letters issued by the GoI and the terms of power purchase agreements ("PPAs") entered into with these entities and the GoI. Pursuant to Tripartite Agreements entered into among the GoI, the RBI and respective state governments, our billings to the SEBs are currently secured through letters of credit. In addition, we can secure payment by regulating the power supply to a defaulting entity, or directly recover from the GoI payments that are funded from central plan assistance given to the relevant State. Although these security mechanisms are in place under Tripartite Agreements that are valid until 31st October 2016 and further extended for 10 Years up to 31st October 2026 by MOP in respect of 21 no. states, however we cannot assure you that the State electricity entities will always be required to, or be able to, secure their payments to us. Any change that adversely affects our ability to recover our dues from the State electricity entities may adversely affect our financial position.

10. Any future changes to CERC's tariff regulations may adversely affect our cash flow and results of operations.

The tariff norms and regulations have been evolving and may be subject to further change. They are subject to revision by the CERC and may be revised by it during the term of the respective PPAs. Any adverse changes in tariff norms or their interpretation by the CERC, judgments of the Appellate Tribunal for Electricity or the Supreme Court, or notifications by respective state governments relating to issues that affect hydropower generation, may limit our ability to recover payments due to us or the prices that we can charge for our hydropower and may have an adverse effect on our results of operations and cash flow from operations.

11. The unbundling of the SEBs, pursuant to the Electricity Act, 2003, may have an adverse impact on our revenues.

Under the Electricity Act, 2003, SEBs are required to unbundle their operations into separate generation, transmission and distribution companies. Such restructuring entails the transfer of all liabilities and obligations of the SEBs to the respective state governments, which then transfer them to separate entities. Under the restructuring, the transfer of payment obligations in relation to power sold by us is intended to be effected by a supplementary PPA with the unbundled entities. However, we believe that adequate



provisions are available in the present PPAs for the discharge of liabilities and obligations by the respective successors and assigns of the SEBs.

Similarly, following unbundling, our PPAs that are currently with the SEBs will be with one or more of the unbundled entities, particularly distribution companies, which may adversely affect their ability to make payments to us. Further, upon divestment of ownership or control of a SEB or any of the unbundled entities, as applicable, in favour of any entity not owned or controlled, directly or indirectly, by the applicable state government, the Tripartite Agreement relating to the SEB or the unbundled entity will no longer apply. In such an event, a fresh PPA will have to be entered into with such unbundled entity or entities. Any delay in execution or change in terms and conditions in the PPA may adversely affect our realisation of payments against sale of power. However, in this case, the rights and obligations of the RBI, GoI and the applicable state government as per tripartite agreement will continue. This agreement has been further extended up to 31.10.2026 by MOP in respect of 21 Nos states. In addition all our PPAs signed recently have included additional clause for 'Payment Security Mechanism', which requires that after the expiry period of the Tripartite Agreement, an alternative payment security arrangement in the form of Default Escrow Arrangement as a back to amount of the LC shall be provided. Under this arrangement an Default Escrow Account in favour of NHPC shall be established through which the incremental receivables of bulk power customer shall be routed as per the terms of Default Escrow Agreement.

12. Our long-term agreements entered into with state electricity entities expose us to certain risks as we do not have the flexibility to modify such contracts to reflect changes in our business circumstances or to enter into agreements with other parties at higher prices, should the market price for energy rise.

We derive a substantial portion of our revenues from PPAs entered with state electricity entities for a period of 35 years/10 years/5 years from the date of commercial operation of the last unit or balance normative life of power station whichever is earlier. The provision of these PPA's continue to operate until such agreement are formally renewed or replaced with mutual consent. Our Project specific tariff is not indicated in our PPA's and decided by CERC. Such arrangements may restrict our operational and financial flexibility in certain important respects and restrict our ability to grow our revenues from existing businesses. For example, business circumstances may materially change over the life of one or more of our contracts and we may not have the ability to modify our contracts to reflect these changes. Further, being committed under the contracts may restrict our ability to implement changes in our business plan or to enter into agreements with other parties at higher prices should the market price for energy rise. This limits our business flexibility, exposes us to an increased risk of unforeseen business and industry changes and may have an adverse effect on our business, prospects, financial condition and results of operations.

Given that our revenue structure under each contract is set over the life of the contract (and fluctuates subject to the adjustment mechanisms contained in each such contract), our profitability is largely a function of how effectively we are able to manage our costs during the terms of our contracts. If we are unable to effectively manage costs, our business, prospects, financial condition and results of operations may be adversely affected.

Our future success will depend in part on our ability to respond to technological advances and emerging hydropower generation industry standards and practices in a cost-effective and timely manner. The



development and implementation of such technology entails technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our processing systems to customer requirements or emerging industry standards. If we are unable, for technical, financial, legal or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, prospects, financial performance and results of operation may be adversely affected.

13. The Electricity Act, 2003, Hydro Power Policy 2008 and Mega Power Policy have introduced measures that may result in increased competition for us.

The statutory and regulatory framework for the Indian power sector generally, and the hydropower sector specifically, has changed significantly in recent years and there are likely to be more changes in the next few years. Changes in tariff policy based on the CERC Approach Paper and unbundling of the SEBs and consequent restructuring of companies in the power sector, as discussed in the risk factors above, open access and parallel distribution, and liberalised licensing requirements for, and tax incentives applicable to, companies in the hydropower sector, may provide opportunities for increased private sector involvement in power generation. For instance, the Electricity Act, 2003, removes licensing requirements for thermal generators, provides for open access to transmission and distribution networks and removes restrictions on the right to build captive generation plants. Specifically, the open access reforms, which will enable generators to sell their output directly to distribution companies, and ultimately, directly to consumers, may increase the financial viability of private investment in power generation. A key objective of the Hydro Power Policy 2008, is to encourage and increase private investment in the development of hydropower through providing financial benefits. The Hydro Power Policy 2008 also seeks to encourage joint ventures with private developers and the use of an independent power producer ("IPP") model and promote power trading and speeding up clearance procedures.

The threshold limit to obtain mega power project status is 500 MW for hydropower projects. This threshold has been reduced to 350 MW for projects located in Jammu & Kashmir, Sikkim and the North Eastern States. The intention of this policy is to accelerate the rate of capacity addition in the power sector by providing major fiscal benefits of mega projects and thereby lowering the cost of power. However as per the decision of cabinet meeting held on July 19, 2012 the benefits of custom duty and Special additional duty etc. on mega power projects will become inapplicable for new projects.

Large Indian businesses that already have a presence in the Indian power sector, specifically in captive power generation, may seek to expand their operations in the sector. The power sector in India may also attract increased investment from international companies with greater resources and assets than us and which may be able to achieve better economies of scale allowing them to bid profitably at more competitive rates. In addition, there may be increased competition from Central and State power utilities. This competition may result in a material adverse effect on our business, prospects and financial condition.

In the past, there have been instances where our Company has prepared initial studies for project sites and these projects have then been allocated to private developers by the government of the State where the project is situated. If this were to occur more frequently, our financial condition may be adversely affected as we lose the opportunity to be involved in the more profitable components of the project.

14. *Our generation capacity is subject to substantial variations in water flow due to climatic conditions, which may cause significant fluctuations in our revenue and profits.*

The amount of power generated by hydropower systems is dependent on available water flow. There may be significant fluctuations in our revenues and cash flows due to variations in water flow from season to season, and from year to year, depending on factors such as rainfall, snowfall, snowmelt, or other seasonal or climatic conditions, and the carrying capacity of the river.

Our operating results have historically been more favorable during the monsoon season of June through September. Substantial rainfall during these months generally leads to higher generation at our power stations because a greater amount of water is available. Our operating results have historically been less favorable during the remainder of the year when there is less water available.

Further, with respect to our projects under construction and our future projects, while we select our sites on the basis of output projections, there can be no assurance that the water flows will be consistent with our projections, or that the water flow required to generate the projected outputs will be sustained after construction of the projects is completed. Similarly, there can be no assurance that material hydrological events will not impact the conditions that currently exist at our project sites. Accordingly, adverse hydrological conditions, whether seasonal or for an extended period of time, that result in inadequate or inconsistent water flow may render our hydroelectric power stations incapable of generating energy in accordance with our current estimates, which may adversely affect our business condition in the future or may make it difficult for us to recover costs already expended on any affected projects currently under development.

15. *We are dependent on various contractors or specialist agencies to construct and develop our projects or to supply materials or equipment required in connection with our projects.*

We rely on third party contractors for the construction and development of our projects. Accordingly, the timing and quality of construction of our projects depends on the availability and skill of these contractors. We also rely on third party suppliers to provide us with many of the materials we use, such as cement and steel. We do not have direct control over the quality of materials supplied by such suppliers. Therefore, we are exposed to risks relating to the quality and availability of such products.

In our business, we also rely on complex machinery built by third parties, which may be susceptible to malfunction. This is particularly true in the current industry environment, which involves rapid technological developments and often involves the installation of newly developed equipment that has not been extensively field-tested. Although, in certain cases, manufacturers are required to compensate us for certain equipment failures and defects, such arrangements are subject to ceilings and may not fully compensate us for the damage that we may suffer as a result of equipment failures and defects, force majeure conditions or against any penalties we may consequently become liable to pay under our agreements with our customers.

In addition, our contracts with third party suppliers or contractors do not generally cover indirect losses such as loss of profits or business interruption. There can be no assurance that any natural disasters, accidents or malfunctions involving our assets will not have an adverse effect on our business, prospects, financial condition and results of operations. Further, although we believe that our relationships with our contractors and suppliers are cordial, we cannot assure you that such contractors and suppliers will



continue to be available at reasonable rates and in the areas in which we conduct our operations. If some of these third parties do not complete our orders satisfactorily or within the stipulated time, our reputation and financial condition may be adversely affected.

16. Significant increases in prices or shortages of building materials may increase our cost of construction.

The cost of construction of our projects is affected by the availability, cost and quality of the raw materials. Principal raw materials used in construction include cement and steel. The prices and supply of these and other raw materials depend on factors not under our control, including general economic conditions, competition, production levels, transport costs and import duties. If, for any reason, we are unable to obtain such raw materials in the quantities we need and at reasonable prices, our ability to meet our material requirements for our projects may be impaired, our construction schedules may be disrupted and our reputation and financial condition may be adversely affected. We cannot assure you that the aforesaid escalation in the project cost would be approved by the appropriate authorities in part or in full, thus such unrecovered project cost may affect our profitability and our financial condition may be adversely affected.

17. We may not have sufficient insurance coverage to cover all possible economic losses.

The operation of our assets may be disrupted for reasons beyond our control, including, but not limited to the factors stated in the risk factors in this section. During the construction phase, we rely on insurance coverage provided by our contractors to insure against damage and loss to our hydroelectric projects. Further, we take, through our contractors, third party insurance against risks associated with our assets and infrastructure that are ancillary to our stations, such as roads, administration buildings or housing provided to on-site workers. On commissioning, the power projects get covered under Mega Risk Policy and CPM Policy for losses under fire and its allied perils including terrorism and business interruption losses arising due to such damage. In addition to the above, we maintain a group personal accident policy, group insurance for house building advance and group insurance in lieu of an employee deposit linked insurance scheme, for all of our employees.

Although our insurance coverage and cash flows have been adequate to provide for losses in the past, future losses from such risks may exceed our insurance coverage limits and to that extent, any significant losses from such risks may have an adverse effect on our financial condition.

18. If we are unable to manage our growth effectively, our business and financial results may be adversely affected.

We are exposed to general financial, political, economic and business risks in connection with our overseas operations. In the past, we have undertaken projects in Bhutan, Nepal and Myanmar. These assignments are typically undertaken on an agency basis, often at the directions of the GoI. While emerging markets offer strong growth potential, they also present a higher degree of risk than more developed markets. There are business risks inherent in developing and servicing new markets. For instance, economic conditions may be more volatile and legal systems may be less developed and unpredictable. Our lack of experience in procuring adequate local contractors and supplies or in operating within local regulatory structures also creates risk for us. This may exert pressure on our management or may adversely affect our future expansion strategy or financial condition.

19. Our Subansiri Lower hydroelectric project is located in an area claimed by two state governments, and may be affected by the determination of any border dispute or due to the consequent non-execution of a Memorandum of Understanding between our Company and the appropriate state government.

The site for development of our Subansiri Lower hydroelectric project is in an area claimed by the state governments of Arunachal Pradesh and Assam since 1950. This border dispute between the States remains unresolved, and as such, the MoU required to be entered into between the appropriate state government. NHPC has signed a MoU with government of Arunachal Pradesh on January 27, 2010 and is yet to sign a MoU with the government of Assam. Further, it is understood that there is a disagreement between these two States pertaining to sharing of free power between them, due to the CEA's directions regarding allocation of power to the appropriate State in respect of power projects.

In the event any questions or disagreements arise between the respective state governments and our Company, the settlement of such questions or differences and the continued implementation or profitability of our Subansiri Lower hydroelectric project may be affected by, or subject to, determination of the border dispute between the States of Arunachal Pradesh and Assam.

Further, construction activities of the project have been stopped w.e.f. December 16, 2011 due to agitation by various pressure groups. NHPC is making consistent efforts to re-start the construction works.

20. The risk of environmental damage may force us to restrict the scope of our projects or incur substantial compliance or restorative costs.

Certain environmental organisations have expressed opposition to hydropower stations based on the allegation that they cause loss of habitat for, or destruction of, marine life and have adverse effects on waterways. In addition, dams create large reservoirs over what used to be dry land, which may also result in destruction of wildlife habitats, the need for resettlement of resident populations or urban centers, increased sediment in rivers and the production of methane from submerged forests. Due to these factors, environmental regulators may impose restrictions on our operations that would limit our ability to generate revenues. We may also be subject to significant financial penalties for any environmental damage caused. Financial losses and liabilities as a result of increased compliance costs or due to environmental damage may affect our reputation and financial condition.

Specifically, the nature of our business requires us to handle and transport certain highly inflammable and explosive materials. Whilst the handling and transport of such hazardous materials is subject to statutorily provided safety and environmental requirements and standards, such materials may, if improperly handled or subjected to unsuitable conditions, hurt our employees or other persons, cause damage to our properties and harm the environment. This may result in disruption in our operations, subject us to regulatory proceedings or litigation, and impose significant restorative costs and liabilities, which may adversely affect our reputation and financial condition.

21. The accumulation of silt in waterways can damage our equipment and cause shutdowns that can lead to a reduction in our power generation and may adversely affect our business.



Our operations can be affected by a build-up of silt and sediment that can accumulate behind dam walls and prevent the silt from being washed further down the river. Excess levels of silt can occur in waterways due to changes in environmental conditions, exacerbated by human activities such as agriculture and construction. High concentrations of silt in water can cause erosion in a station's hydroelectric turbines or can lead to blockages in the turbines themselves. Any such damage or blockage may require us to suspend power generation at a station, which may lead to a reduction in revenue, including associated efficiency incentive payments for the duration of such suspension. In addition, we may be required to incur additional costs from time to time to carry out dredging and repairs of any such affected equipment or assets.

22. We may be impacted by disputes concerning water usage and management at a local, state or international level.

India is party to a number of international agreements that seek to promote long-term holistic water management across international boundaries, including a water-sharing treaty between India and Bangladesh on the River Ganges, the Indus Water Treaty between India and Pakistan and several treaties between India and Nepal. In addition, there are several Indian Inter-State water-sharing agreements in relation to sharing costs towards water and irrigation. However, sovereignty over water flows is hard to define and enforce, even though agreements between riparian States or regions have been reached.

For instance, the International Court of Arbitration issued the final award in respect of the dispute between Pakistan and India under Indus Water Treaty regarding diversion from the Kishanganga/ Neelam River for power generation by Kishanganga HE Project. In the final award it was upheld that India shall maintain a minimum flow of 9 cumecs in the Kishanganga/Neelam river at all times below the KHEP and when the daily average flow upstream of KHEP does not meet the 9 cumecs level, 100% of the daily average flow upstream of KHEP shall be released into the Kishanganga/Neelam river below the KHEP. Further after 7 years of diversion of water from Kishanganga/Neelam River either party may seek reconsideration of the minimum flow through the Permanent Indus Commission and the mechanisms of the treaty.

Our business and our future financial performance may be adversely affected should our projects, or the watercourses on which our projects are located, become the subject of disputes relating to water usage at a local, state or international level.

23. We have borrowings, the repayment of which, if accelerated, may have an adverse impact on our business and results of operations.

As of June 30, 2017, our total borrowings aggregated to Rs. 19292.73 crore. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow produced by our business. If we fail to meet our debt service obligations, our lenders may declare us in default under the terms of our borrowings and accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we would have sufficient resources to repay these borrowings and maintain the operations of our facilities without disruption. Accordingly, any such acceleration may have an adverse effect on our cash flows, business and results of operations.

24. Our indebtedness and the conditions and restrictions imposed by our financing arrangements may adversely affect our ability to conduct our business and operations.

There are restrictive covenants in the agreements we have entered into with certain banks and financial



institutions for our short-term borrowings, medium-term borrowings and bond trust deeds. These covenants typically require us to inform lenders prior to issuing new shares, incurring further debt, creating further encumbrances on our assets and undertaking guarantee obligations. In addition, some of our loan agreements contain financial covenants that require us to maintain, among other things, a specified debt to net worth ratio and an interest-coverage-ratio.

We cannot assure you that our business will generate sufficient cash to enable us to service our debt, comply with our covenants or to fund our other liquidity needs. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

25. We may encounter problems relating to the operations of our Subsidiary and joint ventures.

Our Subsidiary, NHDC, formed pursuant to an MoU with the government of Madhya Pradesh, is involved in the operation of the Indira Sagar and Omkareshwar power stations, which were completed in Fiscals 2005 and 2008, respectively. In addition, a subsidiary company Loktak Downstream Hydro Electric Power Corporation Ltd was formed in pursuance to an MoU with the government of Manipur in respect of the development of Hydropower Projects in the State of Manipur. Further Chenab Valley Power Project Limited was formed in pursuance to, a MoU with the government of J&K, JKSPDC and PTC to harness the hydroelectric potential of Pakal Dul and other hydroelectric projects with an aggregate installed capacity of 2164 MW in the Chenab river basin. In renewable, we have formed a subsidiary company Bundelkhand Saur Urja Limited with UPNEDA for development of 50 MW Solar Power Project in U.P.

Our joint venture partners may:

- be unable or unwilling to fulfill their obligations, whether of a financial nature or otherwise;
- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our policies and objectives;
- take actions that are not acceptable to regulatory authorities;
- become involved in litigation;
- have financial difficulties; or
- have disputes with us.

Any of the foregoing may have an adverse effect on our business, prospects, financial condition and results of operations.

26. We have no history of constructing or operating thermal power projects and solar power projects, so it is difficult to estimate the future performance of our new business ventures.

We currently have no thermal power/solar energy projects in operation, and we have no history of operating thermal power/solar energy projects.

NHDC is currently in the process of identifying and acquiring land for developing a thermal power project. The scheduled completion targets for our thermal power project are estimates and are subject to delays as a result of, among other things, land identification and acquisition, inability in obtaining necessary funds on acceptable terms, contractor performance shortfalls, unforeseen engineering problems, disputes with workers, force majeure events, unanticipated cost increases and the possibility that we will not obtain fuel supplies or the necessary approvals, any of which could give rise to cost overruns or termination of the project.

The success of any thermal, solar or wind power operations undertaken by us would depend on, among



other things, our continued ability to source fuel at competitive prices, transport disruptions and other events that could impair the ability of our suppliers to deliver fuel, equipments and raw materials, water shortages, transmission costs involved in transmitting power to the purchaser, compliance with applicable environmental laws, and any opposition from special interest groups or local communities where power plants are located.

27. Our results of operations may be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.

Our Company had 7837 employees as on 30.06.2017. There have been no strikes in our Company leading to material loss of generation or disruption of work during the last five years. However, there can be no assurance that we will not in the future experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. Further, efforts by labour unions to organise our employees may divert management's attention and increase operating expenses.

We enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Even though we do not engage these labourers directly, should our contractors default on wage payments, we may be held responsible under Indian law for wage payments to labourers engaged by such contractors. Any requirement to fund such payments may adversely affect our financial condition. Further, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a portion of our contract labourers as our employees. Any further order from a court or any regulatory authority may adversely affect our business and financial condition.

28. We currently engage in foreign currency borrowing and are likely to continue to do so in the future, which will expose us to fluctuations in foreign exchange rates, which may adversely affect our financial condition.

As of June 30, 2017, our Company had Rs. 1360.48 crore foreign currency borrowings outstanding. We may continue to borrow foreign currency in the future, which will further expose us to fluctuations in foreign currency rates. Volatility in foreign exchange rates may adversely affect our business and financial performance.

29. Our success depends in large part upon our management team and skilled personnel and our ability to attract and retain such persons.

Our future performance depends on the continued service of our management team and skilled personnel. We also face a continuous challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow. Although we have a retention policy in place, there is significant competition for managers and other skilled personnel in our industry, and it may be difficult to attract and retain the personnel we need in the future. The loss of key personnel may have an adverse effect on our business, results of operations, financial condition and ability to grow.

30. A major fraud by third parties or our own employees or lapses in our control systems could adversely impact our business, prospects, results of operations and financial condition.



We are vulnerable to risk arising from the failure of third parties, such as contractors implementing projects and our other contractors, or our own employees to adhere to approved procedures and system controls, including accounting and data protection procedures. However, we implement certain policies and procedures to minimize risks associated with internal controls and risk management, including constitution of committees of our Board and divisions within the Company for such purpose, as well as whistle blower policies, periodic internal and external audits. Failure to prevent or mitigate fraud or breaches in security may adversely affect our reputation, business, prospects, results of operations and financial condition.

31. Our business may be adversely affected by future regulatory changes.

We are subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliances. The introduction of additional government control or newly implemented laws and regulations governing the electricity sector or power generation may result in a material adverse effect on our business, results of operations and financial condition and our future expansion plans in India. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations. While we will take adequate measures, we cannot assure you that we will be able to timely adapt to new laws, regulations or policies that may come into effect from time to time with respect to the electricity sector or power generation specifically and regulatory regime in general. These laws and regulations and the way in which they are implemented and enforced may change from time to time and there can be no assurance that future legislative or regulatory changes will not have an adverse effect on our business, results of operations and financial condition.

32. The progress of one of project Subansiri Lower H.E. Project has stalled due to agitation by locals and our accounting treatment in respect the cost incurred by the Company in the said 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, however substantial technical and administrative work is continuing. Management is making all out efforts to restart the work at site.

The interrupted work of Subansiri Lower falls under the uncontrollable factor as defined in CERC Tariff Regulation 14-19 and therefore the company has adopted the concept of Guidance Note issued by the Institute of Chartered Accountant of India (ICAI) on 18.02.2015 on Accounting for Rate Regulated Activities. 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 ICAI on Accounting for Rate Regulated Activities shall be considered as the previous GAAP. Accordingly, Regulatory Income amounting to Rs 516.71 core for the year ended 31.03.2017 (Cumulative upto 31.03.2017 Rs. 2697.99 crore) have been recognized in respect of Subansiri Lower project.

External Risk Factors

33. A slowdown in economic growth in India could cause our business to be adversely affected.

Our results of operations are significantly affected by factors influencing the Indian economy and the global economy in general. Any slowdown in economic growth in India could adversely affect us, including our ability to grow our project portfolio and our ability to implement our strategy. Any such slowdown could adversely affect our business, prospects, results of operations and financial condition.

34. Political instability or changes in Gov policies could adversely affect economic conditions in India generally, and consequently, our business in particular.

We are incorporated in India, derive our revenues from operations in India and all of our assets are located in India. Consequently, our performance may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Gov has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and power sector liberalisation and deregulation and encouraged infrastructure projects. The present government has announced its general intention to continue India's current economic liberalization and deregulation policies. However, the rate of economic liberalization could change and there can be no assurance that such policies will be continued. A significant change in Gov's policies in the future, particularly in respect of the banking and finance industry and the infrastructure sector, could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations and financial condition.

35. Occurrence of natural calamities could have a negative impact on the Indian economy and could cause our business to be adversely affected.

India and other parts of the world have experienced natural calamities such as earthquakes, floods and drought in the recent past. For example, due to cloud burst and high flood in Uttarakhand, the Dhauliganga Power Station (280MW) got flooded resulting in submergence of all the systems in June, 2013. As a consequence, the power generation from the plant was affected and rehabilitation work was put into operation to restore the power generation. Such unforeseen circumstances or other natural calamities could have a negative impact on the Indian economy, thereby affecting our business, prospects, results of operations and financial condition.

36. If regional hostilities, terrorist attacks or social unrest in India increases, our business could be adversely affected.

India has from time to time experienced social and civil unrest and hostilities within itself and with neighboring countries. India has also experienced terrorist attacks in some parts of the country. These hostilities and tensions and/or the occurrence of terrorist attacks have the potential to cause political or economic instability in India and adversely affect our business and future financial performance. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, prospects, results of operations and financial condition.

37. Any down grading of India's sovereign rating by a credit rating agency could have a negative impact on our business, financial condition and results of operations.

Any adverse revisions to India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact the interest rates and other commercial terms at which such



financing is available to us. Consequently, if India's sovereign credit rating downgrades, we may not be able to raise loans at competitive rates and, accordingly, we may not be able to maintain the profitability or growth of our business. Accordingly, any adverse revisions to our credit rating or the India's sovereign credit rating could have a material adverse effect on our business, financial condition and results of operations, our ability to obtain financing for lending operations.

RISKS RELATING TO THE BONDS

38. There has been only a limited trading in the bonds and it may not be available on sustained basis in the future and the price of the Bonds may be volatile.

There has been only a limited trading in bonds of such nature in the past. Although the Bonds are proposed to be listed on BSE there can be no assurance that a public market for these Bonds would be available on a sustained basis. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which the Bonds are issued.

39. There is no guarantee that the Bonds issued pursuant to the Issue will be listed on BSE in a timely manner, or at all or that monies refundable to Applicants will be refunded in a timely manner.

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the Stock Exchange. If permission to deal in and for an official quotation of the Bonds is not granted by the Stock Exchange, our Company will forthwith repay, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to the Offer Letter.

40. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds.

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or at all. Although the Company has undertaken to create appropriate security in favor of the Bond Trustee to the Issue for the Bondholders on the assets adequate to ensure 100% asset cover for the Bonds, the realizable value of the secured assets may be lower than the outstanding principal and/or interest accrued thereon in connection with the Bonds.

41. A debenture redemption reserve will be created, up to an extent of 25% for the Bonds and in the event of default in excess of such reserve, Bondholders may find it difficult to enforce their interests.



The Company shall create Debenture Redemption Reserve (DRR) out of its profits and transfer to DRR suitable amounts in accordance with relevant provisions of the Companies Act, 2013 or other guidelines issued from time to time and in force during the currency of the Bonds/STRPPs. to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures.

The Companies (Share Capital and Debentures) Rules, 2014, specifies that the company shall create a Debenture Redemption Reserve for the purpose of redemption of debentures, in accordance with the conditions given below-

- (a) the Debenture Redemption Reserve shall be created out of the profits of the company available for payment of dividend;
- (b) the company shall create Debenture Redemption Reserve (DRR) in accordance with following conditions:-
 - (i) No DRR is required for debentures issued by All India Financial Institutions (AIFIs) regulated by Reserve Bank of India and Banking Companies for both public as well as privately placed debentures. For other Financial Institutions (FIs) within the meaning of clause (72) of section 2 of the Companies Act, 2013, DRR will be as applicable to NBFCs registered with RBI.
 - (ii) For NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, 'the adequacy' of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures.
 - (iii) For other companies including manufacturing and infrastructure companies, the adequacy of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities), Regulations 2008 and also 25% DRR is required in the case of privately placed debentures by listed companies. For unlisted companies issuing debentures on private placement basis, the DRR will be 25% of the value of debentures.

Deposit or invest – relevant regulations and applicability:- The company required to create/maintain DRR shall before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following in any one or more of the following methods namely:

- (a) in deposits with any scheduled bank, free from charge or lien
- (b) in unencumbered securities of the Central Government or of any State Government;
- (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
- (d) in unencumbered bonds issued by any other company which is notified under clause(f) of section 20 of the Indian Trusts Act, 1882;

Further, The amount deposited or invested, as the case may be, above shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15 per cent of the amount of debentures maturing during the 31st day of March of that year'

42. Changes in interest rates may affect the trading price of the Bonds.

All securities where a fixed rate of interest is offered, such as the Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon/ interest rate, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the trading price of the Bonds.

43. Any downgrading in credit rating of our Bonds may affect the trading price of our Bonds.

The Bonds proposed to be issued have been rated “ICRA AAA” by ICRA Ltd and “CARE AAA” [Triple A] BY CARE LTD. We cannot guarantee that this rating will not be downgraded. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the Bonds and may also affect our ability to raise further debt.

44. Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law.

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of Gol on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds.

Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by investors in the Bonds on our bankruptcy, winding-up or liquidation.

45. The market value of your investment may fluctuate due to the volatility of the Indian securities market.

Indian stock exchanges (including the NSE and the BSE) have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokers. If such or similar problems were to re-occur, this may have effect on the market price and liquidity of the securities of Indian companies, including the Bonds. In addition, the governing bodies of Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. In the past, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases have had a negative effect on market sentiment.

g) Details of Default

Sl. No.	Particulars	Amount Involved	Duration of Default	Present Status
1	Repayment of Statutory Dues	NIL	-	-
2	Repayment of Debentures & Interest thereon	NIL	-	-
3	Repayment of Deposits & Interest thereon	NIL	-	-



4	Repayment of Loan from any bank and Financial Institution,& Interest thereon	NIL	-	-

h) Disclosures pertaining to wilful default: NIL

i) Compliance Officer of the Issuer

Mr. Vijay Gupta
Company Secretary,
NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India
Tel: +91 129 227 8018
E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com,

2 (i) Term Sheet for W1 Series

Security Name	NHPC 6.91 % p.a. W1 Series Bonds 2027
Issuer	NHPC LIMITED
Type of Instrument	Secured Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (W1 Series) in the nature of Debentures
Nature of Instrument	Secured
Seniority	Senior and Unsubordinated
Mode of Issue	Private Placement
Eligible Investors	Qualified Institutional Buyers (“QIBs”): - Mutual Funds registered with SEBI, - Public Financial Institutions specified in Section 2(72) of the Companies Act 2013; - Alternative Investment Funds; - Scheduled Commercial Banks; - State Industrial Development Corporations; - Insurance Companies registered with the Insurance Regulatory and Development Authority; - Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore; - National Investment Funds set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the Government of India published in the Gazette of India; - Insurance funds set up and managed by army, navy or air force of the Union of India. - Insurance funds set up and managed by

	the Department of Posts, India. Any other investor authorised to invest in these bonds, subject to confirmation from the issuer. Non QIBs: a. Companies and Bodies Corporate authorized to invest in bonds/ debentures; b. Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures; c. Gratuity Funds and Superannuation Funds; d. Provident Funds and Pension Funds with corpus of less than Rs. 25.00 crore; e. Societies authorized to invest in bonds/ debentures; f. Trusts authorized to invest in bonds/ debentures; g. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures; h. Resident Individual Investors; i. Hindu Undivided Families through Karta; j. Partnership firms formed under applicable laws in India in the name of the partners. Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.
Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)	On the Wholesale Debt Market (WDM) Segment of Bombay Stock Exchange (BSE).
Rating of the Instrument	"ICRA AAA" by ICRA Ltd. and "CARE AAA" [Triple A] BY CARE LTD.
Issue Size	Rs 1000.00 Crores
Option to retain oversubscription (Amount)	Rs 500.00 Crores
Objects of the Issue	To refinance existing loans and to partly meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Details of the utilization of the Proceeds	To refinance existing loans and to partly meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Coupon Rate	6.91% p.a.
Step Up / Step Down Coupon Rate	None

Coupon Payment Frequency	Annual
Coupon payment dates	Each Anniversary date of the allotment
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	None
Day Count Basis	Actual/ Actual Interest shall be computed on an “actual/actual basis”. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis.
Interest on Application Money	Interest at the coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer’s Bank Account up to one day prior to the Deemed Date of Allotment.
Default Interest Rate	In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.
Tenor	5 years
Redemption Date	Bonds are redeemable at par in 5 equal annual installments starting at the end of 1st year of date of allotment. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1 st , 2 nd , 3 rd , 4 th & 5 th year respectively of date of allotment.
Redemption Amount	At Par at Rs 50.00 lakh each.
Redemption Premium / Discount	Nil
Issue Price	At Par at Rs 50.00 lakh each.
Discount at which security is issued and the effective yield as a result of such discount.	None

Put Option Date	None
Put Option Price	None
Call Option Date	None
Call Option Price	None
Put Notification Time	None
Call Notification Time	None
Face Value	Rs 50.00 Lac each Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1 st , 2 nd , 3 rd , 4 th & 5 th year respectively of date of allotment.
Minimum Application	Rs 5.00 Crores thereafter in multiples of Rs 50.00 lakh
Issue Timing	0900 hrs on 15-09-2017
Issue Opening Date	
Issue Closing Date	1700 hrs on 15-09-2017
Pay-in Date	15-09-2017
Deemed Date of Allotment	15-09-2017
Issuance mode of the instrument	Demat
Trading mode of the instrument	Demat
Settlement mode of the instrument	Payment of Interest and repayment of Principal shall be made by way of ECS / Direct Credit / RTGS / NEFT/ Cheque (s) / Warrant (s) / Demand Draft (s).
Depository	National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL)
Business Day Convention	Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai. (Kindly see "Effect of Holidays" on page no. 90).
Record Date	15 calendar days prior to each Coupon Payment Date and redemption date (both dates exclusive).
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)	The Bonds will be secured by way of first pari-passu charge on the selective movable and immovable assets of the Company, i.e., The charge will be created in favor of Debenture Trustee on behalf of the Bondholders in such form and manner in one or more tranches and through one or more security documents as considered appropriate by the Company of value not less than 1.00 times the value of the Bonds outstanding.
Transaction Documents	The Issuer has executed/ shall execute the

	documents including but not limited to the following in connection with the Issue: 1. Letter appointing Trustees to the Bondholders; 2. Debenture Trusteeship Agreement; 3. Debenture Trust Deed; 4. Rating Agreement with Rating Agency; 5. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; 6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 8. Application made to BSE for seeking its in-principle approval for listing of Bonds; 9. Listing Agreement with BSE;
Conditions Precedent to Disbursement	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: i. Rating letter(s) from the aforesaid rating agency(ies) not being more than one month old from the issue opening date; ii. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); iii. Letter from BSE conveying its in-principle approval for listing of Bonds.
Conditions Subsequent to Disbursement	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Offer Letter: 1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment; 2. Listing of bonds within 20 days from the Deemed Date of Allotment as per the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended.

	3. Execution of Debenture Trust Deed for creation of security within 3 months of closure of issue or offer of bonds as per Rule 18 sub rule 5 of Companies (Share Capital and Debentures) Rules, 2014. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Offer Letter.
Events of Default	If the Issuer commits a default in making payment of any installment of interest or repayment of principal amount of the Bonds on the respective due date(s), the same shall constitute an “Event of Default” by the Issuer. Besides, it would also constitute an “Event of Default” by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in this Offer Letter, Debenture Trusteeship Agreement and Debenture Trust Deed, which in opinion of the Trustees is incapable of remedy.
Remedies	Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bondholder(s), declare the amounts outstanding to be due and payable forthwith and the security created under the security documents shall become enforceable, and the Trustees shall have the right to enforce any security created pursuant to the security documents towards repayment of the amounts outstanding and/or exercise such other rights as the Trustees may deem fit under the applicable laws.
Provisions related to Cross Default Clause	N/A
Role and Responsibilities of Debenture Trustee	The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees

	shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, the Trust Deed, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty. The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the Bonds and Debenture/ Bond Redemption Reserve. The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholder(s) within two working days of their specific request.
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi.
Additional Covenants	Security Creation: In the event of delay in execution of Debenture Trust Deed and/or other security document(s), the Issuer shall refund the

	subscription at the Coupon Rate or shall pay penal interest of 2.00% per annum over the Coupon Rate till such conditions are complied with, at the option of the Bondholder(s). Default in Payment: In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid. Delay in Listing: The Issuer shall complete all the formalities and seek listing permission within 20 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s). The interest rates mentioned in above three covenants shall be independent of each other.

2 (ii) Term Sheet for W2 Series

Security Name	NHPC 7.35 % p.a. W2 Series Bonds 2027
Issuer	NHPC LIMITED
Type of Instrument	Secured Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (W2 Series) in the nature of Debentures
Nature of Instrument	Secured
Seniority	Senior and Unsubordinated
Mode of Issue	Private Placement
Eligible Investors	Qualified Institutional Buyers (“QIBs”): k. Mutual Funds registered with SEBI, l. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013; m. Alternative Investment Funds; n. Scheduled Commercial Banks; o. State Industrial Development

	Corporations; p. Insurance Companies registered with the Insurance Regulatory and Development Authority; q. Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore; r. National Investment Funds set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the Government of India published in the Gazette of India; s. Insurance funds set up and managed by army, navy or air force of the Union of India. t. Insurance funds set up and managed by the Department of Posts, India. Any other investor authorised to invest in these bonds, subject to confirmation from the issuer. Non QIBs: k. Companies and Bodies Corporate authorized to invest in bonds/ debentures; l. Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures; m. Gratuity Funds and Superannuation Funds; n. Provident Funds and Pension Funds with corpus of less than Rs. 25.00 crore; o. Societies authorized to invest in bonds/ debentures; p. Trusts authorized to invest in bonds/ debentures; q. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures; r. Resident Individual Investors; s. Hindu Undivided Families through Karta; t. Partnership firms formed under applicable laws in India in the name of the partners. Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.
Listing (including name of Stock Exchange(s) where it will be listed and	On the Wholesale Debt Market (WDM) Segment of Bombay Stock Exchange (BSE).

timeline for listing)	
Rating of the Instrument	“ICRA AAA” by ICRA Ltd. and “CARE AAA” [Triple A] BY CARE LTD.
Issue Size	Rs 500.00 Crore
Option to retain oversubscription (Amount)	Rs 250.00 Crore
Objects of the Issue	To refinance existing loans and to partly meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Details of the utilization of the Proceeds	To refinance existing loans and to partly meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Coupon Rate	7.35% p.a.
Step Up / Step Down Coupon Rate	None
Coupon Payment Frequency	Annual
Coupon payment dates	Each Anniversary date of the allotment
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	None
Day Count Basis	Actual/ Actual Interest shall be computed on an “actual/actual basis”. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis
Interest on Application Money	Interest at the coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer’s Bank Account up to one day prior to the Deemed Date of Allotment
Default Interest Rate	In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing

	from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.
Tenor	10 years
Redemption Date	Bonds are redeemable at par in 5 equal annual installments starting at the end of 6th year of date of allotment. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 6 th , 7 th , 8 th , 9 th & 10 th year respectively of date of allotment.
Redemption Amount	At Par at Rs 50.00 lakh each.
Redemption Premium / Discount	Nil
Issue Price	At Par at Rs 50.00 lakh each.
Discount at which security is issued and the effective yield as a result of such discount.	None
Put Option Date	None
Put Option Price	None
Call Option Date	None
Call Option Price	None
Put Notification Time	None
Call Notification Time	None
Face Value	Rs 50.00 Lac each Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 6 th , 7 th , 8 th , 9 th & 10 th year respectively of date of allotment.
Minimum Application	Rs 5.00 Crores thereafter in multiples of Rs 50.00 lakh
Issue Timing	0900 hrs on 15-09-2017
Issue Opening Date	
Issue Closing Date	1700 hrs on 15-09-2017
Pay-in Date	15-09-2017
Deemed Date of Allotment	15-09-2017
Issuance mode of the instrument	Demat
Trading mode of the instrument	Demat
Settlement mode of the instrument	Payment of Interest and repayment of Principal shall be made by way of ECS / Direct Credit / RTGS / NEFT/ Cheque (s) / Warrant (s) / Demand Draft (s).

Depository	National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL)
Business Day Convention	Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai. (Kindly see "Effect of Holidays" on page no. 90).
Record Date	15 calendar days prior to each Coupon Payment Date and redemption date (both dates exclusive).
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)	The Bonds will be secured by way of first pari-passu charge on the selective movable and immovable assets of the Company, i.e., The charge will be created in favor of Debenture Trustee on behalf of the Bondholders in such form and manner in one or more tranches and through one or more security documents as considered appropriate by the Company of value not less than 1.00 times the value of the Bonds outstanding.
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: 10. Letter appointing Trustees to the Bondholders; 11. Debenture Trusteeship Agreement; 12. Debenture Trust Deed; 13. Rating Agreement with Rating Agency; 14. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; 15. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 16. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 17. Application made to BSE for seeking its in-principle approval for listing of Bonds; 18. Listing Agreement with BSE;
Conditions Precedent to Disbursement	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject

	to the following: iv. Rating letter(s) from the aforesaid rating agency(ies) not being more than one month old from the issue opening date; v. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); vi. Letter from BSE conveying its in-principle approval for listing of Bonds.
Conditions Subsequent to Disbursement	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Offer Letter: 4. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment; 5. Listing of bonds within 20 days from the Deemed Date of Allotment as per the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended. 6. Execution of Debenture Trust Deed for creation of security within 3 months of closure of issue or offer of bonds as per Rule 18 sub rule 5 of Companies (Share Capital and Debentures) Rules, 2014. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Offer Letter.
Events of Default	If the Issuer commits a default in making payment of any installment of interest or repayment of principal amount of the Bonds on the respective due date(s), the same shall constitute an “Event of Default” by the Issuer. Besides, it would also constitute an “Event of Default” by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions

	stated in this Offer Letter, Debenture Trusteeship Agreement and Debenture Trust Deed, which in opinion of the Trustees is incapable of remedy.
Remedies	Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bondholder(s), declare the amounts outstanding to be due and payable forthwith and the security created under the security documents shall become enforceable, and the Trustees shall have the right to enforce any security created pursuant to the security documents towards repayment of the amounts outstanding and/or exercise such other rights as the Trustees may deem fit under the applicable laws.
Provisions related to Cross Default Clause	N/A
Role and Responsibilities of Debenture Trustee	The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, the Trust Deed, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty. The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the Bonds and Debenture/ Bond Redemption Reserve.

	The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholder(s) within two working days of their specific request.
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi.
Additional Covenants	Security Creation: In the event of delay in execution of Debenture Trust Deed and/or other security document(s), the Issuer shall refund the subscription at the Coupon Rate or shall pay penal interest of 2.00% per annum over the Coupon Rate till such conditions are complied with, at the option of the Bondholder(s). Default in Payment: In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid. Delay in Listing: The Issuer shall complete all the formalities and seek listing permission within 20 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer



	shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s). The interest rates mentioned in above three covenants shall be independent of each other.

2.iii OTHER PARTICULARS RELATED TO OFFER

- I The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the subsidiary, JV entity, group company etc) on behalf of whom it has been issued.

NIL

- II Details of Commercial Paper

The total Face Value of Commercial Papers Outstanding as on the latest quarter end to be provided and its breakup in following table:

Maturity Date	Amount Outstanding
NIL	NIL

- III Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on 31.03.2017.

Party Name (in case of Facility) / Instrument Name	Type of Facility / Instrument	Amount Sanctioned / Issued	Principal Amount Outstanding	Repayment Date / Schedule	Credit Rating	Secured / Unsecured	Security
NIL							

- IV Details of all defaults/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 5 years.

NIL

- V Details of any outstanding borrowings taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.

NIL

- VI Details of Promoters of the Company

- i. Details of Promoter Holding in the Company as on 30.06.2017.

Sl. No.	Name of Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total Shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
1	President of India through MoP, Gol.	7,64,34,06,901	7,64,34,06,901	74.50	Nil	-

*Recent buyback offer made by the company in Mar 17 has reduced the promoter's holding to 74.50%.

VII Contribution made by Promoters or Directors

NIL

VIII Abridged version of Audited Standalone Financial Information (like Profit & Loss Statement, Balance Sheet and Cash Flow Statement) for at least last 3 years and auditor qualifications, if any. –details incorporated at page- 87-126.

IX Any material event / development or change having implications on the financials / credit quality (e.g. any material regulatory proceedings against the Issuer / promoters, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities:-

The Company hereby declares that there has been no material event, development or change at the time of issue which may affect the issue or the investor's decision to invest/ continue to invest in the debt securities of the Company.

X IDBI Trusteeship Services Limited has been appointed as debenture trustee (s) has given his consent to the issuer for his appointment under Rule 18 (i)(c) of Companies (Share Capital and Debentures) Rules, 2014 and in all the subsequent periodical communications sent to the holders of debt securities.

XI The detailed rating rationale(s) adopted (not older than one year on the date of opening of the issue) / credit rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies shall be disclosed.

i) "ICRA AAA" by ICRA Ltd.

ii) "CARE AAA" [Triple A] BY CARE LTD.

XII If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

N. A.

XIII Copy of consent letter from the Debenture Trustee shall be disclosed. (Enclosed)



XIV Names of all the recognized stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange:-**Bombay Stock Exchange in WDM Segment.**

XV **Other details**

- i. **DRR creation** – relevant regulations and applicability: - The Company shall create Debenture Redemption Reserve (DRR) out of its profits and transfer to DRR suitable amounts in accordance with relevant provisions of the Companies Act, 2013 or other guidelines issued from time to time and in force during the currency of the Bonds/STRPPs.

Deposit or invest – relevant regulations and applicability:- The company required to create/maintain DRR shall before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following in any one or more of the following methods namely:

- (a) in deposits with any scheduled bank, free from charge or lien
- (b) in unencumbered securities of the Central Government or of any State Government;
- (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
- (d) in unencumbered bonds issued by any other company which is notified under clause (f) of section 20 of the Indian Trusts Act, 1882;

Further, The amount deposited or invested, as the case may be, above shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15 per cent of the amount of debentures maturing during the 31st day of March of that year'.

- ii. **Issue / instrument specific regulations** – We adhered to the applicable regulations of Companies Act, 2013 and SEBI.

iii. **Application process :-**

Who can apply:

The following categories of investors, when specifically approached, are eligible to apply for this private placement of Bonds

Qualified Institutional Buyers ("QIBs"):

- a) Mutual Funds registered with SEBI,
- b) Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;
- c) Alternative Investment Funds
- d) Scheduled Commercial Banks;
- e) State Industrial Development Corporations;
- f) Insurance Companies registered with the Insurance Regulatory and Development Authority;
- g) Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore;



- h) National Investment Funds set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- i) Insurance funds set up and managed by army, navy or air force of the Union of India.
- j) Insurance funds set up and managed by the Department of Posts, India.

Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.

Non QIBs:

- a) Companies and Bodies Corporate authorized to invest in bonds/ debentures;
- b) Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures;
- c) Gratuity Funds and Superannuation Funds;
- d) Provident Funds and Pension Funds with corpus of less than Rs. 25.00 crore;
- e) Societies authorized to invest in bonds/ debentures;
- f) Trusts authorized to invest in bonds/ debentures;
- g) Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures;
- h) Resident Individual Investors;
- i) Hindu Undivided Families through Karta;
- j) Partnership firms formed under applicable laws in India in the name of the partners.

Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.

All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of bonds.

Non-Eligible classes of Investors

- a) Qualified Foreign Investors;
- b) Foreign Institutional Investors and sub-accounts, registered/ unregistered with SEBI;
- c) Sovereign Wealth Funds;
- d) Venture Capital Funds and Foreign Venture Capital Investors;
- e) Overseas Corporate Bodies;
- f) Multilateral and Bilateral Development Financial Institutions;
- g) Foreign Nationals;
- h) Non-Resident Indians;
- i) Persons resident outside India;
- j) Minors without a guardian name;
- k) Person ineligible to contract under applicable statutory/ regulatory requirements.

Procedure for applications by Mutual Funds

The applications forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:-

- SEBI registration certificate



- Resolution authorizing investment and containing operating instructions
- Specimen Signature of authorized signatories

Documents to be provided by investors

Investors need to submit the following documentation, along with the application form, as applicable:-

- Memorandum and Articles of Association / Documents Governing Constitution
- Resolution authorising investment
- Certified True Copy of the Power of Attorney
- Form 15 AA for investors seeking exemption from Tax deduction at source from interest on the application money.
- Specimen signatures of the authorised signatories duly certified by an appropriate authority.
- SEBI Registration Certificate (for Mutual Funds)/Recognition Certificate of Trust –Provident, Pension, Superannuation and Gratuity Fund
- Permanent Account Number (PAN)
- Bank / demat Account Number
- Bank details such as name and branch, Address, IFSC code, RTGS No.

Signatures

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

Submission of Completed Application Forms and Mode of Payment

The amount of the application money may be deposited by way of remittance through RTGS only to NHPC LIMITED C.A. No. 37120832734 on account of Application Money for NHPC W Series Bonds.

The copy of the application with Depository details (mentioning Depository name, Depository Participant's name, DP ID, Client ID (house/non house) must be faxed / e-mailed / hand delivered on or before the pay in date to Chief (Finance) - Treasury, Jyoti Bhawan, 4th Floor, NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad – 121 003 (Haryana) to facilitate reconciliation and allotment process of bonds. And RTGS related details (mentioning UTR number) may be provided at nhpcbondsection@gmail.com.

Right to accept / reject applications

The Issuer is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason. Application forms which are incomplete or which do not fulfill the Terms & Conditions indicated on the back of the application form are liable to be rejected.

Payment on Application

The full face value of the Bonds applied for is to be paid along with the application form.

Minimum Lot Size



The minimum lot size for trading of the Bonds on the BSE is proposed to be 1 Bond of the value of Rs. 50.00 Lakh only.

Minimum Subscription:

As the current issue of bonds is being made on private placement basis, the requirement of minimum subscription shall not be applicable and therefore, NHPC shall not be liable to refund the issue subscription(s)/proceed(s) in the event of total issue collection falling short of issue size or certain percentage of issue size.

Basis of Allocation / Allotment

Completed Applications along with details of deposit through RTGS for the requisite amount & other necessary documents may be submitted to NHPC LIMITED, NHPC Office Complex, Sector - 33, Faridabad - 121 003, Haryana, India.

Denomination of Bonds

W1 Series of Tenor of 5 years of Face value of Rs. 50.00 lakh each. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1st, 2nd, 3rd, 4th & 5th year respectively of date of allotment.

W2 Series of Tenor of 10 years of Face value of Rs. 50.00 lakh each. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 6th, 7th, 8th, 9th & 10th year respectively of date of allotment.

The investors can hold the bonds only in Electronic (Dematerialized) form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time. The Company is making arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the issue of these Bonds in the Electronic (Dematerialized) form. All provisions relating to issue, allotment, transfer, transmission etc in respect of Bonds/STRPPs as prescribed under the Depositories Act, 1996 and the rules made there under will be applicable to the Bonds issued in Dematerialized Form.

Applicants should mention their Depository Participant's (DP) name, DP-ID and Client-ID (Beneficiary Account Number), clear and legible, in the appropriate place in the Application Form.

Depository Arrangement

The Company has appointed M/s RCMC Share Registry Private Limited as Registrars & Transfer Agent for the present bond issue. The Company has made depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for issue and holding of the Bonds in dematerialised form.



As per the provisions of Depositories Act, 1996, the Bonds issued by the Company can be held in a dematerialised form, i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. In this context:

- Two tripartite agreements have been signed
 - Tripartite Agreement dated 24.12.2001 between NHPC, NSDL and RCMC Share Registry Ltd.
 - Tripartite Agreement dated 01.01.2002 between NHPC, CDSL and RCMC Share Registry Ltd.
- An applicant applying for Bonds in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.
- The applicant seeking allotment of Bonds in the electronic form must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID) appearing in the Application form under the heading 'Request for Bonds in Electronic Form'.

Bonds allotted to an applicant in the electronic account form will be credited directly to the applicant's respective beneficiary account(s) with the DP.

For subscription in electronic form, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.

- In case of allotment of Bonds in electronic form, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for losses, if any.

Letter(s) of Allotment / Bond Certificate(s) / Refund Order(s) Issue Letter(s) of Allotment

The beneficiary account of the investor(s) with National Securities Depository Ltd. (NSDL) / Central Depository Services (India) Ltd. (CDSL) / Depository Participant will be given initial credit within 2 working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

Issue of Bond(s)

Subject to the completion of all statutory formalities within 3 months from the Deemed Date of Allotment, or such extended period as may be approved by the appropriate authority(ies), the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted. The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of the Depository Act, 1996, Security and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL / CDSL / Depository Participant from time to time and other applicable laws and rules notified in respect thereof.

Record Date



For the purpose of corporate actions such as interest payment and redemption, the 'Record Date' for the Bonds shall be fixed 15 calendar days prior to such corporate action (both dates exclusive). Interest and/or principal repayment shall be made to the person whose name appears as sole first in the register of bondholders/ beneficiaries position of the Depositories on record date. In the event of the Company not receiving any notice of transfer at least 15 days before the respective due date of payment of interest and at least 15 days prior to the maturity date, the transferees for the Bonds shall not have any claim against the Company in respect of interest so paid to the registered bondholder.

List of Beneficial Owners /Register of Beneficial Owners

The Company shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be. The depositories shall maintain a register and an index of Beneficial Owners in the manner provided in Sections 88 of the Companies Act, 2013.

Payment of Interest

Interest would be payable annually on anniversary date of the deemed date of allotment every year till the final date of redemption so as to include the previous interest payment date and exclude the current interest payment date. The interest payable to each bondholder shall be paid by way of RTGS/interest warrants bearing the interest payment dates. Such payments shall be made to the Bondholders whose names appear in the Register of Bondholders on the record date and in case of joint holders to the one whose name appears first in the Register of Bondholders. In the event of the Corporation not receiving any notice of transfer on the record date i.e. 15 days before the interest payment date, the transferee(s) for the Bond shall not have any claim against the Corporation in respect of amount so paid to the registered Bondholders. The Company retains the right to revise (pre-pone/ postpone) the above interest payment date(s) at its sole and absolute discretion subject to the compliance of the relevant statutory provisions in this regard.

- The interest shall be computed on the basis of actual number of days elapsed in a year, for this purpose a year to comprise of a period of 365 days except in case of a leap year where the year will comprise of 366 days.
- In case of a leap year, if February 29 falls during the tenor of a security, then the number of days shall be reckoned as 366 days (Actual/Actual day count convention) for a whole one year period, irrespective of whether the interest is payable annually, half yearly, quarterly or monthly etc.
- Therefore, for a half yearly interest payment, 366 days would be reckoned twice as the denominator; for quarterly interest, four times and for monthly interest payment, twelve times.

This is illustrated with the help of the following example:

Refer illustration given below FOR W1 Series:-

FACE VALUE	Rs. 50,00,000
COUPON RATE	6.91%
DATE OF ALLOTMENT	15.09.2017
REDEMPTION	<i>in 5 equal annual installments (STRPP wise redemption in alphabetical order) starting from the end of 1st year of date of allotment</i>
CALCULATION OF INTEREST FOR 1 BOND OF W1 SERIES	
AMOUNT (IN RS.)	



CASH FLOWS	DATE	Day	NO. OF DAYS IN COUPON PERIOD	Interest	Redemption
1 st Year	15.09.2018	Saturday	365	345500	1000000
2 nd Year	13.09.2019	Friday	363	68721	1000000
2 nd Year	16.09.2019	Monday	365	207300	-
3 rd Year	15.09.2020	Tuesday	366	207300	1000000
4 th Year	15.09.2021	Wednesday	365	138200	1000000
5 th Year	15.09.2022	Thursday	365	69100	1000000

Refer illustration given below FOR W2 Series:-

FACE VALUE		Rs. 50,00,000			
COUPON RATE		7.35%			
DATE OF ALLOTMENT		15.09.2017			
REDEMPTION		in 5 equal annual installments (STRPP wise redemption in alphabetical order) starting from the end of 6 th year from date of allotment			
CALCULATION OF INTEREST FOR 1 BOND OF W2 SERIES					
					AMOUNT (IN RS.)
CASH FLOWS	DATE	Day	NO. OF DAYS IN COUPON PERIOD	Interest	Redemption
1 st Year	15.09.2018	Saturday	365	367500	-
2 nd Year	16.09.2019	Monday	365	367500	-
3 rd Year	15.09.2020	Tuesday	366	367500	-
4 th Year	15.09.2021	Wednesday	365	367500	-
5 th Year	15.09.2022	Thursday	365	367500	-
6 th Year	15.09.2023	Friday	365	367500	1000000
7 th Year	13.09.2024	Friday	364	73100	1000000
7 th Year	16.09.2024	Monday	366	220500	-
8 th Year	15.09.2025	Monday	365	220500	1000000
9 th Year	15.09.2026	Tuesday	365	147000	1000000
10 th Year	15.09.2027	Wednesday	365	73500	1000000

No interest / interest on interest shall accrue on the Bonds after the date of maturity of the respective instruments.

Payment on Redemption

The payment of the redemption amount of the Bonds will be made by the Company to the Registered Bondholders recorded in the books of the Company and in the case of joint holders, to the one whose name appears first in the Register of Bondholders as on the record date. In the event of the Company not receiving any notice of transfer, before the record date, the transferee(s) for the Bond(s) shall not have any claim against the Company in respect to the amount so paid to the Registered Bondholders.

The Bonds held in the Dematerialized Form shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Bondholders whose name appears in the Register of Bondholders on the record date. Such payment will be a legal discharge of the liability of the Company



towards the Bondholders. On such payment being made, the Company will inform NSDL/ CDSL and accordingly the account of the Bondholders with NSDL/ CDSL will be adjusted.

The Company's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due dates of redemption in all events. Further the Company will not be liable to pay any interest or compensation from the dates of such redemption.

On the Company dispatching the amount as specified above in respect of the Bonds, the liability of the Company shall stand extinguished.

Effect of Holidays

In line with the SEBI circular dated October 29, 2013, if the coupon payment date of debt securities falls on a Sunday or a holiday, the coupon payment shall be made on the next working day on the basis of Actual/Actual. If the maturities date of the debt securities falls a Sunday or a holiday the redemption proceeds shall be paid on the previous working day. *

* If the maturity date falls on a holiday, redemption and accrued interest are payable on the immediately previous working day.

Further, Interest payment will also regulated as per SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 in the following manner:-

If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.

Tax Deduction at Source

Tax applicable under the Income-Tax Act, 1961, or any other statutory modification or reenactment thereof will be deducted at source. Tax exemption certificate/ document, under section 193/197/197A/194LD of the Income Tax Act, 1961, if any must be lodged in duplicate at the office of the Issuer, at least 15 days prior to the interest payment date. In case of tax deducted at source, the Company will issue the TDS certificate to the investors.

Payments Procedure

The Company will try, as far as possible, to pay interest and principal on the bonds through ECS/direct credit/ RTGS/NEFT/ instruments payable at par as per applicable norms of the Reserve Bank of India.

Dispatch of Documents

The Cheques / Demand Drafts/other instruments of payment, as the case may be, shall be dispatched by registered post / courier or by hand delivery to the address of the holder whose name appears first in the Register of Bondholders. This will be at the sole risk of the addressee.

Loss of Interest Warrants

Loss of interest warrants should be intimated to NHPC. The issue of duplicate interest warrants would be governed by such conditions as may be prescribed by NHPC.



Purchase and Sale of Bonds

The Corporation may, at any time and from time to time, purchase Bonds at the price available in the Capital Market in accordance with the applicable laws. Such Bonds may, at the option of the Company, be canceled, held or reissued at such a price and on such terms and conditions as the Corporation may deem fit and as permitted by law.

Re-issue of Bonds

Where the Company has redeemed any such Bonds, subject to the provisions of the Companies Act and other applicable provisions, the Company shall have and shall be deemed always to have had the right to keep such Bonds alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to re-issue such Bonds either by re-issuing the same Bonds or by issuing other Bonds in their place.

Transfer of Bonds

All requests for registration of transfer, transmission, etc. along with appropriate documents should be sent to RTA i.e. RCMC Share Registry Private Limited or such other persons at such addresses as may be notified by the Company from time to time.

Mode of Transfer

The bonds will be transferable in accordance with the Provisions of the Companies Act, 2013.

Bonds held in Electronic (Dematerialized) form shall be transferred subject to and in accordance with the rules/procedures as prescribed by the Depository/ Depository Participant of the transferor/transferee and any other applicable laws and rules notified in respect thereof.

Succession

In the event of winding-up/demise of the Bondholder(s), NHPC will recognise the executor or administrator of the concerned Bondholder(s), or the other legal representative as having title to the Bond(s). NHPC shall not be bound to recognise such executor or administrator or other legal representative as having title to the Bond(s), unless such executor or administrator obtains probate or letter of administration or other legal representation, as the case may be, from a Court in India having jurisdiction in the matter.

NHPC may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration other legal representation, in order to recognise such holder as being entitled to the Bond(s) standing in the name of the concerned Bondholder on production of sufficient documentary proof or indemnity.

However, in case of Acquisition/Take over/Mergers and Amalgamations of the Bondholder company, the changes will be recognized only by NHPC when the entire process of such Acquisition/Take over/Mergers and Amalgamations (not restricted to permission of the concerned court or any other authority as applicable of such Acquisition/Take over/Mergers and Amalgamations) is completed and necessary changes are carried on with the Registrar of the Companies and proof thereof is submitted to the Registrar of Issue.

Security



The NCDs in the nature of bonds shall be secured by first pari-passu charge over the fixed assets of the company both existing and future, with asset coverage not exceeding 1.00 time the outstanding principal & interest.

The Company shall at all times maintain a minimum security cover of 1.00 times of the value of all the outstanding principal & interest. Historical cost of the property shall be considered for valuation.

The said security shall be created in favour of the Debenture Trustee within 3 months from the closure of the issue, failing which additional interest @ 2% p.a. on the outstanding amount of debentures shall be payable by the company from the date of disbursement till such creation of security to the satisfaction of Debenture Trustee.

Servicing behavior on existing debentures

NHPC confirms that it has been regular in servicing all its past appointments.

Rights of Bondholders

The Bondholders will not be entitled to any rights and privileges of shareholders other than those available to them under statutory requirements. The Bonds shall not confer upon the holders the right to receive notice, or to attend and vote at the general meetings of the Corporation. The Bonds shall be subjected to other usual terms and conditions, as per the Memorandum and Articles of Association of the Corporation.

Modification of Rights

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a special resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution which modifies or varies the terms and conditions of the Bonds shall be operative against the Corporation, if the same are not accepted by the Corporation.

Future Borrowings

The Corporation shall be entitled from time to time to make further issue of Bonds to the public, members of the Corporation and /or any other person(s) and to raise further loans, advances or such other facilities from Banks, Financial Institutions and / or any other person(s) on the security or otherwise of its assets without any further approval from the Bondholders.

Bondholder not a Shareholder

The Bondholders will not be entitled to any of the rights and privileges available to the Equity Shareholders.

Governing Law

The Bonds are governed by and shall be construed in accordance with the existing Indian laws. Any dispute arising thereof will be subject to the jurisdiction of the court of Delhi.

Trustees for the Bondholders



The Company has appointed IDBI Trusteeship Services Limited to act as Trustees for the Bondholders ("Trustees"). The consent letter of the trustee is enclosed, for reference. The Company and the Trustees Shall enter into a Trustee Agreement.

The Company hereby undertakes that a Trust Deed shall be executed by it in favor of the Trustees within 3 months from the closure of the issue. The Trust Deed shall contain such clauses as may be prescribed under section 71 of the Companies Act, 2013 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further the Trust Deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Company in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and circulars or guidelines issued by SEBI, (iii) indemnifying the Trustees or the Company for loss or damage caused by their act of negligence or commission or omission.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the Bondholder(s). Any payment made by the Company to the Trustees on behalf of the Bondholder(s) shall discharge the Company *pro tantoto* the Bondholder(s).

The Trustees will protect the interest of the Bondholders in the event of default by the Company in regard to timely payment of interest and repayment of principal and they will take necessary action at the cost of the Company.

No Bondholder shall be entitled to proceed directly against the Company unless the Trustees, having become so bound to proceed, fail to do so. In the event of Company defaulting in payment of interest on Bonds or redemption thereof, any distribution of dividend by the Company shall require approval of the Trustees.

Force Majeure

The Company reserves the right to withdraw the issue prior to the closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment. The Company reserves the right to change the Issue Schedule.

Notices

The notices to the Beneficial Owners of Bonds required to be given by the Company shall be deemed to have been given if sent by Registered Post/ Speed Post/ Courier/Ordinary Post to the Registered Beneficial Owner of Bonds and /or if an advertisement is given in a newspaper circulating in the neighborhood of the Registered Office of the Company and/ or if communication in this regard has been effected to the depositories & Stock Exchange.

All notices to be given by the Beneficial Owners of Bonds shall be sent by Registered Post or by Hand Delivery to the Company or such persons, at such address, as may be notified by the Company from time to time.



Undertaking by the Issuer

The Issuer Company undertakes that:

- the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily;
- that all the steps for completion of the necessary formalities for listing and commencement of trading at Stock Exchange where the securities are to be listed shall be taken immediately after finalization of basis of allotment
- Necessary co-operation to the credit rating agency (ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.
- That the company shall disclose the complete name and address of the debenture trustee in the annual report
- That the company shall provide a compliance certificate to the Bond holders through trustee (on yearly basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in the document, duly certified by the debenture trustee.
- That the company shall furnish a confirmation certificate to the debenture trustee (on yearly basis) that the security created by the company in favor of the Bond holders is properly maintained and is adequate enough to meet the payment obligations towards the Bond holders in the event of default.

3. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.

- i) Financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.

NIL

- ii) Details of litigation or legal action pending or taken by any Ministry or Department of the Govt. or statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

Since the Government of India is the promoter of the company, it is not possible to give details of litigations, legal actions or directions pending or taken by any Ministry or Department of the Government or a statutory authority against the promoter of the company during the last three years.

- iii) **Remuneration of directors (during the current year and last three financial years)**

Details of payments made as remuneration payable to Functional Directors including Chairman & Managing Director

The remuneration payable to Functional Directors including Chairman & Managing Director is decided by the Government of India.

Financial Year 2016-17:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) **	Total
Mr.K.M.Singh	Chairman & Managing Director	2562744	830798		33,93,542
Mr. Mahesh Kumar Mittal	Director (Finance)	2,32,174	44,809		276983
Mr. Nikhil Kumar Jain	Director (Personnel)	371485	78355		449840
Mr.Ratish Kumar	Director (Project)	2852142	535328		3387470
Mr.Balraj Joshi	Director (Technical)	2483442	1501705		3985147
Mr. Jayant Kumar	Ex-Director (Finance)	2194801	4868442		7063243
Mr. R.S.Meena	Ex-Director (Personnel)	2701804	4653646	1249480	8604930
Mr. D.P.Bhargava	Ex-Director(Technical)	0	2833732	1143105	3976837
Mr.J.K.Sharma	Ex-Director (Project)	0	0	969354	969354
Grand Total		13166418	15346815	3361939	28713804

*Benefits include medical reimbursement, leave encashment, lease rent, EPF (MC), SSS (MC), PCF (MC) and perquisite value of assets, advance, vehicle and accommodation and recovery on account of HRR and Vehicle.

**Performance Related Pay (PRP) paid to Functional Directors is based on the incentive scheme of the Company as per DPE Guidelines.

Financial Year 2015-16:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) including arrears**	Total
Mr.K.M.Singh	Chairman & Managing Director	1250492	340241	-	1590733
Mr. D. P. Bhargava	Director (Technical)	2745825	2019778	-	4765603
Mr. R. S. Mina	Director (Personnel)	2876198	1107284	-	3983482
Mr. Jayant Kumar	Director (Finance)	1956662	996768	175481	3128911
Mr. J. K. Sharma	Director	79241	1307981	437310	1824532

	(Project)				
Mr.Ratish Kumar	Director (Project)	702033	145153	-	847186
Grand Total		9610451	5917205	612791	16140447

*Benefits include medical reimbursement, leave encashment, lease rent, EPF (MC), SSS (MC), PCF (MC) and perquisite value of assets, advance, vehicle and accommodation and recovery on account of HRR and Vehicle.

**Performance Related Pay (PRP) paid to Functional Directors is based on the incentive scheme of the Company as per DPE Guidelines.

Financial Year 2014-15:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) including arrears**	Total
Mr. A. B. L. Srivastava	Director (Finance)	1323700	1653769	473434	3450903
Mr. D. P. Bhargava	Director (Technical)	2548147	1518090	437841	4504078
Mr. J. K. Sharma	Director (Projects)	2324712	3061277	566095	5952084
Mr. R. S. Mina	Director (Personnel)	2751935	868818	578296	4199049
Grand Total		8948494	7101954	2055666	18106114

*Benefits include medical reimbursement, leave encashment, lease rent, EPF(MC), SSS (MC), PCF (MC) and perquisite value of assets, advance, vehicle and accommodation and recovery on account of HRR and Vehicle.

**Performance Related Pay (PRP) paid to Functional Directors is based on the incentive scheme of the Company as per DPE Guidelines.

Details of payments made as sitting fees to Independent Directors

The Ministry of Power, Government of India has authorized the Board of Director of the Company to determine the sitting fees payable to Independent directors under the prescribed ceiling prescribed under Companies Act, 1956. Accordingly as per the decision of the Board of Directors Sitting Fees of Rs.15000/= for each meeting of the Board or the Committees of the board is being paid to independent Directors.

The Board in its 374th meeting held on 7th July, 2014 enhanced the sitting fee from Rs.15,000 to Rs.20,000.

Financial Year 2016-17:

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Dr. Arun Kumar	1,60,000	3,40,000	5,00,000
Mr. Farooq Khan	60,000	1,00,000	1,60,000
Mrs.KanikaT.Bahl	1,80,000	2,20,000	4,00,000
Mr.Satya Prakash Mangal	1,60,000	3,00,000	4,60,000

Financial Year 2015-16:

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Mr.Ashoke K. Dutta	100000	140000	240000
Mr.Atul Kumar Garg	80000	180000	260000
Mr. Farooq Khan	60000	80000	140000
Mrs.KanikaT.Bahl	60000	100000	160000
Mr. Arun Kumar	60000	100000	160000
Mr.Satya Prakash Mangal	60000	100000	160000

Financial Year 2014-15:

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Mr. G. S. Vedi	1,30,000	1,45,000	2,75,000
Mr. A. K. Mago	1,30,000	1,40,000	2,70,000
Mr. R. Jeyaseelan	1,30,000	35,000	1,65,000
Mr.Ashoke K. Dutta	1,20,000	2,00,000	3,20,000
Mr.Atul Kumar Garg	1,95,000	4,55,000	6,50,000
Mr.ShantikamHazarika	1,10,000	65,000	175,000
Mr. A. Gopalakrishnan	75,000	85,000	160,000

Note: * The sitting fees include fees paid by NHPC Ltd. only to the independent directors and for all committees constituted by the Board of Directors.

3(iv) NHPC: RELATED PARTY TRANSACTIONS

FY2016-17

(i) Joint Venture Companies



National Power Exchange Ltd. (The Company has been liquidated w.e.f. 21st June 2016).

(ii) Key Management Personnel

Shri K M Singh	Chairman cum Managing Director
Shri R. S. Mina	Director (Personnel)
Shri Jayant Kumar	Director (Finance)
Shri Nikhil Jain	Director (Personnel) w.e.f. 07.02.2017
Shri Mahesh Kumar Mittal	Director (Finance) w.e.f. 01.03.2017
Shri Ratish Kumar	Director (Projects)
Shri Balraj Joshi	Director (Technical)
Shri Vijay Gupta	Company Secretary

Remuneration to key management personnel for the period is Rs. 3.21 crore (corresponding previous period Rs. 1.61 crore).

b) Transaction carried out with the related parties as at a(i) above -Nil.

FY2015-16

RELATED PARTY DISCLOSURES:

a) Lists of Related Parties

(1) Joint Venture Companies

National Power Exchange Ltd. (The Company is under liquidation).

(2) Key Management Personnel

Shri R.S.T.Sai	CMD, THDC held additional charge as CMD of the company from 08.06.2014 to 23.09.2015.
Shri K.M.Singh	Chairman cum Managing Director w.e.f 23.09.2015
Shri D. P. Bhargava	Director (Technical) superannuated on 31.03.2016.
Shri R. S. Mina	Director (Personnel) held additional charge of Director (Finance) upto 25.05.2015.
Shri Jayant Kumar	Director (Finance) w.e.f. 26.05.2015.
Shri Ratish Kumar	Director (Projects) w.e.f 06.01.2016.
Shri Balraj Joshi	Director (Technical) w.e.f 01.04.2016.
Shri Vijay Kumar Gupta	Company Secretary.

Remuneration to key management personnel (excluding Sl.No. 1 above) for the current year is Rs. 1.94 Crore (corresponding previous year Rs. 2.21Crore).

b) Transaction carried out with the related parties as at a(i) above -Nil.

FY 2014-15



RELATED PARTY DISCLOSURES:

a) Lists of Related Parties

(1) Joint Venture Companies

National Power Exchange Ltd. (The Company is under liquidation).

(2) Key Management Personnel

Shri R.S.T.Sai	Assumed additional charge of the post of CMD w.e.f. 08.06.2014 in addition to his own duties as CMD, THDC India Ltd.
Shri G. Sai Prasad	Former Joint Secretary, Ministry of Power. Held additional charge of CMD of the Company from 24.07.2012 to 07.06.2014. Ceased to be a director on the Board w.e.f. 08.06.2014.
Shri D. P. Bhargava	Director (Technical).
Shri R. S. Mina	Director (Personnel). Additional charge of Director (Finance) from 15.09.2014 to 26.05.2015.
Shri Jayant Kumar	Director (Finance) w.e.f. 26.05.2015.
Shri Vijay Kumar Gupta	Company Secretary.
Shri A. B. L.Srivastava	Director (Finance) up to 15.09.2014.
Shri J. K. Sharma	Director (Projects) up to 11.03.2015.

Remuneration to key management personnel (excluding CMD) for the current year is Rs.2.21Crore (corresponding previous year Rs.2.08Crore).

b. Transaction carried out with the related parties as at a(i) above -Nil.

3.v Summary of Reservations or Qualifications or Adverse Remarks of Auditors in the last five financial years

M/s S. N. Dhawan & Co LLP
Chartered Accountants
410, Ansal Bhawan
16, Kasturba Gandhi Marg
New Delhi -110 001

M/s Gupta Gupta & Associates
Chartered Accountants
142/3 Trikuta Nagar
Jammu – 180012
Jammu & Kashmir

M/s Ray & Ray
Chartered Accountants
WebelBhavan, Ground Floor
Block EP & GP, Salt Lake, Sector V
Kolkata – 700 091

INDEPENDENT AUDITOR'S REPORT for F.Y. 2016-17

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:

- 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.
- 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.
- 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.
- 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.
- e) Note No. 34 para 28 to the standalone Ind AS financial statements regarding Kotli bhel-IA project, the fate of which depends upon suit pending adjudication before the Hon'ble Supreme Court of India.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. 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.
2. 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".
3. As required by Section 143 (3) of the Act, we report 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;
 - (b) 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;



- (c) 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;
- (d) 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.
- (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 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:
- (i) 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;
 - (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) there has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) 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

For Gupta Gupta & Associates

FOR RAY & RAY

Chartered Accountants

Chartered Accountants

Chartered Accountants

(FR No: 000050N/N500045)

(FR No: 001728N)

(FR No:301072E)

(S.K. Khattar)

Partner

M. No. 084993

(Vasu Gupta)

Partner

M. No. 537545

(B.K. Ghosh)

Partner

M. No. 051028

Place: New Delhi

Date: May30, 2017



Annexure A referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:-

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(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.

- (b) 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.

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	Rs. 9.96 Crore	Rs. 9.96 Crore	158.31 Hectares of land
10	Leasehold Land	Rs. 310.04 Crore	Rs. 270.83 Crore	627.25 Hectares of land

2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

7. 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 (Rs. In Crores)	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 (Rs. 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

8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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)

(B.K. Ghosh)
Partner
M. No. 051028

Place: New Delhi

Date: May 30, 2017



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)

(B.K. Ghosh)
Partner
M. No. 051028

Place: New Delhi

Date: May 30, 2017

M/s S. N. Dhawan & Co.
Chartered Accountants
410, Ansal Bhawan
16, Kasturba Gandhi Marg
New Delhi -110 001

M/s Gupta Gupta & Associates
Chartered Accountants
142/3 Trikuta Nagar
Jammu – 180012
Jammu & Kashmir

M/s Ray & Ray
Chartered Accountants
Webel Bhavan, Ground Floor
Block EP & GP, Salt Lake,
Kolkata – 700 091

INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF NHPC LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **NHPC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

EMPHASIS OF MATTERS

We draw attention to the following matters in the Notes to the financial statements:

- a) Para to Note No. 7 to the financial statements which describes about 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) Note no. 11.1 para 2 to the financial statements which describes about the 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.

- c) Note No. 29 para 1 to the financial statements, which describes 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.
- d) Note No. 29 para 21 (a) to the financial statements about the various balances which are subject to reconciliation / confirmation and respective consequential adjustments.
- e) Note No. 29 para 28 to the financial statements about the Kotlibhel-IA project, the fate of which is pending adjudication before the Hon'ble Supreme Court of India.
- f) Accounting Policy no. 2.3.4 on Capital work in progress read with Note No. 29 para 15 to the financial statements about the 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 charged to "Expenditure Attributable to Construction (EAC)" as the same is in line with Revised AS-10 notified on 30.03.2016 as Para 88 of this Revised Accounting Standard which states about transitional provision that shall result into the same treatment.

Our opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India 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, to the extent applicable.
2. 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".
3. As required by Section 143 (3) of the Act, we report 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;
 - (b) 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;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies



(Accounts) Rules, 2014;

- (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 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, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 Para 1 to the financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. N. Dhawan & Co.
Chartered Accountants
(FR No: 000050N)

(Suresh Seth)
Partner
M. No. 010577

For Gupta Gupta & Associates
Chartered Accountants
(FR No: 001728N)

(R. K. Gupta)
Partner
M. No. 085074

For Ray & Ray
Chartered Accountants
(FR No:301072E)

(Asish Kumar Mukhopadhyay)
Partner
M. No. 056359

Place: New Delhi

Date: May 28, 2016

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 fixed assets.
- (b) The fixed assets, 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 fixed assets physically verified during the year.
- (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.

Total no of cases	Type of asset	Gross block as at 31.03.2016	Net block as at 31.03.2016	Remarks
11	Freehold land	Rs. 13.37 crores	Rs. 13.37 crores	155.69 Hectares of land
9	Leasehold Land	Rs. 297.34 crores	Rs. 253.91 crores	766.20 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 from the public within the meaning of sections 73 to 76 or any other relevant provisions of the Act, and the Rules framed there under.
- 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, 2016 for a period of more than six months from the date they became payable.
 - 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 dues	Amount (Rs. In Crores)	Year to which it pertains	Forum at which case is pending
Income Tax Act, 1961	Income Tax	0.46	2007-08	Income Tax Department

Sales Tax Acts/VAT Act	Sales Tax/VAT	256.19	1994-95	Sales Tax Appellate Tribunal, Srinagar
		5.78	2005-06 to 2009-10	Chairman, HP VAT Tribunal, Shimla
		0.14	2006-07	Sr. Joint Commissioner, Siliguri Circle
		0.76	2007-08	Sr. Joint Commissioner, Siliguri Circle
		0.43	2008-09	Sr. Joint Commissioner, Siliguri Circle
		0.07	2009-10	Sr. Joint Commissioner, Siliguri Circle
		0.22	2010-11	CTO, Baramulla
		2.74	2012-13	Jt. Commissioner, Siliguri Charge
Finance Act, 1996	Service Tax	13.51	2010-11	CBEC
		39.70	2012-13	Commissioner, CE & ST, Patna
Custom Act, 1963	Duty of Custom	2.01	2004	Kolkata High Court
The Jammu & Kashmir Urban Immovable Property Tax Act, 1962	Property Tax	0.19	1991-2002	DC, Commercial Taxes
WB State Tax on Consumption of Use of Goods Act, 2001	Consumption Tax	0.06	2003-04, 2004-05 & 2005-06	Kolkata 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.
Chartered Accountants
(FR No: 000050N)

(Suresh Seth)
Partner
M. No. 010577

For Gupta Gupta & Associates
Chartered Accountants
(FR No: 001728N)

(R. K. Gupta)
Partner
M. No. 085074

For Ray & Ray
Chartered Accountants
(FR No:301072E)

(Asish Kumar Mukhopadhyay)
Partner
M. No. 056359

Place: New Delhi
Date: May 28, 2016



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, 2016 in conjunction with our audit of the standalone 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 Companies Act, 2013.

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 financial statements for external purposes in accordance with generally accepted accounting principles. 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 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, 2016, 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.

Chartered Accountants
(FR No: 000050N)

(Suresh Seth)

Partner
M. No. 010577

**For Gupta Gupta &
Associates**

Chartered Accountants
(FR No: 001728N)

(R. K. Gupta)

Partner
M. No. 085074

For Ray & Ray

Chartered Accountants
(FR No:301072E)

(Asish Kumar Mukhopadhyay)

Partner
M. No. 056359

Place: New Delhi

Date: May 28, 2016

INDEPENDENT AUDITOR'S REPORT (FY 2014-15)



**TO THE MEMBERS
NHPC LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of NHPC LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 there under.

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 Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of



expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the Financial Statements:

- f) Para to Note No. 7 to Financial Statements, which describes about 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 and also about the confirmation of directions of Competent Authority effecting such recoveries w.e.f. 01.02.2014 which is still pending with the Ministry of Power (MoP).
- g) Note No. 11 para 2 to Financial Statements read with Note No. 29 para 9, which describes uncertainty about the outcome of the projects under survey and investigation stage. Expenditure incurred for conducting Survey & Investigation on such projects are being carried forward as these projects are under investigation/ pending clearance/or financial assistance with various authorities.
- h) Note No. 29 para 1 to the Financial Statements, which describes 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.
- i) Note No. 29 para 4(a) to the Financial Statements about the various balances which are subject to reconciliation / confirmation and respective consequential adjustments.
- j) Note No. 29 para 8 to the Financial Statements about the Kotlibhel-1A project, the fate of which is pending adjudication before the Hon'ble Supreme Court of India.

- k) Note No. 29, para 23 read with Significant Accounting Policy No. 4 to the Financial Statements regarding earlier adoption (duly permitted) of guidance Note on Accounting for Rate Regulated Activities issued by The Institute of Chartered Accountants of India.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

4. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
5. 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 Companies Act, 2013, the compliance of which is set out in Annexure II.
6. As required by Section 143 (3) of the Act, we report that:
 - (h) 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.
 - (i) 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;
 - (j) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (k) In our opinion, the aforesaid standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (l) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (m) 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:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 29 Para 1 to the Financial Statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. N. Nanda & Co.
Chartered Accountants
(FR No: 000685N)

For Gupta Gupta & Associates
Chartered Accountants
(FR No: 001728N)

For S.N. Dhawan & Co.
Chartered Accountants
(FR No: FR No: 000050N)

For Ray and Ray
Chartered Accountants
(FR No: 301072E)

(CA Gaurav Nanda)

Partner

M. No. 500417

(CA R. K Gupta)

Partner

M. No. 085074

(CA Suresh Seth)

Partner

M. No. 10577

(CA B.K. Ghosh)

Partner

M. No. 051028

Place: New Delhi

Date: 29th day of May 2015

Annexure I referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:-

17. In respect of fixed assets:

- (a) The company has maintained records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets, except in case of land in certain units, have been 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 assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets physically verified during the year.

18. In respect of its inventories:

- a) The inventory has been physically verified during the year by the management / outside agencies. In our opinion, the frequency of such verification is reasonable.
 - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company is maintaining proper records of inventories except for inventories lying with third parties. The discrepancies noticed on physical verification, which were not material, have been properly dealt with in the books of account.
- 19.** The company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In view of this, sub-clauses (a) and (b) of clause (iii) of the order are not applicable.
- 20.** In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of

power and services. There is no continuing failure to correct major weaknesses in internal control system.

21. The company has not accepted any deposit from public within the meaning of sections 73 to 76 or any other provisions of the Companies Act, 2013 and rules framed there under.

22. The Company has made and maintained cost accounts and records specified by the Central Government under 148(1) of the Companies Act, 2013. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.

23. In respect of statutory dues:

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, wealth tax, service tax, duty of custom, 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, 2015 for a period of more than six months from the date they became payable.

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 and duty of custom have not been deposited on account of dispute.

(Rs. in Crores)

Name of the Statute	Nature of the dues	Amount	Year to which it pertains	Forum where dispute is pending
Income tax Act, 1961	Income tax	0.07	2007-08	ITO, Dehradun
		0.01	2008-09	
		0.02	2009-10	
HP VAT Act 2005	Sales tax	5.78	2005-06 to 2009-10	HP VAT Tribunal Dharmshala Camp Shimla.
J & K General Sales Tax Act 1962	Sales tax	245.61	1994-95	Sales Tax Appellate Tribunal, Srinagar
J & K General Sales Tax Act 1962	Sales tax	0.2156	2010-11	CTO, Baramulla

Customs Act, 1962	Custom Duty	2.01	2004-2005	HC, Kolkata (last heard on 28.02.2005)
WB VAT Act, 2005:	Sales Tax	0.14	2006-07	Sr. Joint Commissioner, Sales tax, Siliguri
		0.76	2007-08	
		0.43	2008-09	
		0.07	2009-10	
		0.15	2010-11	

c) As per the records of the company and according to information and explanations given to us, no amount is required to be transferred to Investor Education and Protection Fund (IEPF) in accordance with the provision of section 205C of the Companies Act, 1956 read with the IEPF (Awareness and Protection of Investors) Rules, 2001.

24. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.

25. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

26. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

27. In our opinion and according to the information and the explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that term loans have been applied for the purpose for which they were obtained.

28. In course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India we have not come across any instance of fraud on or by the Company, and according to the information and explanations given to us, no fraud was noticed or reported during the year by the management.

**For S. N. Nanda &
Co.**

**Chartered
Accountants**
(FR No: 000685N)

**For Gupta Gupta &
Associates**

Chartered Accountants
(FR No: 001728N)

For S.N. Dhawan & Co.

Chartered Accountants
(FR No: 000050N)

For Ray and Ray

**Chartered
Accountants**
(FR No: 301072E)



(CA Gaurav Nanda)
Partner
M. No. 500417

(CA R. K Gupta)
Partner
M. No. 085074

(CA Suresh Seth)
Partner
M. No. 10577

(CA B.K. Ghosh)
Partner
M. No. 051028

Place: New Delhi

Date: 29th day of May 2015

Annexure II referred to in Paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date				
S.No.	Direction	Our Report	Action taken thereon	Impact on Accounts & Financial Statements of the Company
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	NHPC have received a letter No. 11/11/2013-NHPC dated 03-07-2014 from Ministry of Power, Government of India referring to Ministry of Finance's letter No. 4(4)/2014-DD11 dated 01.07.2014 seeking comments of NHPC on draft Cabinet Committee on Economic Affairs (CCEA) for disinvestment of 11.36% paid-up capital of NHPC Ltd. out of Government of India shareholding of 85.96%. However, this disinvestment process was advised by Ministry of Power vide its letter dated 13.11.2014 to be kept on hold till at least some projects go on stream.	No Action Required	NIL
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the	There are 2 cases where claims amounting to Rs. 51,572/- being irrecoverable, have been written off.	Amount debited to Profit & Loss A/c	Profit reduced by Rs. 51,572/-.

	reasons there for and the amount involved.																	
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The company is maintaining proper records for inventories.	No Action Taken	NIL														
		As informed, the company has not received any assets from Govt. or other authorities.	No Action Required	NIL														
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	Age-wise analysis of legal/arbitration cases are as follows: <table> <tr><td>0-1 year</td><td>: 51 cases</td></tr> <tr><td>1-2 year</td><td>: 67 cases</td></tr> <tr><td>2-3year</td><td>: 90 cases</td></tr> <tr><td>3-4year</td><td>: 78 cases</td></tr> <tr><td>4-5 year</td><td>: 98 cases</td></tr> <tr><td>5-year &above</td><td>: 283 cases</td></tr> <tr><td><u>Total</u></td><td><u>: 667 cases</u></td></tr> </table> The reason for pendency of such cases under arbitration/courts is that hearings not yet completed, calling for further details and additional documents by the arbitrators/ courts, non-fixation of dates for hearing, granting of stay by court etc. There is no laid down procedure for large legal expenses (Foreign or local). However, the expenditure on all legal cases is proposed for approval of the competent authority every year and the same is incurred within the budget sanctioned by the competent authority.	0-1 year	: 51 cases	1-2 year	: 67 cases	2-3year	: 90 cases	3-4year	: 78 cases	4-5 year	: 98 cases	5-year &above	: 283 cases	<u>Total</u>	<u>: 667 cases</u>	The cases where company is expecting probable outflow, necessary provision has been created in the books as per AS-29. For remaining cases where either there is no probable outflow or a reliable estimate of amount of the obligation cannot be made, amount involved has been shown under contingent liability in Note no. 29, Para 1 to Financial Statements.	By virtue of provision, consequential effect has been given to respective heads of accounts. (Refer to Note No. 29, Para 1 to Financial Statements)
0-1 year	: 51 cases																	
1-2 year	: 67 cases																	
2-3year	: 90 cases																	
3-4year	: 78 cases																	
4-5 year	: 98 cases																	
5-year &above	: 283 cases																	
<u>Total</u>	<u>: 667 cases</u>																	



**For S. N. Nanda &
Co.**

**For Gupta Gupta &
Associates**

**For S.N. Dhawan &
Co.**

For Ray and Ray

**Chartered
Accountants**
(FR No: 000685N)

Chartered Accountants
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(CA Gourav Nanda)
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(CA Suresh Seth)
Partner
M. No. 10577

(CA B.K. Ghosh)
Partner
M. No. 051028

Place: New Delhi

Date: 29th day of May 2015

3.vi

Sl. No.	Particulars		2015-2016	2014-15
3.vi.0	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in case of company and all of its subsidiaries.	Nil	Nil	Nil
3.vi.1	Any prosecutions filed (whether pending or not) fines imposed, compounding of offences in case of the company and all of its subsidiaries	Nil	Rs. 50000/- *	Nil

* A fine of Rs. 50000/- was imposed by BSE Limited on NHPC Limited for non compliance of the requirement of Clause 49(II)(A)(1) of Listing Agreement regarding appointment of Women Director on 10.04.2015. The company informed exchange that NHPC is a CPSE and appointment of Directors is being made by President of India as per Article of Association of the company. The reply is still awaited from BSE.

3.vii

Sl. No.	Particulars	2016-2017	2015-2016	2014-15
3.vii.0	Details of acts of material frauds committed against the company	Nil	Nil	Nil

FINANCIAL POSITION OF THE COMPANY

4. (a) Capital Structure of NHPC Limited

Details of Share Capital as on last quarter end (as on 31.03.2017)

(Rs. In Crores)

Particulars	Amount
4.(a).(i)(a) : Share Capital	
Authorised:15000000000 Equity Shares of Rs 10/- each	15000.00
Issued, Subscribed and Paid up: 11070668496 10259320519 Equity Shares of Rs 10 each fully paid up (Out of above 62952960 Shares of Rs 10/- each have been allotted for consideration other than cash pursuant to agreement with Government of India)	10259.32
4.(a).(i)(b) Size of the present offer	Not Applicable
a).(i)(c & d) Paid up capital (A) After the offer (B) After conversion of convertible instruments © Share premium account - Before the offer - After the offer	Not Applicable

Changes in its capital structure as on last quarter end, for the last five years:

Date of Change	Particulars	Amount of Change in Rs.	Particulars
16.09.2013	<i>Date of AGM in which Articles of Association were amended for Buyback of Shares.</i>	12,30,07,42,770	Buy Back of shares
24.10.2013	<i>Board of Directors approved the Buyback of Shares in their meeting held on 24.10.2013 and corporate action for the shares was executed on 27.12.2013.</i>		
07.02.2017*	<i>Date of Board Meeting in which buyback of shares was approved by the Board of Directors and corporate action for the shares was executed on 31.03.2017.</i>	8,11,34,79,770	Buy Back of shares



4.(a).(ii) Share Capital History of our Company:

All allotments of Equity Shares are to the President of India acting through MoP, against funds released by the GoI. The following is the history of the Equity Share capital of our Company:

Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Conside ration in Cash/ other than cash	Cumul ative Share Premi um	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
August 13, 1976	3,283	1,000	1,000	Cash	Nil	3,283	32,83,000	0.33
December 29, 1976	1,950	1,000	1,000	Cash	Nil	5,233	19,50,000	0.52
April 28, 1977	2	1,000	1,000	Cash	Nil	5, 235	2,000	0.52
September 3,1977	40,000	1,000	1,000	Cash	Nil	45,235	4,00,00,000	4.52
February 28,1978	6,29,529	1,000	1,000	Other than cash	Nil	6,74,764	62,95,29,000	67.48
February 28,1978	60,700	1,000	1,000	Cash	Nil	7,35,464	6,07,00,000	73.55
September 18, 1978	73,298	1,000	1,000	Cash	Nil	8,08,762	7,32,98,000	80.88
February 2, 1979	25,000	1,000	1,000	Cash	Nil	8,33,762	2,50,00,000	83.38
August 6,1980	1	1,000	1,000	Cash (Rs. 400) Other than cash (Rs. 600)	Nil	8,33,763	1,000	83.38
March 31,1981	1,46,150	1,000	1,000	Cash	Nil	9,79,913	14,61,50,000	97.99
December 21,1981	15,000	1,000	1,000	Cash	Nil	9,94,913	1,50,00,000	99.49
March 27,1982	33,300	1,000	1,000	Cash	Nil	10,28,213	3,33,00,000	102.82
June 14,1982	35,000	1,000	1,000	Cash	Nil	10,63,213	3,50,00,000	106.32
September	36,000	1,000	1,000	Cash	Nil	10,99,213	3,60,00,000	109.92



Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Conside ration in Cash/ other than cash	Cumul ative Share Premi um	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
02,1982								
December 14,1982	1,24,000	1,000	1,000	Cash	Nil	12,23,213	12,40,00,000	122.32
February 23,1983	15,000	1,000	1,000	Cash	Nil	12,38,213	1,50,00,000	123.82
March 26, 1983	60,000	1,000	1,000	Cash	Nil	12,98,213	6,00,00,000	129.82
June 6,1983	32,900	1,000	1,000	Cash	Nil	13,31,113	3,29,00,000	133.11
September 5, 1983	61,859	1,000	1,000	Cash	Nil	13,92,972	6,18,59,000	139.30
December 16, 1983	48,550	1,000	1,000	Cash	Nil	14,41,522	4,85,50,000	144.15
March 5,1984	2,14,541	1,000	1,000	Cash	Nil	16,56,063	21,45,41,000	165.61
May 14, 1984	1,39,579	1,000	1,000	Cash	Nil	17,95,642	13,95,79,000	179.56
January 8,1985	4,27,459	1,000	1,000	Cash	Nil	22,23,101	42,74,59,000	222.31
June 21,1985	11,75,665	1,000	1,000	Cash	Nil	33,98,766	1,17,56,65,000	339.88
November 18,1985	4,72,500	1,000	1,000	Cash	Nil	38,71,266	47,25,00,000	387.12
February 24,1986	4,20,000	1,000	1,000	Cash	Nil	42,91,266	42,00,00,000	429.13
June 6,1986	8,03,546	1,000	1,000	Cash	Nil	50,94,812	80,35,46,000	509.48
December 26,1986	3,05,000	1,000	1,000	Cash	Nil	53,99,812	30,50,00,000	539.98
March 31, 1987	10,000	1,000	1,000	Cash	Nil	54,09,812	1,00,00,000	540.98
April 29, 1987	3,31,200	1,000	1,000	Cash	Nil	57,41,012	33,12,00,000	574.10
November 25, 1987	11,26,681	1,000	1,000	Cash	Nil	68,67,693	1,12,66,81,000	686.77
March 9, 1988	1,57,700	1,000	1,000	Cash	Nil	70,25,393	15,77,00,000	702.54
May 4, 1988	1,62,258	1,000	1,000	Cash	Nil	71,87,651	16,22,58,000	718.77
August 17, 1988	4,75,000	1,000	1,000	Cash	Nil	76,62,651	47,50,00,000	766.27
December 28, 1988	2,49,500	1,000	1,000	Cash	Nil	79,12,151	24,95,00,000	791.22
March 27, 1989	65,789	1,000	1,000	Cash	Nil	79,77,940	6,57,89,000	797.80
December	5,09,700	1,000	1,000	Cash	Nil	84,87,640	50,97,00,000	848.76



Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Conside ration in Cash/ other than cash	Cumul ative Share Premi um	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
28, 1989								
April 2, 1990	1,04,800	1,000	1,000	Cash	Nil	85,92,440	10,48,00,000	859.24
July 16, 1990	41,50,400	1,000	1,000	Cash	Nil	1,27,42,840	4,15,04,00,000	1,274.28
August 30, 1990	2,50,000	1,000	1,000	Cash	Nil	1,29,92,840	25,00,00,000	1,299.28
October 29, 1990 and November 5, 1990	8,20,000	1,000	1,000	Cash	Nil	1,38,12,840	82,00,00,000	1,381.28
January 24, 1991	19,45,000	1,000	1,000	Cash	Nil	1,57,57,840	1,94,50,00,000	1,575.78
February 26, 1991	4,35,200	1,000	1,000	Cash	Nil	1,61,93,040	43,52,00,000	1,619.30
May 13, 1991	9,26,300	1,000	1,000	Cash	Nil	1,71,19,340	92,63,00,000	1,711.93
July 17, 1991	6,40,000	1,000	1,000	Cash	Nil	1,77,59,340	64,00,00,000	1,775.93
August 9, 1991	2,15,000	1,000	1,000	Cash	Nil	1,79,74,340	21,50,00,000	1,797.43
November 27, 1991	7,11,800	1,000	1,000	Cash	Nil	1,86,86,140	71,18,00,000	1,868.61
December 24, 1991	5,38,000	1,000	1,000	Cash	Nil	1,92,24,140	53,80,00,000	1,922.41
June 19, 1992	11,87,200	1,000	1,000	Cash	Nil	2,04,11,340	1,18,72,00,000	2,041.13
August 5, 1992	3,90,000	1,000	1,000	Cash	Nil	2,08,01,340	39,00,00,000	20,80.13
October 9, 1992	6,05,000	1,000	1,000	Cash	Nil	2,14,06,340	60,50,00,000	21,40.63
November 27, 1992	3,70,000	1,000	1,000	Cash	Nil	2,17,76,340	37,00,00,000	2,177.63
January 27, 1993	7,76,000	1,000	1,000	Cash	Nil	2,25,52,340	77,60,00,000	2,255.23
July 2, 1993	9,58,500	1,000	1,000	Cash	Nil	2,35,10,840	95,85,00,000	2,351.08
September 2, 1993	5,60,000	1,000	1,000	Cash	Nil	2,40,70,840	56,00,00,000	2,407.08
November 25, 1993	9,20,000	1,000	1,000	Cash	Nil	2,49,90,840	92,00,00,000	2,499.08
June 15, 1996	(20,56,461)* ¹	1,000	1,000	-	-	2,29,34,379	-2,05,64,61,000	2,293.44
June 15, 1996	20,58,600	1,000	1,000	Cash	Nil	2,49,92,979	2,05,86,00,000	2,499.30
July 25, 1997	(2,38,832)* ¹	1,000	1,000	-	Nil	2,47,54,147	-23,88,32,000	2,475.41
July 25, 1997	13,91,800	1,000	1,000	Cash	Nil	2,61,45,947	1,39,18,00,000	2,614.59



Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Conside ration in Cash/ other than cash	Cumul ative Share Premi um	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
September 23,1997	5,11,000	1,000	1,000	Cash	Nil	2,66,56,947	51,10,00,000	2,665.69
November 1,1997	15,70,000	1,000	1,000	Cash	Nil	2,82,26,947	1,57,00,00,000	2,822.69
December 5,1997	5,00,000	1,000	1,000	Cash	Nil	2,87,26,947	50,00,00,000	2,872.69
February 21,1998	9,60,000	1,000	1,000	Cash	Nil	2,96,86,947	96,00,00,000	2,968.69
July 22,1998	10,65,000	1,000	1,000	Cash	Nil	3,07,51,947	1,06,50,00,000	3,075.19
September 18,1998	6,40,000	1,000	1,000	Cash	Nil	3,13,91,947	64,00,00,000	3,139.19
October 17,1998	3,30,000	1,000	1,000	Cash	Nil	3,17,21,947	33,00,00,000	3,172.19
November 13/19, 1998	50,000	1,000	1,000	Cash	Nil	3,17,71,947	5,00,00,000	3,177.19
January 4, 1999	5,44,200	1,000	1,000	Cash	Nil	3,23,16,147	54,42,00,000	3,231.61
January 29, 1999	50,000	1,000	1,000	Cash	Nil	3,23,66,147	5,00,00,000	3,236.61
March 19, 1999	10,09,800	1,000	1,000	Cash	Nil	3,33,75,947	1,00,98,00,000	3,337.59
April 28, 1999	6,06,400	1,000	1,000	Cash	Nil	3,39,82,347	60,64,00,000	3,398.23
July 31, 1999	8,42,600	1,000	1,000	Cash	Nil	3,48,24,947	84,26,00,000	3,482.49
July 31, 1999	6,30,000	1,000	1,000	Cash	Nil	3,54,54,947	63,00,00,000	3,545.49
August 27, 1999	13,14,600	1,000	1,000	Cash	Nil	3,67,69,547	1,31,46,00,000	3,676.95
September 24,1999	60,000	1,000	1,000	Cash	Nil	3,68,29,547	6,00,00,000	3,682.95
October 25,1999	20,000	1,000	1,000	Cash	Nil	3,68,49,547	2,00,00,000	3,684.95
November 30,1999	5,20,000	1,000	1,000	Cash	Nil	3,73,69,547	52,00,00,000	3,736.95
January 18,2000	4,70,000	1,000	1,000	Cash	Nil	3,78,39,547	47,00,00,000	3,783.95
February 3,2000	9,22,100	1,000	1,000	Cash	Nil	3,87,61,647	92,21,00,000	3,876.16
March 10,2000	8,90,000	1,000	1,000	Cash	Nil	3,96,51,647	89,00,00,000	3,965.16
March	3,20,800	1,000	1,000	Cash	Nil	3,99,72,447	32,08,00,000	3,997.24



Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Conside ration in Cash/ other than cash	Cumul ative Share Premi um	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
30,2000								
April 26,2000	2,32,500	1,000	1,000	Cash	Nil	4,02,04,947	23,25,00,000	4,020.49
July 20,2000	11,78,300	1,000	1,000	Cash	Nil	4,13,83,247	1,17,83,00,000	4,138.32
August 25, 2000	14,00,000	1,000	1,000	Cash	Nil	4,27,83,247	1,40,00,00,000	4,278.32
September 27, 2000	6,91,800	1,000	1,000	Cash	Nil	4,34,75,047	69,18,00,000	4,347.50
October 24, 2000	12,39,100	1,000	1,000	Cash	Nil	4,47,14,147	1,23,91,00,000	4,471.41
March 8, 2001	14,30,800	1,000	1,000	Cash	Nil	4,61,44,947	1,43,08,00,000	4,614.49
April 30, 2001	14,80,000	1,000	1,000	Cash	Nil	4,76,24,947	1,48,00,00,000	4,762.49
June 20, 2001	29,11,500	1,000	1,000	Cash	Nil	5,05,36,447	2,91,15,00,000	5,053.64
September 7, 2001	9,46,400	1,000	1,000	Cash	Nil	5,14,82,847	94,64,00,000	5,148.28
November 26, 2001	14,47,700	1,000	1,000	Cash	Nil	5,29,30,547	1,44,77,00,000	5,293.05
April 30, 2002	62,67,700	1,000	1,000	Cash	Nil	5,91,98,247	6,26,77,00,000	5,919.82
July 24, 2002	6,35,100	1,000	1,000	Cash	Nil	5,98,33,347	63,51,00,000	5,983.33
August 22, 2002	10,18,400	1,000	1,000	Cash	Nil	6,08,51,747	1,01,84,00,000	6,085.17
October 21, 2002	18,57,500	1,000	1,000	Cash	Nil	6,27,09,247	1,85,75,00,000	6,270.92
December 23, 2002	21,69,300	1,000	1,000	Cash	Nil	6,48,78,547	2,16,93,00,000	6,487.85
February 26, 2003	20,55,350	1,000	1,000	Cash	Nil	6,69,33,897	2,05,53,50,000	6,693.39
April 28, 2003	12,13,700	1,000	1,000	Cash	Nil	6,81,47,597	1,21,37,00,000	6,814.76
June 11, 2003	10,66,200	1,000	1,000	Cash	Nil	6,92,13,797	1,06,62,00,000	6,921.38
July 28, 2003	14,40,000	1,000	1,000	Cash	Nil	7,06,53,797	1,44,00,00,000	7,065.38
September 30, 2003	21,22,100	1,000	1,000	Cash	Nil	7,27,75,897	2,12,21,00,000	7,277.59
December 18, 2003	22,38,500	1,000	1,000	Cash	Nil	7,50,14,397	2,23,85,00,000	7,501.44
January 27, 2004	27,41,900	1,000	1,000	Cash	Nil	7,77,56,297	2,74,19,00,000	7,775.63
April 28,2004	42,75,500	1,000	1,000	Cash	Nil	8,20,31,797	4,27,55,00,000	8,203.18



Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Conside ration in Cash/ other than cash	Cumul ative Share Premi um	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
July 30, 2004	23,69,400	1,000	1,000	Cash	Nil	8,44,01,197	2,36,94,00,000	8,440.12
September 15, 2004	30,58,700	1,000	1,000	Cash	Nil	8,74,59,897	3,05,87,00,000	8,745.99
October 30, 2004	23,54,200	1,000	1,000	Cash	Nil	8,98,14,097	2,35,42,00,000	8,981.41
December 30, 2004	18,71,200	1,000	1,000	Cash	Nil	9,16,85,297	1,87,12,00,000	9,168.53
March 24, 2005	25,70,900	1,000	1,000	Cash	Nil	9,42,56,197	2,57,09,00,000	9,425.62
April 21, 2005	15,88,900	1,000	1,000	Cash	Nil	9,58,45,097	1,58,89,00,000	9,584.51
July 22, 2005	9,94,300	1,000	1,000	Cash	Nil	9,68,39,397	99,43,00,000	9,683.94
September 30, 2005	18,59,300	1,000	1,000	Cash	Nil	9,86,98,697	1,85,93,00,000	9,869.87
September 30, 2005	83,323	1,000	1,000	Cash	Nil	9,87,82,020	8,33,23,000	9,878.20
November 23, 2005	10,46,900	1,000	1,000	Cash	Nil	9,98,28,920	1,04,69,00,000	9,982.89
December 29, 2005	17,57,100	1,000	1,000	Cash	Nil	10,15,86,020	1,75,71,00,000	10,158.60
March 24, 2006	5,66,800	1,000	1,000	Cash	Nil	10,21,52,820	56,68,00,000	10,215.28
April 20, 2006	2,03,800	1,000	1,000	Cash	Nil	10,23,56,620	20,38,00,000	10,235.67
July 21, 2006	11,36,800	1,000	1,000	Cash	Nil	10,34,93,420	1,13,68,00,000	10,349.34
September 6, 2006	15,11,200	1,000	1,000	Cash	Nil	10,50,04,620	1,51,12,00,000	10,500.46
February 7, 2007	24,56,200	1,000	1,000	Cash	Nil	10,74,60,820	2,45,62,00,000	10,746.08
March 13, 2007	13,54,600	1,000	1,000	Cash	Nil	10,88,15,420	1,35,46,00,000	10,881.54
March 13, 2007	The equity shares of Rs. 1,000 each were split into Equity Shares of the face value of Rs. 10 each.							
March 26, 2007	31,66,70,500	10	10	Cash	Nil	11,19,82,12,500	3,16,67,05,000	11,198.21
May 26, 2007	(2,45,50,000)* ²	10	10	-	-	11,17,36,62,500	(24,55,00,000)	11,173.66
March 13, 2008	88,30,930	10	10	Cash	Nil	11,18,24,93,430	8,83,09,300	11,182.49
August 26, 2009	1,11,82,49,343 * ³	10	36	Cash	2868.74 [#]	12,30,07,42,773	11,18,24,93,430	12300.74



Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Cumulative Share Premium	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
December 27, 2013	(1,23,00,74,277) ^{*4}	10	19.25	Cash	2868.74 [#]	11,07,06,68,496	(12,30,07,42,770)	11,070.67
March 31, 2017	(81,13,47,977) ^{*5}	10	32.25	Cash	Audit Under Processes	10,25,93,20,519	(811,34,79,770)	10259.32

*1 Reduction of share capital on account of transfer of transmission assets to Power Grid Corporation of India Limited.

*2 Reduction of share capital on account of closure of KoelKaro hydroelectric project in the state of Jharkhand.

*3 Initial Public Offer

*4 Reduction of share capital on account of Buy Back of Shares

[#] Adjustment of Share issue expenses of Rs 38.71 crores as per the provisions of Section 78 of the Companies Act, 1956.

*5 Share Capital has been reduced to Rs. 10259.32 crs (i.e. 10259320519 equity shares of face value of Rs. 10) as on 31.03.2017 on account of Buy Back of Shares held in March 17.

4.a.ii.1. Equity Shares issued for consideration other than cash:

Except as detailed above, no Equity Shares of our Company have been issued for consideration other than cash.

4.a.ii.2. During Last one year our Company has not been made allotment of shares for the consideration of cash or other than cash.

Shareholding pattern of the Company as on 30.06.2017:

Sl. No.	Particulars	Total No. of Equity Shares	No. of shares in demat form	Total Shareholding as % of total no. of equity shares
1	PRESIDENT OF INDIA*	7,64,34,06,901	7,64,34,06,901	74.50
2	INSURANCE COMPANIES	94,16,39,728	94,16,39,728	9.18
3	FOREIGN INSTITUTIONAL INVESTORS	89,75,480	89,75,480	0.08
4	FOREIGN PORTFOLIO INVESTORS	37,99,49,126	37,99,49,126	3.70
5	MUTUAL FUNDS	11,77,13,615	11,77,13,615	1.15
6	BANKS	6,49,14,990	6,49,14,990	0.63
7	INDIAN FINANCIAL INSTITUTIONS	1,41,38,467	1,41,38,467	0.14
8	NBFC	3,75,767	3,75,767	0.01



9	H U F	2,88,06,412	2,88,06,412	0.28
10	RESIDENT INDIVIDUALS	54,22,50,653	54,21,09,811	5.29
11	BODIES CORPORATES	49,86,67,161	49,86,67,161	4.86
12	CLEARING MEMBERS	36,00,595	36,00,595	0.03
13	TRUSTS	26,75,320	26,75,320	0.03
14	OVERSEAS CORPORATE BODIES	175	175	0.00
15	NON RESIDENT INDIANS	92,90,344	92,82,769	0.09
16	NON RESIDENT INDIAN NON REPATRIABLE	29,14,285	29,14,285	0.03
17	FOREIGN NATIONALS	1,500	1,500	0.00
	Total	10,25,93,20,519	10,25,91,72,102	100

*Recent Buy Back by company made in Mar-17 has reduced promoter holding to 74.50%.

Notes: Shares pledged or encumbered by the promoters (if any): NIL

List of top 10 holders of equity shares of the Company as on 30.06.2017:

Sl. No.	Name of the Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total Shareholding as % of total no. of equity shares
1	PRESIDENT OF INDIA	7,64,34,06,901	7,64,34,06,901	74.50
2	LIFE INSURANCE CORPORATION OF INDIA	89,72,51,062	89,72,51,062	8.75
3	POWER FINANCE CORPORATION LTD	26,05,42,051	26,05,42,051	2.54
4	RURAL ELECTRIFICATION CORPORATION LTD	18,40,11,865	18,40,11,865	1.79
5	HDFC TRUSTEE COMPANY LIMITED - HDFC TAX SAVERFUND	4,18,08,989	4,18,08,989	0.41
6	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND	3,57,97,123	3,57,97,123	0.35
7	HDFC TRUSTEE CO LTD, HDFC PRUDENCE FUND	3,50,07,776	3,50,07,776	0.34
8	UCO BANK	3,31,54,836	3,31,54,836	0.32
9	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,64,95,193	2,64,95,193	0.26
10	PICTED GLOBAL SELECTION FUND-GLOBAL HIGH YIELD EMERGING EQ FUND	2,04,20,574	2,04,20,574	0.20

Details of any Acquisition or Amalgamation in the last 1 year: NIL

Details of any Reorganization or Reconstruction in the last 1 year.

Type of Event	Date of Announcement	Date of Completion	Details
-----NIL-----			

4.b& 4.c



Profits of NHPC LIMITED (before and after making provision for tax) & Dividends declared by the company with interest coverage ratio for last three years (Standalone Basis):

(Rs. in Crore)

Sl. No.	Parameters	FY2016-17*	FY2015-16	FY 2014-15
4.b.0	Profit Before Tax	3474.6	3180.5	2826.17
4.b.1	Profit After Tax	2795.59	2429.89	2124.47
4.c.0	Dividend amounts	2524.13	1461.33	664.27
4.c.1	Interest Coverage Ratio	8.19	8.00	4.70

***Figures of FY 2016-17 are as per IND AS. Figures for the FY 2015-16 has been recasted as per IND AS.**

4.d. Summary of Financial Position of NHPC Limited (Standalone Basis)

(Rs. in Crore)

A)	The Capital Structure of the Company	FY2016-17	2015-16	2014-15

	- Authorised Share Capital (Rs. in Crore)	15000	15000	15000
	- No. of Shares (in aggregate)	10259320519	11070668496	11070668496
	- Issued, Subscribed & Paid Up Equity Capital (face value Rs. 10) (Rs. in Crore)	10259.32	11070.67	11070.67
	- Share Premium Account (Rs. in Crore)	242.81	2868.74	2868.74
B)	Profits of the Company			
	- Profit Before Tax	3474.6	3180.5	2826.17
	- Profit After Tax	2795.59	2429.89	2124.47
C)	Dividend declared by the Company (Rs. in Crore)	2524.13	1461.33	664.27
D)	Financial Position (Standalone Basis)			
	Net Worth	26942.13	29761.15	28286.39
	Total Debt	18924.23	19938.22	19836.34
	- Non current maturities of Long Term Borrowings	17245.64	18181.08	18171.03
	- Short Term Borrowings	302.5	-	-
	- Current maturities of Long Term Borrowings	1678.59	1757.14	1665.31
	Net Fixed Assets & CWIP	38327.34	37882.61	38749.88
	Non Current Assets	8428.85	7509.59	44262.30
	Cash and Cash Equivalents	1533.14	5876.75	5422.11
	Current Investments	0	1.13	257.57
	Current Assets	5550.91	10004.52	11176.82
	Current Liabilities	5195.81	4762.61	5947.14
	Net Sales	7139.46	7265.71	6736.64
	EBITDA*	5936.22	5611.67	5431.81
	EBIT*	4547.82	4252.6	4005.94
	Interest	1073.22	1072.1	1179.77
	PAT	2795.59	2429.89	2124.47
	Dividend Amounts	2524.13	1461.33	664.27
	Current Ratio	1.07	2.10	1.88
	Interest Coverage Ratio	8.19	8.00	4.70
	Debt/ equity ratio	0.70	0.67	0.64
	Debt Service Coverage Ratios	2.38	3.47	2.69

*EBIT & EBITDA for the FY 2016-17 includes Rate Regulated Income of Rs. 713.99 crore.

Note 1:- Figures of FY 2016-17 are as per IND AS. Figures for the FY 2015-16 has been recasted as per IND AS.

Note 2:- Dividend at S.No-“4.c.1” is actual dividend paid during the year.

Note 3:- PBT and PAT do not include other comprehensive income.

4.e

STATEMENT OF CASH FLOW

S.No	Particulars	Year Ended as on 31.03.2017	Year Ended as on 31.03.2016	Year Ended as on 31.03.2015
	Net Profit before tax and extraordinary items	3474.6	3180.5	2826.17
	Less: Rate Regulated Income/Expenditure	713.99	550.9	521.95
	ADD :			
	Depreciation (including Prior Period)	1388.4	1359.07	1429.77
	Finance Cost (net of EDC)	1073.22	1072.1	1179.76
	(Profit)/ Loss on sale of assets/ Debt/ Claim written off	2.16	2.2	2.36
	Provisions (Net loss)	119.68	390.94	112.78
	(Profit)/Loss on Sale of Projects		-	
	Expenditure incurred to create Rate Regulatory Assets (net of finance and depreciation)	341.71	147.04	
	Tariff Adjustment	94.83	109.78	105.82
	Exchange rate variation	51.81	64.65	(20.50)
		5832.42	5775.38	5114.21
	LESS :			
	Advance against Depreciation written back(including Prior Period)	60.68	50.17	50.17
	Provisions (Net gain)	44.92	41.53	75.96
	Deferred ERV	4.05	-1.14	
	Profit on sale of Assets & Investment \Realization of loss	7.00	13.68	1.11
	Dividend Income	207.49	120.93	61.56
	Interest Income	512.72	603.77	661.05
	Other Adjustments	1.69	-3.14	849.85
	Cash flow from operating activities before working capital adjustments	4993.87	4949.58	4264.36
	Working Capital Changes			
	(Increase)/Decrease in Inventories	-8.05	-1.35	(8.51)
	(Increase)/Decrease in Trade Receivables	54.85	381.88	(633.33)
	(Increase)/Decrease in Other Assets, Loans & Advances	3352.49	511.71	622.76
	Increase/(Decrease) in Other Liabilities & Provisions	512.25	-272.43	(586.08)
	Cash flow from operating activities	8905.41	5569.39	3659.20

	before taxes			
	Less : Taxes	760.07	669.37	603.84
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	8145.34	4900.02	3055.36
B.	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	-1496.41	-2061.4	(1632.33)
	Creation of Rate Regulatory Assets	-341.71	-147.04	(123.30)
	Loss/(Profit) on sale/transfer of Assets			
	Realisation from Investment/Bonds	-365.72	651.01	243.56
	Interest Income	566.25	637.15	661.05
	Dividend Received	207.49	120.93	61.56
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-1430.1	-799.35	(789.46)
C.	CASH FLOW FROM FINANCING ACTIVITIES			
	Buyback of Shares (including premium payments)	-2625.93		-
	Issue of share capital/ Share application money pending allotment			
	Dividend & Dividend Tax Paid	-2996.35	-1734.74	(772.03)
	Proceeds on Borrowings	2502	1774.92	1461.98
	Repayments of Borrowings	-3338.37	-1671.09	(1276.19)
	Interest & Financial Charges	-1391.09	-1461.06	(1561.38)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-7849.74	-3091.97	(2147.62)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-1134.5	1008.7	118.28
	Cash & Cash Equivalents at the beginning of the year	1194.39	185.69	5303.83
	Cash & Cash Equivalents at the close of the year	59.89	1194.39	5422.11

Note: Figures of FY 2016-17 are as per IND AS. Figures for the FY 2015-16 has been recasted as per IND AS.

4.f. Change in Accounting Policies

2014-15

(Rs. in Crore)

Policy No.	Description	Impact on Profit for	Impact on Profit of

		the year	Consolidated accounts
2.5	Policy deleted due to presentation of Fixed Assets declared surplus/awaiting disposal action in "Other current assets" instead of presenting them as Fixed Assets.	No impact	No impact
5.2.3	Policy on charging of depreciation in respect of items for which the Company assessed rates are used. The policy has been changed to adopt the useful life and residual value as per Schedule-II of the Companies Act, 2013 with effect from 01.04.2014.	(0.69)	(0.64)
5.3	Policy on charging of depreciation in respect of items (excluding immovable assets) with written down value of Rs.5000/- or less at the beginning of the year are fully depreciated during the year with Rs.1/- as WDV.	0.58	0.64
7.3	Policy on writing off loose tools in use having value of Rs. 5000/- or more have been deleted.	(0.10)	(0.18)
9.3	Policy on expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme has been deleted.	No impact as the policy was redundant.	No impact as the policy was redundant.

2015-16

(Rs. in Crore)

Policy No.	Description	Impact on Profit of Standalone accounts

2.1.3	Introduction of new accounting policy on capitalization of Expenditure incurred on renovation and modernization of tangible assets on completion of the originally estimated useful life of the power station.	Nil
2.1.4	Modification of accounting policy regarding capitalization of interest amount on enhanced compensation of land awarded by court to the cost of land (net of depreciation).	3.72
5.2.2 (ii)	Introduction of new accounting policy on depreciation on old & used tangible assets of other than Operating Units	Nil

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances barring the following:

NHPC Policy	Policy of Joint Venture Company	Impact on Profitability
<u>Policy No. 5.1</u> Depreciation on additions to /deductions from tangible assets during the year is charged on pro-rata basis from / up to the date on which the asset is available for use / disposal.	<u>Policy No. 7.1(b) of NHPTL</u> Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which asset is available for use/disposal.	No impact, since NHPTL has not yet started operation.
<u>Policy No. 5.2.1 & 5.2.3</u> Depreciation on tangible assets of Operating Units of the Company except Construction Plant and Machinery & Computers and Peripherals is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by CER	<u>Policy No. 7.1 (a) of NHPTL</u> Depreciation on assets is charged on straight line method following the useful life specified in Schedule-II of the Companies Act, 2013.	No impact, since NHPTL has not yet started operation.
<u>Policy No. 11.2</u> Prepaid expenses and prior period expenses/income of items of Rs. 50,000/- and below are charged to natural heads of accounts.	<u>Policy No. 7.2(b) of NHPTL</u> Prepaid expenses and prior period expenses/income of items of Rs. 500,000/- and below are charged to natural heads of accounts.	No impact, since NHPTL has not yet started operation.
	<u>Policy No. 7.2(a) of NHPTL</u> Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearances are charged to revenue.	No impact, since NHPTL has not yet started operation.
	<u>Policy No. 9 of NHPTL</u>	No impact, since

	Assets acquired on lease where a significant portion of the risk and rewards of the ownership is retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.	NHPTL has not yet started operation.
	<u>Policy No. 17 of NHDC</u> Amount of contribution received from the Govt. of Madhya Pradesh towards “Irrigation and R&R Component” and Govt. of Gujarat towards “SardarSarovar Component”, are treated initially as ‘Grants in Aid-Reserve’ and subsequently adjusted in the same proportion as the depreciation written off during the year on the assets acquired out of such contribution.	No impact.
	<u>Policy No. 2.3 of CVPPL</u> Capital expenditure on assets where neither the land nor the asset is owned by the Company is reflected as a distinct item in capital work in progress till the period of completion and thereafter in the fixed assets.	No impact, since CVPPL has not yet started operation.
	<u>Policy No. 5.8 of CVPPL</u> Capital expenditure referred to in Policy 2.3 is amortized over a period of 5 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant assets becomes available for use.	No impact, since CVPPL has not yet started operation.
	<u>Policy No. 7.3 of CVPPL</u> Loose tools issued during the year are charged to consumption account where cost of individual items is Rs. 5000/- or less and in other cases written off in 5 yearly equated installments.	No impact, since CVPPL has not yet started operation.



2016-17

During the year due to implementation of Ind AS company has changed its entire accounting policy which is reproduced here under:

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 relating 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

- a) 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).
- 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

- a) 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.”
- b) 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.”
- c) These Regulatory Deferral Account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.
- d) 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.

- e) 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 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 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

- 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 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.

4.g. Key Operational and Financial Parameters for the last 3 Audited Years (Standalone)

(Rs. in Crore)

Parameters	FY 2016-17	FY 2015-16	FY 2014-15
For Non-Financial Entities (Standalone Basis)			
Net Worth	26942.13	29761.15	28286.39
Total Debt	18924.23	19938.22	19836.34
- Non current maturities of Long Term Borrowings	17245.64	18181.08	18171.03
- Short Term Borrowings	302.5	-	-
- Current maturities of Long Term Borrowings	1678.59	1757.14	1665.31
Net Fixed Assets & CWIP	38327.34	37882.61	38749.88
Non Current Assets	8428.85	7509.59	44262.30
Cash and Cash Equivalents	1533.14	5876.75	5422.11
Current Investments	0	1.13	257.57
Current Assets	5550.91	10004.52	11176.82
Current Liabilities	5195.81	4762.61	5947.14
Net Sales	7139.46	7265.71	6736.64
EBITDA*	5936.22	5611.67	5431.81
EBIT*	4547.82	4252.6	4005.94
Interest	1073.22	1072.1	1179.77
PAT	2795.59	2429.89	2124.47
Dividend Amounts	2524.13	1461.33	664.27
Current Ratio	1.07	2.10	1.88
Interest Coverage Ratio	8.19	8.00	4.70
Debt/ equity ratio	0.70	0.67	0.64
Debt Service Coverage Ratios	2.38	3.47	2.69

* EBIT & EBITDA for the FY 2016-17 includes Rate Regulated Income of Rs. 713.99 crore.

Note 1:- Figures of FY 2016-17 are as per IND AS. Figures for the FY 2015-16 has been re-casted as per IND AS.

Note 2:- Dividend is actual dividend paid during the year.

Note 3:- PBT and PAT do not include other comprehensive income.

4.h. Gross Debt: Equity Ratio: 30.06.2017

Before the issue of debt securities	0.68
After the issue of debt securities	0.68

4.i. Project cost and means of financing: At present 3 nos. of projects are under construction:

Ongoing Projects & States	Installed Capacity (MW)	Price Level	CCEA Approved Cost (Rs. in Crore)	Price Level	Anticipated Cost (Rs. in Crore)
Parbati II (H.P.)	800	Dec'01	3,919.59	Mar'15	8398.75 ^{*1}
Subansiri Lower (Ar.Pradesh/ Assam)	2000	Dec'02	6,285.33	Feb 16	17435.15 ^{*2}
Kishanganga (J&K)	330	Sep'07	3,642.04	Jan17	5882.01 ^{*3}
Total	3130		13846.96		31715.91

*1 RCE at Mar 15 PL submitted to CEA but returned back with a request to get approval of Memorandum of Changes prior to examine the RCE.

*2 RCE at Feb 16 PL submitted to CEA but returned back with a request to get approval of Memorandum of Changes prior to examine the RCE.

*3 RCE at Jan17 PL submitted to MoP/CEA.

4.j.i. Details of the auditors of the Company

Name	Address	Auditor since
M/s Ray and Ray,	Webel Bhawan, Ground Floor, Block-EP & GP, Sector-V, Bidhannagar, Salt Lake, Kolkatta-700091	2014-15(as Joint Statutory Auditor)
M/s Gupta Gupta and Associates,	142/3, Trikuta Nagar, Jammu Tawi - 180012, Jammu & Kashmir	2013-14(as Joint Statutory Auditor)
M/s S N Dhawan and Co. LLP,	410 Ansal Bhawan, 16 Kasturba Gandhi Marg, New Delhi-110001.	2014-15(as Joint Statutory Auditor)

Note: M/s S.N Dhawan & Co, Chartered Accountants, Joint Statutory Auditor of Company has changed its firm's name to S.N. DHAWAN & CO LLP.

NHPC Ltd. being a Government Company, the statutory auditors are appointed by the Comptroller and Auditor General of India ("CAG"). The annual accounts are reviewed by CAG and a report is published.

4.j.ii. Details of change in auditor since last 3 years

*Statutory Auditors 2016-17

Name	Address	Auditor since



M/s Ray and Ray,	WebelBhawan, Ground Floor, Block-EP & GP, Sector-V, Bidhannagar, Salt Lake, Kolkatta-700091	2014-15
M/s Gupta Gupta and Associates,	142/3, Trikuta Nagar, Jammu Tawi - 180012, Jammu & Kashmir	2013-14
M/s S N Dhawan and Co. LLP,	410 AnsalBhawan, 16 Kasturba Gandhi Marg, New Delhi-110001.	2014-15

***Statutory Auditors 2015-16**

Name	Address	Auditor since
M/s S. N. Nanda & Co.	C-43, Pamposh Enclave, Greater Kailash – I, New Delhi – 110 048	2011-12 (upto Jun-15)
M/s Ray and Ray,	WebelBhawan, Ground Floor, Block-EP & GP, Sector-V, Bidhannagar, Salt Lake, Kolkatta-700091	2014-15
M/s Gupta Gupta and Associates,	142/3, Trikuta Nagar, Jammu Tawi - 180012, Jammu & Kashmir	2013-14
M/s S N Dhawan and Co.,	410 AnsalBhawan, 16 Kasturba Gandhi Marg, New Delhi-110001.	2014-15

***Statutory Auditors 2014-15**

Name	Address	Auditor since
M/s S. N. Nanda & Co.	C-43, Pamposh Enclave, Greater Kailash – I, New Delhi – 110 048	2011-12
M/s Ray and Ray,	WebelBhawan, Ground Floor, Block-EP & GP, Sector-V, Bidhannagar, Salt Lake, Kolkatta-700091	2014-15
M/s Gupta Gupta and Associates,	142/3, Trikuta Nagar, Jammu Tawi - 180012, Jammu & Kashmir	2013-14
M/s S N Dhawan and Co.,	410 AnsalBhawan, 16 Kasturba Gandhi Marg, New Delhi-110001.	2014-15

*Statutory Auditors are appointed by CAG normally for a period of 4 years and they retired by rotation.

4.k. Details of borrowings of the Company, as on 30.06.2017:

4.k. i. Details of Secured Loan Facilities

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt O/s	Repayment Date / Schedule	Security
Oriental Bank of	Term Loan	100.00	40.00	4 equal yearly installments of	Pari-passu charge against Immovable / Movable assets

Commerce				Rs. 10 crores each up to 27.12.2020	of Uri-I Power Station situated in Jammu & Kashmir except for book debts and stores
Life Insurance Corporation of India	Line of Credit	2500.00	729.16	7 equal half yearly installments of Rs. 104.17 crores each up to 15.10.2020	Pari-passu charge against immovable & movable assets of Parbati-II HE Project situated in Himachal Pradesh and pari-passu charge against all immovable & movable assets of Dhauliganga Power Station situated in Uttarakhand except for book debts and stores.
Life Insurance Corporation of India	Line of Credit	1896.00	1027.00	13 equal half yearly installments of Rs. 79 crores each up to 30.10.2023	Pari-passu charge against immovable / movable assets of TLDP-III HE Project situated in West Bengal and Teesta-V Power Station situated in Sikkim.
Power Finance Corporation	Term Loan	186.00	23.25	5 equal quarterly installments of Rs. 4.65 crores each up to 15.07.2018	First charge on Pari-passu basis on movable assets, both present & future, FofDulhasti Power Station situated in Jammu & Kashmir except for book debts & stores
Power Finance Corporation	Term Loan	70.00	29.75	17 equal quarterly installments of Rs. 1.75 crores each up to 15.07.2021	First charge on Pari-passu basis on movable assets, both present & future, FofDulhasti Power Station situated in Jammu & Kashmir except for book debts & stores
Power Finance Corporation	Term Loan	1457.00	582.80	16 equal quarterly installments of Rs. 36.425 crores each up to 15.04.2021	Pari-passu charge against Immovable / Movable assets of Uri-I Power Station situated in Jammu & Kashmir and Chamara-II Power Station situated in Himachal Pradesh except for book debts and stores.
Power Finance Corporation	Term Loan	413.00	82.60	8 equal quarterly installments of Rs. 10.325	Pari-passu charge against Immovable / Movable assets of Chamara-I Power Station situated in Himachal Pradesh

				crores each up to 15.04.2019	except for book debts & stores
Power Finance Corporation	Term Loan	500.00	125	10 equal quarterly installments of Rs. 12.50 crores each up to 15.10.2019	Pari-passu charge against Immovable / Movable assets of Chamera-I Power Station situated in Himachal Pradesh except for book debts & stores
State Bank of India	Term Loan	1000.00	895.83	43 Equal quarterly installments of Rs. 20.83 crores each up to 27/03/28	Pari-passu charge against Immovable / Movable assets of TLDP-III situated in West Bengal and Chamera-II Power Station situated in Himachal Pradesh except for book debts and stores)
State Bank of India	Term Loan	460.00	447.89	36 Equal quarterly installments of Rs. 12.11crores each up to 30/04/26 and 37 th installment of Rs.11.93 Crore on 31.07.26.	Pari-passu charge against Immovable / Movable assets of Chamera-III situated in Himachal Pradesh except for book debts and stores.

4.k.ii. Details of Unsecured Loan Facilities

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule
Domestic				
Government of India	Subordinate Debt for NimooBazgo HE Project	490.65	490.65	18 Equal Annually inst.w.e.f. 10/10/2025 to 10/10/2042.
Government of India	Subordinate Debt for Chutak HE Project	529.71	529.71	24 Equal Annually inst.w.e.f. 01/02/2019 to 01/02/2042.
Government of India	Subordinate Debt for Kishanganga HE Project	2380.44	2380.44	10 equal annual installments from 11th year after commissioning of the project.



Foreign				
Japan Bank of International Cooperation	Term Loan Tranche-I	JPY 566.50	127.65	18 half yearly equal installments of Rs. 7.16 Crs up to 20.01.2026
Japan Bank of International Cooperation	Term Loan Tranche-II	JPY 1631.60	488.57	21 half yearly equal installments of Rs. 22.49 Crs upto 20.12.2027
Japan Bank of International Cooperation	Term Loan Tranche-III	JPY 1389	584.26	34 half yearly equal installments of Rs. 17.37 Crs upto 20.03.2034
DB-NEXI untied facility	Term Loan	JPY 1824	160.00	3 half yearly equal installments of Rs. 53.90 Crs upto 18.10.2018

4.k. iii. Details of NCDs

(Amount Rs. in Crores)

Debenture Series	Tenor / Period of Maturity	Coupon	Amount	Date of Allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security

O-Series	15 Years with 5 years moratorium	7.70% (Fixed)	570.00	31.03.03	10% every year commencing from 31.03.09 to 31.03.18	IND AAA/ Stable from India Ratings, CARE AAA from CARE Ratings, AAA/Stable from CRISIL	Secured	
P-Series	15 Years with 5 years moratorium	9.00% (Fixed)	2000.00	01.02.10	10% every year commencing from 01.02.16 to 01.02.25	IND AAA/ Stable from India Ratings	Secured	1. Dhauliganga Power Station situated in Uttarakhand 2. Parbati-II Power Project & 3. Chamera-III Power Station both situated in Himachal Pradesh
Q-Series	15 Years with 3 years moratorium	9.25% (Fixed)	1266.00	12.03.12	1/12th every year commencing from 12.03.16 to 12.03.27	IND AAA/ Stable from India Ratings, CARE AAA from CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	1. TLDP-III HE Project situated in West Bengal 2. Teesta-V Power Station situated in Sikkim
R1 SERIES BONDS	13 Years with 1 years moratorium	8.70%(Fixed)	82.20	11.02.13	1/12th every year commencing from 11.02.15 to 11.02.26	IND AAA/ Stable from India Ratings,[ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project situated in Himachal Pradesh
R2 SERIES BONDS	14 Years with 2 years moratorium	8.85% (Fixed)	382.08	11.02.13	1/12th every year commencing from 11.02.16 to 11.02.27	IND AAA/ Stable from India Ratings,[ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project situated in Himachal Pradesh
R3 SERIES BONDS	15 Years with 5 years moratorium	8.78% (Fixed)	892.00	11.02.13	1/10th every year commencing from 11.02.19 to 11.02.28	IND AAA/ Stable from India Ratings,[ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project situated in Himachal Pradesh
TAX FREE BOND 1A	10years with 9 years	8.18%	50.81	02.11.13	On maturity i.e.	IND AAA/ Stable from	Secured	Parbati-II Power Project &

SERIES	moratorium				2.11.2023	India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings		Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 1B	10years with 9 years moratorium	8.43%	60.77	02.11.13	On maturity i.e. 2.11.2023	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 2A SERIES	15years with 14 years moratorium	8.54%	213.12	02.11.13	On Maturity i.e. 2.11.2028	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 2B SERIES	15years with 14 years moratorium	8.79%	85.61	02.11.13	On Maturity i.e. 2.11.2028	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 3A SERIES	20years with 19 years moratorium	8.67%	336.07	02.11.13	On maturity i.e. 2.11.2033	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh

TAX FREE BOND 3B SERIES	20years with 19 years moratorium	8.92%	253.62	02.11.13	On maturity i.e. 2.11.2033	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
S1 Series	10 yrs	8.49%	365.00	26.11.14	In 10 equal installment from 26.11.15 to 26.11.24.	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secured	Parbati-III Power Project situated in Himachal Pradesh
S2 Series	15 yrs with 3yrs moratorium	8.54%	660.00	26.11.14	In 12 equal installment from 26.11.18 to 26.11.29.	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secured	Parbati-III Power Project situated in Himachal Pradesh
T Series	15 yrs with 4 yrs moratorium	8.50%	1474.92	14-Jul-15	In 12 equal instalment from 14.07.19 to 14.07.30	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secured	Chamera-I & Parbati-III Power Station both situated in Himachal Pradesh and Uri-I Power Station situated in J&K.
U Series	15 yrs (Bullet Redemption)	8.24%	540	27-Jun-2016	27-Jun-2031	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secured	Parbati-III Power Station situated in Himachal Pradesh and Uri-I Power Station situated in J&K.
U 1 Series	14 years 355 Days (Bullet Redemption)	8.17%	360	07-Jul-2016	27-Jun-2031	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secured	Parbati-III Power Station situated in Himachal Pradesh and Uri-I Power Station situated in J&K.
V 1 Series	05 years	6.84%	775	24-Jan-2017	24-Jan-2022	AAA from CARE/ IND AAA/Stable from INDIA RATING	Secured	Chamera-III, Chutak, Nimmo Bazgo, KishanGanga, Parbati-III, TLDP-III & Uri-II



V2 SERIES	10 Years	7.52%	1475	06-June-2017	06-June-2027	AAA from CARE/ IND AAA/Stable from INDIA RATING	Secured	Chamera-III, Chutak, Nimmo Bazgo, KishanGanga, Parbati-II, Parbati-III, Subansiri Lower, TLDP-III & Uri-II

4.k. iv. List of Top 10 Debenture Holders (as on 30.06.2017):-

NHPC Ltd.		
TOP 10 BONDS HOLDERS AS ON 30.06.2017		
Sr. N.	Name of Bond Holder	Amount in INR
1	LIFE INSURANCE CORPORATION OF INDIA, INVESTMENT DEPARTMENT, 6 TH FLOOR, WEST WING, CENTRAL OFFICE, YOGAKSHEMA, JEEVAN BIMA MAG, MUMBAI-400021.	16000000000
2	NPS TRUST- A/C SBI PENSION FUND SCHEME - STATE GOVTC/O SBI PENSION FUNDS PVT. LTD.NO 32, 3 RD FLOOR, MAKER CHAMBERS - III, NARIMAN POINT MUMBAI 400021.	14700600000
3	CBT EPF-05-D-DM, Standard Chartered Bank, CRESCENZO, SECURITY SERVICES, 3 RD FLOOR,C-38/39 G-Block, BKC Bandra (East)Mumbai India400051.	12895000000
4	PUNJAB NATIONAL BANK, TREASURY DIVISION,PNB PRAGATI TOWER,6 TH FLOOR, C-9, G BLOCK, BANDRA KURLA COMPLEX MUMBAI400051.	8850000000
5	STATE BANK OF INDIA, SBI SG Global Secu. Serv. P. L., Jeevan Seva Extension Bldg.Gr. Floor, S.V. Road, Santacruz W, MUMBAI, 400054, 26105910.	4000000000
6	BIRLA SUN LIFE INSURANCE COMPANY LIMITED DEUTSCHE BANK AG, HAZAIMAL SOMANI MARG, POST BOX NO. 1142,FORT MUMBAI 400001	3500000000
7	AXIS BANK LIMITED TREASURY OPS NON SLR DESK CORP OF FINTERNATIONAL CENTRE P B MARG WORLI MUMBAI 400025.	2892214000
8	ICICI PRUDENTIAL, CAPITAL PROTECTION ORIENTED FUND SERIES X 1375 DAYS PLAN B, HDFC BANCK LTD CUSTODY SERVICES, LODHA I TINK TECHNO CAMPUS OFF, FLR 8 NEXT TO KANJURMARG RLY STN, KANJURMARG,E-MUMBAI, 400063	2505000000
9	ORIENTAL BANK OF COMMERCE, PLOT NO.5, INSTITUTIONAL AREA, SECTOR - 32, GURGAON, HARYANA, 122001, 0124-4126259/68.	2500000000
10	MAX LIFE INSURANCE CO LTD, HSBC SECUTITIES SERVICES, 11 TH FLOOR, BUILDING NO-3, NESCO-IT PARK, NESCO COMPLEX, W.E HIGHWAYGOREGAON EAST, MUMBAI 400063	2400000000

Note: Top 10 Debenture holders' (in value terms, on cumulative basis for all outstanding debenture issues).

**Declaration under Form PAS-4 (Pt.5)
For NHPC Limited W-Series Bonds Issue 2017-18**

Pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014

1. the company has complied with the provisions of the Act and the rules made there under;
2. the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
3. the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter;

I am authorized by the Board of Directors of the Company vide Resolution III of its 405th and 408th meeting held on 30th May, 2017 and 09th August 2017 respectively to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Date : 15.09.2017
Place: Faridabad



For NHPC Limited

(Dipankar Chakraborty)
G.M. (Finance)



ICRA

ICRA Limited

Ref: D/RAT/2017-18/N1/1

Date: September 08, 2017

Mr. Mahesh Kumar Mittal

Director (Finance)
NHPC Limited
NHPC office complex, Sector 33
Faridabad, Haryana-121003

Dear Sir,

Re: ICRA Credit Rating for the Rs.2,250 crore Bond Programme of NHPC Limited

Please refer to the Rating Agreement dated September 06, 2017 for carrying out the rating of the aforesaid Bond Programme. The Rating Committee of ICRA, after due consideration, has assigned a [ICRA] AAA (pronounced as ICRA triple A) rating to the captioned Bond Programme. Instruments with this rating indicate highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest risk. The Outlook on the long-term rating is stable

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA] AAA (stable). We would request if you can sign the acknowledgement and send it to us latest by September 15, 2017 as acceptance on the assigned rating. In case you do not communicate your acceptance/non acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on 'Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)' issued by the Securities and Exchange Board of India.

Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you

Satyam Agnani

Shafiqul

Building No. B, 2nd Floor, Tower A
DLF Cyber City, Phase II
Gurgaon - 122002, Haryana

Tel : +91.124.4545300
CIN : L74889DL1991PLC042749

Website : www.icra.in
Email : info@icra.in
Helpdesk : +91.124.3341580

Registered Office : 1105, Kailash Building, 11th Floor, 28 Kasturba Gandhi Marg, New Delhi - 110001 Tel. : +91 11 23357940-45

RATING • RESEARCH • INFORMATION



ICRA

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited

Sabyasachi Majumdar

Senior Vice President

sabyasachi@icraindia.com

Shailendra Singh Baghel

Senior Analyst

shailendra.baghel@icraindia.com

CARE/DRO/RL/2017-18/1898

Mr. Mahesh Kumar Mittal
Director (Finance)
NHPC Ltd.
NHPC office Complex,
Sector-33, Faridabad -121003.

September 08, 2017

Confidential

Dear Sir,

Credit rating for proposed Long term bonds issue

Please refer to your request for rating of proposed long-term bond issue ((W-series) aggregating to Rs. 2,250 crore of your company. The proposed bond issue would have tenure of 5 to 10 years.

2. The following ratings have been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Proposed Long –term Bonds (W-Series)	2,250 (Rs. Two Thousand Two Hundred and Fifty crore only)	CARE AAA; Stable (Triple A; Outlook: Stable)	Assigned

- Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is September 07, 2017).
- In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the bonds issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by September 11, 2017, we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.




11. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



[Neeraj Garg]
Deputy Manager
neeraj.garg@careratings.com



[Sudhir Kumar]
Associate Director
sudhir.kumar@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-I

Press release

NHPC Limited

Ratings

Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Proposed Long-term Bonds (W Series)	2,250 (Rupees Two Thousand Two hundred and Fifty crore only)	CARE AAA; Stable (Triple A; Outlook: Stable)	Assigned

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to proposed bond issue of NHPC Ltd. (NHPC) continues to derive strength from its majority ownership by the Government of India (GoI), NHPC's established position as India's largest hydro power producer with geographical diversity of sales, and healthy operational efficiency of its power stations. The rating also factors in NHPC's strong financial performance and earnings protection attributable to long-term power selling arrangements with regulated return on equity, improved collection period, its comfortable capital structure and healthy liquidity position. The rating also takes cognizance of the risks associated with implementation of the ongoing projects and the weak credit profile of the company's power off-takers.

Going forward, timely completion of the ongoing capex plans within the estimated cost and timely receipt of dues from its off-takers shall be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Government support and majority ownership by GoI: The GoI holds 74.50% stake as on March 31, 2017. The GoI has consistently supported the company which is evident from share capital of Rs. 10,259 crore as on March 31, 2017.

Strong operational efficiency of power stations: NHPC's total power generation (standalone) stood at 23,275 Million Units (MUs) (including 18 MUs from wind power station) as against the very good target of 23,000 MUs during FY17 (refers to the period April 1 to March 31). The Plant Availability Factor (PAF) for operating hydro power stations continued to remain healthy and stood at 82.70% in FY17 (PY: 81.60%). Out of the total 19 hydro power stations, 16 power stations registered higher PAF than the Normative PAF (NAPAF) prescribed by Central Electricity Regulatory Commission (CERC). Auxiliary consumption has declined from 1.13% in FY16 to 1.01% in FY17. The improved performance continued in Q1FY18 and company achieved total operational revenue of Rs. 2,327.51 cr. (Q1FY17: Rs. 2,196.79 cr.).

² Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Healthy collection efficiency: Total debtors has reduced to Rs. 1,459 crore as on 31st March, 2017 from Rs. 1,956 crore as on 31st March, 2017 thus showing improvement in collection. The improvement was largely attributable to improving performance of DISCOMs on account of financial support provided by Govt. of India by way of schemes like UDAY.

Comfortable financial risk profile with healthy liquidity position: The overall financial risk profile of NHPC continued to remain comfortable characterized by an overall gearing of 0.74x as on March 31, 2017. The total debt to GCA improved from 5.19x in FY16 to 4.48x in FY17. The company's interest coverage ratio improved from 4.65x in FY16 to 4.84x during FY17 on account of increase in operating profit. The liquidity position of the company continued to remain comfortable as reflected by free cash balances of Rs. 1,182 crore as on March 31, 2017.

Key Rating Weaknesses

Counterparty credit risk: The poor financial health of many of the state distribution utilities continues to remain a cause of concern for the power generating companies including NHPC thereby affecting timely realization of revenue. However, the performance is now likely to improve attributing to financial support provided by Govt. of India by way of schemes like UDAY.

Risks related to projects under implementation: NHPC is currently implementing 3 hydro projects with an aggregate installed capacity of 3,130 MW in the states of J&K, Himachal Pradesh, Arunachal Pradesh and Assam. The work on Subansiri lower project (2000 MW) on border of Arunachal Pradesh and Assam is also suspended on account of agitation launched by various activists (petitioners) in the area w.r.t. the concerns on safety of dam and downstream impacts of dam. The matter has now been heard under NGT and resolution is likely to come shortly. Further, the expansion plans of NHPC exposes the company to the project execution (delays in land acquisition and obtaining clearances) and funding related risks. However, the company's favorable capital structure and consistent cash flows from operations with high levels of cash balance and company's ability to raise funds in efficient and quick manner provides reasonable comfort in terms of availability of funds for meeting the capex requirements.

Analytical approach: Standalone

Applicable Criteria

[CARE's criteria on assigning outlook to credit ratings](#)

[CARE's policy on default recognition](#)

[Rating Methodology - Infrastructure Sector Ratings](#)

[CARE's methodology for private power producers](#)

[CARE's rating methodology on financial ratios – Non-financial sector](#)

About the Company

NHPC Limited, a 'Miniratna' and Govt of India (GoI) enterprise, was incorporated in 1975 with an objective to plan, promote and organize an integrated and efficient development of hydroelectric power in the country.

The company is the largest hydro power generating company in the country with an aggregate installed hydropower capacity (including JVs) of 6,667 MW (FY16: 6,507 MW) as on 31st March, 2017 which is around 15% of total Hydro Power Production in India. NHPC currently operates 21 hydropower stations (including 2 JVs) and 1 wind power station in country. Standalone capacity of NHPC from its 19 hydro power stations is 5,121 MW and 1 wind power station is 50 MW as on March 31, 2017. The company has consistently been rated 'Excellent'/'Very Good' as per MOU with Ministry of Power for achieving the power generation targets.

Key performance highlight of the company is as under:

<i>Brief Financials (Rs. crore)</i>	FY16 (A)	FY17 (A)
Income from Operations	8,313	8,693
PBILDT	4,987	5,194
PAT	2,433	2,803
Overall Gearing	0.69	0.74
Interest Coverage	4.65	4.84

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

***Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

Analyst Contact:

Name: Mr. Sudhir Kumar

Tel: 011-45333232

Mobile: 09899946762

Email: sudhir.kumar@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the

concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Bonds	-	-	-	2250.00	CARE AAA; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Bonds	LT	1055.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (15-Jul-15)	1)CARE AAA (15-Oct-14)
2.	Bonds	LT	1000.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (15-Jul-15)	1)CARE AAA (15-Oct-14)
3.	Bonds	LT	952.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (15-Jul-15)	1)CARE AAA (27-Nov-14)
4.	Bonds	LT	1474.92	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (15-Jul-15)	-
5.	Bonds	LT	57.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (31-Aug-15)	-
6.	Bonds	LT	900.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	-	-
7.	Bonds-Redeemable Non Convertible Unsecured Taxable Bonds	LT	2250.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17)	-	-

EXTRACTS OF THE MINUTES OF THE 405TH MEETING OF THE BOARD OF
DIRECTORS OF NHPC LIMITED. HELD ON 30.05.2017.

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ITEM NO.

405.2.6: PRE-PAYMENT OF HIGH COST DEBTS BY RAISING
FRESH BONDS OF RS. 2250 CRORE THROUGH PRIVATE
PLACEMENT ('W' SERIES):

1. The Board was informed that existing loans taken by the Company are deployed on O&M and construction projects. A detailed cost benefit analysis regarding replacement of high cost debts by raising bonds of equivalent amount was carried out in finance division. It had been identified that LIC loans can be pre-paid by raising equivalent amount of "W" series bonds on private placement basis.
2. The Board was informed that as per CERC tariff regulations benefits of refinancing of the Term loans with bonds carrying lower rate of interest shall be shared between beneficiaries and NHPC in the ratio of 2:1. Director (Finance) further informed that acceptance of pre-payment of loans from LIC is being pursued.
3. Thereafter, the Board discussed the proposal in detail. After discussion, board approved the proposal and passed the following resolutions:
 1. **RESOLVED THAT** Chairman & Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to raise debt up to Rs.1756 crore through issuance of 'W' Series Secured Redeemable Non-cumulative Non-convertible Taxable Bonds in the nature of debenture in one or more tranches on private placement basis. Chairman and Managing Director and

/or Director (Finance) be and are hereby further authorized jointly and severally to decide all terms and conditions including coupon rate, tenor etc. for W series bonds and ongoing V series bonds.

2. **RESOLVED FURTHER THAT** Chairman & Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to prepay LIC line of credit amounting to Rs. 1756 crore and/or loans from SBI, PFC & OBC etc as may be found financially viable for pre-payment and to do all such deed and acts to complete the prepayment.
3. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to sign Declaration under form PAS-4 required pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rule, 2014 for W series bonds and ongoing V series bonds issue and approve offer letter in connection thereof.
4. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue(s) including without limiting to Arrangers, Registrar, Credit Rating Agency (ies), Trustee, Legal Firm, Consultant for Debenture Trust Deed, Custodian for Memorandum of Entry and any other agency required and to decide, settle the remuneration for all such intermediaries / agencies / persons, including by

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way of payment of commission, brokerage, fee, charges, etc;

5. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint Banker to the issue(s) and open Bank Account and settle the terms of appointment.
6. **RESOLVED FURTHER THAT** Director (Finance) and/or GM(Finance) be and are hereby authorized jointly and severally to provide assets of the corporation as security by way of hypothecation and/or mortgage on pari-passu basis, wherever required for raising 'W' Series Corporate Bonds.
7. **RESOLVED FURTHER THAT** General Manager (Finance) and/or Chief (Finance) be and are hereby authorized jointly and severally to execute Trust Deed / agreements for issuance of 'W' Series Bonds and pay stamp duty, court fee any other related charges.
8. **RESOLVED FURTHER THAT** General Manager (Fin) and/or Company Secretary and/or Chief (Fin) be and are hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the bonds in one or more Stock Exchange(s)/, obtain ISIN/Filing corporate action with NSDL/CDSL and make necessary fees to Stock Exchanges and NSDL/CDSL.
9. **RESOLVED FURTHER THAT** Company Secretary be and is hereby authorized to file with the Registrar of the Companies requisite form PAS3, PAS5 etc and

particulars of charges in connection with the said hypothecation and mortgage in favour of trustees by filling statutory return within the time limit as laid down in the Companies Act, 2013.

10. **RESOLVED FURTHER THAT** the Common seal as per the rules of the corporation be affixed on all such documents /deeds as are required to be executed under the Common seal of the corporation, in terms of provisions of Articles of Association of the corporation.

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**EXTRACTS OF THE MINUTES OF THE 408TH MEETING OF THE BOARD OF
DIRECTORS OF NHPC LIMITED. HELD ON 09.08.2017.**

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ITEM NO.:

408.2.2

**APPROVAL FOR ISSUE OF DEBENTURES/BONDS OF
RS. 494 CRORE IN ADDITION TO ALREADY APPROVED
BY BOARD OF RS.1756 CRORE ON PRIVATE
PLACEMENT BASIS ('W' SERIES BONDS)**

1. The Board noted that decision on the proposal was deferred in its 407th meeting held on 27.07.2017, with the directions to explore the possibility for raising funds by issue of Masala, Green Bonds or bonds to pension funds etc.
2. Director (Finance) informed the Board that some of the CPSEs have adopted the route of raising funds through issue of Green bond and Masala bonds. As per SEBI (Issue and Listing of Green Debt Securities) Regulations, 2008, funds raised through issuance of Green Debt Securities are required to be utilized for projects and /or assets under certain categories which includes renewable and sustainable energy, clean transportation, sustainable waste management etc. Accordingly, these bonds will not meet the requirement of the Company as large Hydro Projects above 25 MW are not covered under the Green Bond Financing.
3. Director (Finance) further informed the Board that the effective cost of funds raised through the issue of masala bonds in the present market scenario is on higher side, as compared to funds raised in domestic markets. The details of cost of funds raised in the recent

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past by the other PSUs through Masala Bonds have been brought out extensively in the Board Agenda Note, which clearly shows that the domestic bonds are cheaper at present than the Masala Bonds. Accordingly, the same may not be better option at present to raise funds for the financing requirements of the Company.

4. On a specific query, it was informed that the funds proposed to be raised along with the already approved issue of Rs.1756 crore shall be utilized for replacement of high cost loans of LIC/SBI/PFC except balance available amount of Rs. 140.64 crore, which shall be used against plan outlay for Financial Year 2017-18.
5. Thereafter, Board considered the proposal to approve the issue of Debentures/Bonds of Rs. 494 crore through issuance of 'W' series Bonds on Private Placement Basis.
6. Board discussed the matter in detail. After detailed discussion, Board approved the proposal and passed the following resolutions:
 - I. **RESOLVED THAT** Chairman& Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to raise additional debt up to **Rs.494crore** through 'W' Series Secured Redeemable Non-cumulative Non-convertible Taxable Bonds in the nature of debenture in one or more tranches on private placement basis. Chairman& Managing Director and/or Director (Finance) be and are hereby further authorized

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jointly and severally to decide all terms and conditions including coupon rate, tenor etc. for W series Bonds.

- II. **RESOLVED FURTHER THAT** Chairman & Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to prepay LIC/SBI/PFC etc loans amounting to additional **Rs. 494 crore** as may be found financially viable for pre-payment and to do all such deed and acts to complete the prepayment.
- III. **RESOLVED FURTHER THAT** Chairman & Managing Director/ Director (Finance) be and is hereby authorized to make allotment of the Debentures/Bonds amounting to additional **Rs. 494 crore** to be raised under 'W' Series Bonds.
- IV. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to sign Declaration under Form PAS-4 required pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rule, 2014 for W series Bonds and approve offer letter in connection thereof.
- V. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue(s) including without limiting to Arrangers, Registrar, Credit Rating Agency (ies), Trustee, Legal Firm, Consultant for Debenture Trust Deed, Custodian for Memorandum of Entry and any other agency required and to decide, settle the remuneration for all such intermediaries / agencies / persons, including by
- 

way of payment of commission, brokerage, fee, charges, etc;

- VI. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint Banker to the issue(s) and open Bank Account and settle the terms of appointment.
- VII. **RESOLVED FURTHER THAT** Director (Finance) and/or GM(Finance) be and are hereby authorized jointly and severally to provide assets of the corporation as security by way of hypothecation and/or mortgage on pari-passu basis, wherever required for raising 'W' Series Corporate Bonds.
- VIII. **RESOLVED FURTHER THAT** General Manager (Finance) and/or Chief (Finance) be and are hereby authorized jointly and severally to execute Trust Deed / agreements for issuance of 'W' Series Bonds and pay stamp duty, court fee any other related charges.
- IX. **RESOLVED FURTHER THAT** General Manager (Fin) and/or Company Secretary and/or Chief (Fin) be and are hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the Bonds in one or more Stock Exchange(s)/, obtain ISIN/Filing corporate action with NSDL/CDSL and make necessary fees to Stock Exchanges and NSDL/CDSL.
- X. **RESOLVED FURTHER THAT** Company Secretary be and is hereby authorized to file with the Registrar of the Companies requisite form PAS3, PAS5 etc and
- 

particulars of charges in connection with the said hypothecation and mortgage in favour of trustees by filing statutory return within the time limit as laid down in the Companies Act, 2013.

- XI. **RESOLVED FURTHER THAT** the Common seal as per the rules of the Corporation be affixed on all such documents /deeds as are required to be executed under the Common Seal of the corporation, in terms of provisions of Articles of Association of the corporation.

M. S. S.

XXXXX

V. S. S.

No. 4379-A/ITSL/OPR/CL/17-18/DEB/472

Date: 30th August, 2017

NHPC Limited
NHPC Office Complex,
Sector- 33, Faridabad- 121003
Haryana

Kind Attn: Mr. Manish Dhawan

Dear Sir,

Consent to act as Debenture Trustee for the proposed Private Placement issue of secured redeemable non-convertible "W" Series Debentures by NHPC Limited aggregating upto Rs. 2250 Crores in the financial year 2017-18

This is with reference to your e-mail dated 29th August, 2017 regarding appointment of IDBI Trusteeship Services Ltd. as Debenture Trustee for the proposed Private Placement of secured redeemable non-convertible "W" Series Debentures aggregating upto Rs. 2250 Crores. In this connection, we confirm our acceptance of the assignment.

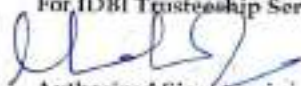
We are agreeable for inclusion of our name as trustees in the Disclosure document/ listing application/ any other document to be filed with the Stock Exchange(s) subject to the following conditions.

- 1) We the Company hereby agree and undertake to execute, the Debenture Trust Deed / Debenture Trustee Agreement and other necessary documents on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document.
- 2) We the Company hereby agree & undertake to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as mutually agreed for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.
- 3) We the Company hereby agree & undertake to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009, the new Companies Act, 2013 and other applicable provisions and agree to furnish to Trustees such information in terms the same on regular basis

Looking forward to a fruitful association with you and assuring you of our best services at all times.

Yours faithfully,

For IDBI Trusteeship Services Limited


Authorized Signatory

**NHPC LIMITED (A Government of India Enterprise)**

Private placement of Y Series Bond- Offer Letter –cum-Application form
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NHPC LIMITED**(A Government of India Enterprise)**

Regd. Office: NHPC Office Complex, Sector-33, Faridabad-121003 (Haryana)

Tel: (0129) 2270603, 2250591, 2254684, Fax: (0129) 2270902

Website: www.nhpcindia.com

CIN No. L40101HR1975GOI032564

This Is a Private Placement Offer Cum Application Letter issued in conformity with Form PAS-4 prescribed under Section 42 of The Companies Act, 2013 And Companies (Prospectus and Allotment of Securities) Rules, 2014, The Companies (Share Capital and Debenture) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued Vide Circular No. Lad-NRO/GN/2008/13/127878 Dated June 06, 2008, as amended from time to time and such other circulars applicable for issue of debt securities issued by SEBI from time to time.

(Our Company was incorporated on November 7, 1975 under the Companies Act, 1956 (the “Companies Act”) as a private limited company under the name ‘National Hydroelectric Power Corporation Private Limited’. The word ‘private’ was subsequently deleted on September 18, 1976. Our Company was converted into a public limited company with effect from April 2, 1986. The name of the company was changed to ‘NHPC Limited’ with effect from March 28, 2008.

OFFER LETTER FOR PRIVATE PLACEMENT OF 7.50% NHPC Y Series 2019 SECURED NON-CUMULATIVE NON CONVERTIBLE REDEEMABLE TAXABLE BONDS (Y-SERIES) IN THE NATURE OF DEBENTURES AMOUNTING TO Rs. 1000 Cr. WITH GREEN SHOE OPTION OF RS.500 CRORE, AGGREGATING TO RS.1500 CRORE (THE ISSUE)

TRUSTEE FOR THE BONDHOLDERS	REGISTRAR TO THE ISSUE	BANKER TO THE ISSUE
IDBI Trusteeship Services Ltd., Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001	RCMC Share Registry Private Limited Corporate Office, B-25/1, First Floor, Okhla Industrial Area Phase II, New Delhi - 110020. Tel : 011 – 26387320, 26387321, 26387323 Fax : 011 - 26387322 E-mail: investor.services@rcmcdelhi.com	State Bank Of India 4th & 5th Floor, Parsvanath Capital tower, Bhai Veer Singh Marg New Delhi-110 001. Tel No: 011-23353115 Fax: 011-23353101

ISSUE OPENS: 03.10.2019

ISSUE CLOSES: 03.10.2019

LISTING :The Bonds are proposed to be listed on Wholesale Debt Market Segment of National Stock Exchange. (NSE)

RATING OF THE ISSUE : [ICRA] AAA (Stable) by ICRA Limited
IND AAA/Stable by India Rating.

Arranger to the issue:

HDFC Bank Limited	PNB Gilts Limited
Yes Bank Limited	Axis Bank Limited
Kotak Mahindra Bank Limited	ICICI Bank Limited
ICICI Securities Primary Dealership Ltd	Trust Investment Advisories Private Limited.
Tipsons Consultancy Services Pvt. Ltd.	



NHPC LIMITED (A Government of India Enterprise)

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This taxable bond issue is being made on a private placement basis. It is not and should not be deemed to constitute an offer to the public in general. It cannot be accepted by any person other than to whom it has been specifically addressed. The contents of this Offer Letter for private placement are not transferrable and are intended to be used by the parties to whom it is distributed. It is not intended for distribution to any other person and should not be copied / reproduced by the recipient for any person whatsoever. The information contained in this Offer Letter has certain forward looking statements. Actual result may vary materially from those expressed or implied, depending upon economic conditions, government policies and other factors. Any opinion expressed is given in good faith but is subject to change without notice. No liability is accepted whatsoever for any direct or consequential loss arising from the use of the document. NHPC does not undertake to update this Offer Letter for Private Placement to reflect subsequent events and thus it should not be relied upon without first confirming the accuracy of such events with NHPC.

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NHPC LIMITED (A Government of India Enterprise)

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	DEBENTURES (NCDs), CPs, PARTICULARS OF DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH OR AT A PREMIUM OR DISCOUNT OR IN PURSUANCE OF AN OPTION, TOP TEN DEBENTURE HOLDERS, DETAILS OF CORPORATE GUARANTEES, DEFAULTS etc.)		
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I .Definition / Abbreviations

Issuer Related Terms

Term	Description
Articles of Association or Articles	The articles of association of the Company, as amended from time to time
Auditors	The Joint Statutory Auditors of the Company are 1. M/s LODHA & Co., Kolkata, West Bengal 2. M/s DSP & Associates, Karol Bagh, New Delhi. 3. M/s Arora Vohra & Co., Jammu.
Board or Board of Directors	The Board of Directors of the Company
Directors	The Directors of the Company
Memorandum of Association or Memorandum	The memorandum of association of the Company, as amended from time to time
Promoter	The President of India, acting through the Ministry of Power, Government of India



NHPC LIMITED (A Government of India Enterprise)

Private placement of Y Series Bond- Offer Letter –cum-Application form

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Registered Office	The registered office of the Company, which, as at the date of this Disclosure Document, is located at NHPC Office Complex, Sector - 33, Faridabad, Haryana, India 121003

Conventional and General Terms

Term	Description
Act or Companies Act	The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India or any other Acts as applicable.
CAD	Canadian Dollar
CDSL	Central Depository Services (India) Limited
Crore / crs.	10 million
CSR	Corporate Social Responsibility
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
EGM	Extraordinary general meeting of the shareholders of our Company
EPS	Earnings per share, i.e., profit after tax for a Fiscal year divided by the weighted average number of equity shares during the Fiscal year
Financial Year/Fiscal/FY	Period of 12 months ended March 31 of that particular year
Gol	Government of India
HUF	Hindu Undivided Family
JPY	Japanese Yen
LIC	Life Insurance Corporation of India
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
NEFT	National Electronic Fund Transfer
NHDC Ltd.	Formally known as - Narmada Hydroelectric Development Corporation Ltd.
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
BSE	BSE Limited (Stock Exchange)
O&M	Operation and Maintenance
PAN	Permanent Account Number allotted under the I.T. Act
PTC	PTC India Limited
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, NCT of Delhi and Haryana
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Guidelines	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-



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Term	Description
	NRO/GN/2008/13/127878 dated June 06, 2008 and as amended,
Supreme Court	Supreme Court of India
US\$ or USD or US Dollar	U.S Dollar
w.e.f.	With effect from

Technical and Industry Related Terms

Term	Description
AFC	Annual Fixed Charges
Bonds	Y SERIES@ 7.50% p.a. TENOR OF 10 YEARS with moratorium period of 5 years , Rs. 10 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 1500 CRORE (Including Green Shoe option 500 Crores)
Bondholder / Debenture holder	The holder of bonds
BRRP/BREW	Bihar Rural Road Projects/Bihar Rural Electrification Works
CCEA	Cabinet Committee on Economic Affairs
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPSU	Central Public Sector Undertaking
CWC	Central Water Commission
Design energy	The quantum of energy which could be generated in a 90% dependable year with 95% installed capacity of the generating station.
Deemed Date of Allotment	Date as specified in summary Term Sheet
DPE	Department of Public Enterprises
DPR	Detailed Project Report
DRR	Debenture Redemption Reserve
Issuer/NHPC/Corporation /Company	NHPC LIMITED
MoEF & CC	Ministry of Environment, Forest and climate change.
MU	Million Units
MW	Mega Watt
Offer Letter	Offer Letter dated 03.10.2019 as prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as further amended, Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014, as amended time to time.
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation of India Limited
PPA	Power Purchase Agreement

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Term	Description
REC	Rural Electrification Corporation Limited
Registrar	Registrar to the issue, in this case RCMC Share Registry Private Limited
RoR	Run-of-the-river
SCADA	Supervisor Control and Data Acquisition
SEB(s)	State Electricity Board(s) and their successor(s), if any, including those formed pursuant to restructuring/unbundling
SERC	State Electricity Regulatory Commission
The issue/The offer/Private Placement	NHPC Y SERIES 2019 @ 7.50%p.a. TENOR OF 10 YEARS with moratorium period of 5 years , Rs. 10 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 1500 CRORE (Base size 1000 Crores with Green Shoe option 500 Crores).
Tripartite Agreements	Tripartite Agreements executed among the GoI, RBI and the respective State governments.
Unit	1 KWh, i.e. the energy contained in a current of one thousand amperes flowing under an electromotive force of one volt during one hour

AUTHORITY TO THE ISSUE

The present issue of Bonds is being made pursuant to:

- I. Board resolution (s) passed by the Board of Directors in its meeting held on 17.09.2019.
- II. Shareholders' approval u/s 180 (1) (c) of the Companies Act 2013 authorizing Board of Directors for borrowings from time to time not exceeding in aggregate at any time of Rs. 30,000 crore obtained through postal ballot process held on 9th September 2014.

DISCLAIMER**GENERAL DISCLAIMER**

This Private Placement Offer Letter is neither a Prospectus nor a Statement in lieu of Prospectus and is prepared in conformity with Form PAS-4 prescribed under Section 42 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and in accordance with SEBI Debt Regulations, as amended. This document does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds to be issued by the Issuer. The document is for the exclusive use of the Institution(s)/investors to whom it is delivered and it should not be circulated or distributed to third party(ies). The Company certifies that the disclosures made in this document are generally adequate and are in conformity with the captioned Companies Act provisions and SEBI Debt Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed Issue.

DISCLAIMER OF THE ISSUER

The Issuer confirms that the information contained in this Private Placement Offer Letter is true and correct in all material respects and is not misleading in any material respect. All information considered adequate and relevant about the Issue and the Company has been made available in this Private Placement Offer Letter for the use and perusal of the potential investors and no selective or

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additional information would be available for a section of investors in any manner whatsoever. The Company accepts no responsibility for statements made otherwise than in this Private Placement Offer Letter or any other material issued by or at the instance of the Issuer and anyone placing reliance on any other source of information would be doing so at his/her/their own risk. Although every effort has been made to provide accurate and up-to-date information in this document, however, there is the possibility that an unintentional omission or error exists. NHPC is not responsible for any such unintentional errors or omissions. Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscribers to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscribers to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Private Placement Offer Letter should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the Bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this document. The issue of Bonds being made on private placement basis, this document is required to be filed with SEBI within 30 days of circulation; SEBI reserves the right to take up at any point of time, with the Company, any irregularities or lapses in this document.

DISCLAIMER OF THE STOCK EXCHANGE(S)

As required, a copy of this Private Placement Offer Letter has been/will be submitted to the Stock Exchange(s) for hosting the same on their websites. It is to be distinctly understood that such submission of the document with Stock Exchange(s) or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by stock exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange(s); nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Company. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchange(s) whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

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DISCLAIMER OF THE ARRANGERS TO THE ISSUE

It is advised that the Issuer has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in this Offer Letter. The role of the Advisors and Arranger to the Issue (collectively referred to as “Arranger”/ “Arranger to the Issue”) in the assignment is confined to marketing and placement of the debentures on the basis of this Offer Letter as prepared by the Issuer. The Arranger have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Offer Letter. The Arranger shall use this Offer Letter for the purpose of soliciting subscription from a particular class of eligible investors in the debentures to be issued by the Issuer on private placement basis. It is to be distinctly understood that the aforesaid use of this Offer Letter by the Arranger should not in any way be deemed or construed that the Offer Letter has been prepared, cleared, approved or vetted by the Arranger; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Letter; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. Arranger is not responsible for compliance of any provision of new Companies Act, 2013. The Arranger or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Offer Letter.

DISCLAIMER OF THE DEBENTURE TRUSTEE

The debenture trustee is not a guarantor and will not be responsible for any non-payment of interest and redemption and/or any loss or claim.

1. GENERAL INFORMATION**(I) Issuer Information and Date of Incorporation**

- i. **Name of the Issuer**
NHPC LIMITED.
- ii. **Date of Incorporation**
Nov 7, 1975
- iii. **CIN No.**
L40101HR1975GOI032564
- iv. **Registered Office & Corporate Office of the Issuer**
NHPC LIMITED
NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India
www.nhpcindia.com
Tel: **(0129) 2270603, 2250591, 2278018**
Fax: **(0129) 2270902**

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v. Compliance Officer of the Issuer

Mr. Vijay Gupta

Company Secretary,

NHPC Office Complex,

Sector - 33, Faridabad - 121 003,

Haryana, India

Tel: +91 129 2254684

E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com, nhpcbndsection@gmail.com**vi. CFO of the Issuer**

Mr. Mahesh Kumar Mittal,

Director (Finance),

NHPC Office Complex,

Sector - 33, Faridabad, PIN - 121 003,

Haryana, India

Tel: +91 129 227 8021

Email: dir-fin@nhpc.nic.in**vii. Arrangers of the instrument**

S.NO	Name of Arranger	Address of Arranger	Contact Details
1	HDFC Bank Limited	Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg, Lower Parel West, Mumbai	niranjan.kawatkar@hdfc.bank.com
2.	PNB GILTS LTD	5 SANSAD MARG, 4 FLOOR, Delhi, India.	s.misra@pnbgilts.com
3.	Yes Bank Limited	Yes Bank Tower, IFC 2, 23rd Floor, Senapati Bapat Marg, Elphinstone West.	p.rakesh@yesbank.in
4	Axis Bank Limited	Axis House, C2 Wadia International Centre, pandurang Bhudkar Marg, Worli, Mumbai	manoj.sukhani@axisbank.com , naveen.saproo@axisbank.com
5	Kotak Mahindra Bank Limited	Plot C-27, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra	samrat.hazra@kotak.com , ninad.deshpande@kotak.com
6	ICICI Bank Limited	ICICI Bank Towers, BKC, Bandra East, Mumbai	sanket.jain@icicibank.com , ritesh.tatiya@icicibank.com
7	ICICI Securities Primary Dealership Ltd	ICICI Securities Primary Dealership Ltd. 4th Floor, ICICI Centre, HT Parekh Marg, Churchgate, Mumbai	karan.mehta@isecpd.com
8.	Trust Investment Advisors Private Limited	1101, Naman Centre, G Block, C-31, BKC, Mumbai	hetal.sonpal@trustgroup.co.in , mbd.trust@trustgroup.in
9.	Tipsons Consultancy Services Pvt. Ltd.	401, Sheraton House, Opp. Ketav Petrol Pump, Polytechnic Road, Ambawadi, Ahamdabad, Gujrat	apurva.gandhi@tipsons.com , mehul.mehta@tipsons.com



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viii. Trustee of the Issue

IDBI Trusteeship Services Ltd.,
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001

ix. Registrar of the Issue

RCMC Share Registry Private Limited
Corporate Office,
B-25/1, First Floor,
Okhla Industrial Area Phase II, New Delhi - 110020.
Tel : 011 – 26387320, 26387321, 26387323
Fax : 011 - 26387322
E-mail: shares@rcmcdelhi.com

x. Credit Rating Agencies of the Issue

a) ICRA LIMITED

Building No 8, Tower A
2ND Floor,
DLF Cyber City Phase II
Gurgaon- Haryana 122002

b) INDIA RATING & RESEARCH PVT LTD.

601-9, Prakashdeep Building, 7 Tolstoy Marg
New Delhi-110001

xi. Auditors of the Issuer

The Joint Statutory Auditors of the Company are:

- **M/s Arora Vohra & Co. LLP**
Chartered Accountants
Chaitanya Complex, Prem Bhawan,
Residency Road, Jammu Tawi,
Jammu & Kashmir - 180001
- **M/s DSP & Associates,**
Chartered Accountants
783, Desh Bandhu Gupta Road,
Near Faiz Road Crossing, Karol Bagh
New Delhi- 110005
- **M/s Lodha & Co.**
Chartered Accountants
14, Government Place East
Kolkata - 700069

xii. Banker of the Issue

State Bank of India
4th & 5th Floor, Parsvanath Capital tower,
Bhai Veer Singh Marg,
New Delhi-110 001.



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(II) A brief summary of the business of NHPC and Subsidiaries:

i) Overview

We are a Mini Ratna power generating company through conventional & non conventional sources. We are dedicated to the planning, development and implementation of an integrated and efficient network of power projects in India. We plan, formulate & execute all aspects of the development of conventional & non conventional sources, from concept to commissioning.

Our Total Installed Capacity is 7071.2 MW from 24 Nos of Power Stations. We have commissioned 20 Hydroelectric Power Stations, 1 Solar Power Station of 50 MW capacity and 1 Wind Power Stations of 50 MW capacity on standalone basis. Total installed capacity and total generating capacity includes two power stations with a combined capacity of 1,520 MW, constructed and operated through our Subsidiary, NHDC. Our power stations and hydroelectric projects are located predominantly in the North and North Eastern states of India and in the states of Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Arunachal Pradesh, Assam, Manipur, Sikkim, West Bengal, Rajasthan and Tamilnadu. Our Subsidiary NHDC is having projects in Madhya Pradesh.

Our Company and our Subsidiary company generated 24410 MUs (including 67 MU from Wind Power Project, Jaisalmer, 83 MU from Soar Power Project,) and 1921.23 MU of NHDC respectively, in FY 2018-19.

Besides hydro power development, NHPC has also taken up Wind and Solar projects. NHPC has developed of 1 no. Wind Projects, in Jaisalmer at Rajasthan and 1 No Solar Project in Dindigul District at Tamilnadu with the capacity of 50 MW each. NHPC is in process of development of Floating Solar Power project in Kollam, Kerala. As desired by Kerala State Electricity Board (KSEB), 10 MW shall be developed in Ist Phase. Tender finalized, the work is under award stage. Signing of PPA with KSEB is in process. MNRE has conveyed in-principle approval for setting up of one solar park of capacity 100 MW in Odisha by NHPC. 40 MW shall be developed in Ist Phase at the identified land in Ganjam District. Approval of State Technical Committee (STC) for 40 MW has been conveyed by M/s Green Energy Development Corporation of Odisha Ltd (GEDCOL) on 25.08.2018. Transfer of Land, signing of PPA and connectivity approval in process. Actions for EPC bidding being initiated. NHPC is in the process for selection of Solar Power Developers (SPD's) for setting up grid connected solar PV projects of aggregate capacity 2000 MW on the land to be identified and arranged by the SPD's in anywhere in India. Request for Selection (RFS) under process. NHPC has also formed a subsidiary with UPNEDA (under UP Government) on 02.02.2015, namely 'Bundelkhand Saur Urja Limited' for 32 MW Solar Power Project in Jalaun, Uttar Pradesh. The shareholding of NHPC is not less than 74% & that of UPNEDA is not more than 26%. Bidding process and signing of PPA are under progress. 8 MW Wind Power Project is to be set up in Palakkad District of Kerala for which Land allotment by State Government is under progress. Signing of PPA by KSEB is awaited.

We are keen to harness the hydropower potential in the states through joint venture alliances with state governments by way of developing Techno-economically feasible projects. Pursuant to MoU with the government of Madhya Pradesh, we have incorporated

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our Subsidiary NHDC on August 1, 2000 to take advantage of the hydroelectric potential of the Narmada river basin.

Loktak Downstream Hydroelectric Corporation Limited, a Subsidiary Company, has been incorporated for developing hydro power projects in Manipur with 74% shareholding by NHPC and 26% by the Government of Manipur. The Company is currently developing 66 MW Loktak Downstream Project in Manipur. Another Joint Venture Company, Chenab Valley Power Projects (Pvt) Ltd., has been formed in which NHPC, JKSPDC and PTC are partners in 49:49:2 basis for taking up three projects totaling 2,164 MW (Pakal Dul 1000 MW, Kiru 624MW and Kwar 540 MW) in the Chenab River basin in Jammu and Kashmir. For Pakal Dul, tenders for major works packages for Dam, Power House, E&M and HM have been awarded and work has commenced. Bidding process for HRT-TBM package is under progress. For Kiru, CCEA has sanctioned the investment approval for the equity investment by NHPC in M/s CVPPPL and investment approval of construction of Kiru HE project by M/s CVPPPL on 08.03.2019. Proposal of award of Civil, HM and E&M packages have been approved by CVPPPL Board and LoAs to be issued after sanction of Sub-ordinate loan of Rs. 1500 crs for the project by GoI. Another project viz., Chamkharchhu-I (770 MW) HE Project in Bhutan is proposed to be taken up in JV mode (JV between NHPC and DGPC).

We have the required expertise & experience in the design, development, construction and operation of hydroelectric projects. We execute and manage all aspects of projects, from front-end engineering design to commissioning and operation & maintenance of the project. We have also been engaged as a project developer for certain projects where our scope of work was to design, develop and deliver a hydroelectric power station to a client on an agency basis. We also provide contract-based technical, management advisory and consultancy services to domestic and international clients.

Based on our audited financial statements, in Fiscals 2017, 2018 and 2019 we generated total income (excluding exceptional items) of Rs. 8729.84 crore, 8425.03 Crore, and 9085.96 respectively.

The company earned a net profit of Rs.2795.59 crore, 2758.65, and 2630.55 (excluding OCI) respectively in Fiscals years 2017, 2018 and 2019.

In FY 2018-19, we derived Rs. 8161.18 crore audited total revenue from operation, pursuant to long term power purchase agreements.

Our operational efficiency has been reflected through high average plant availability for our power stations, which are measured by the Plant Availability Factor (PAF). The average Plant Availability Factor for our power stations for Fiscals 2017, 2018 AND 2019 were 83.41%, 85.32% and 84.84% respectively.

These availability factors, when are higher than the normative plant availability factor required under CERC Regulations, entitles us to certain incentive payments, pursuant to the tariff policy for Fiscal 2009-Fiscal 2014 and Fiscal 2014-Fiscal 2019.

We have obtained OHSAS 18001:2007, ISO 9001:2015, ISO 14001:2015 certifications from the M/s URS Certification Limited, Noida (UP), all of which are valid until July 23, 2020.



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In recognition of our performance and our consistent achievement of targets as negotiated under the MoU system of GoI, we enter into MoU with MoP on an annual basis. The GoI has rated our performance as “Excellent” from Fiscal 1995 through to Fiscal 2006, “Very Good” in Fiscal 2007, “Excellent” in Fiscal 2008, “Very Good” in Fiscal 2009, 2010, 2011, 2012 & 2013 “Good” in Fiscal 2014. Performance rating for the Fiscal 2015 & 2016 is “Very Good” for the fiscal year 2017 it is ‘Good’ and for fiscal year 2018 it is ‘Very Good’. Also, in recognition of our performance, we were designated as a Mini-Ratna Category-I public sector undertaking in April 2008.

The President of India, and its nominees, before the Initial Public Offer held 100% of the issued and paid-up Equity Share capital of our Company. At present President of India holds 73.33% of the paid-up Equity Share capital of our Company after Buyback of NHPC Shares, which has been completed in the month of January 2019.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Established track record in implementing hydroelectric projects:

NHPC has wide experience and expertise in implementing projects which provide it significant competitive advantage. It has a strong design and engineering base with in-house expertise in developing good project layout, designing structures, geology, geo-physics, geo-technics, construction and material surveys. Its engineering capabilities range right from the stage of conceptualization till the commissioning of projects.

Capabilities from concept to commissioning including in-house Design & Engineering:

NHPC has a competent and committed workforce. Its executives have extensive experience in the industry with capabilities ranging from conceptualization, construction, commissioning and operation of hydro power projects. Their skills, industry knowledge and operating experience provide NHPC with a significant competitive advantage. NHPC also has a full-fledged Design Division dedicated for catering to design and Engineering of its projects. Its in-house design team with extensive experience in hydro sector gives it an edge over other hydro companies.

Survey & Investigation, Exploratory Drilling and Preparation of DPR:

Survey and Investigation is one of the most important aspects of hydropower Project which has direct impact on timely completion of project in a cost effective manner. NHPC has in-house expertise equipped with latest technology/instruments to carryout detailed topographical survey and developing maps. The company has also in-house expertise to carrying out exploratory drilling in difficult terrains (mountainous/riverbed) required for sub surface exploration of hydropower projects. Based on investigation reports, NHPC prepares PFR/FR/DPR for obtaining statutory clearances from various scrutiny agencies like CEA/CWC etc.

Geological Investigation Capabilities:

NHPC has a very strong in-house team of experienced geologists, geophysicists and research personnel capable of providing engineering geological and geotechnical solutions for hydropower projects right from inception to commissioning. Entire spectrum of geological,

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geophysical, geotechnical and construction material investigations as per guidelines of ISRM/BIS which are mandatory for preparation of PFR/FR/DPRs, can be handled by the team. The team also caters to requirements for obtaining mandatory clearances from various Govt. agencies like GSI, CEA, CWC, CSMRS etc. Construction stage geological monitoring and collection of geological data is done continuously which helps in resolving issues during construction in an expeditious manner. The in-house team also contributes in resolving the issues pertaining to geological/geotechnical aspects during post commissioning stage of the projects and also renders services for resolution of geotechnical issues for various consultancy assignments taken up by NHPC from time to time.

NHPC has a full-fledged Engineering Geophysics unit which is capable of carrying out almost all kinds of geophysical investigations for hydropower projects such as seismic refraction, resistivity imaging, seismic tomography, tunnel seismic prediction, inclinometer survey, blast vibration monitoring, site specific seismic design parameter studies for projects and their clearances from NCSDP etc. For post construction seismic monitoring, Strong Motion Accelerographs (SMAs) are installed at all the operating power stations covering the entire Himalayan belt. A real time Seismic Data Center has also been established at Corporate Office for centralized online monitoring of Seismic Data collected by all accelerographs installed at the Power Stations.

A fully-equipped geotechnical lab is functional within this Division to carry out laboratory rock mechanic tests and petrographic analysis. Moreover, a sophisticated remote sensing lab has also been developed with capabilities to generate topographic survey maps from satellite imagery/DEM and to supplement field geological data in inaccessible areas.

Extensive Experience in Construction and operation:

NHPC, over the years, has gained extensive exposure in the construction and operation of hydro projects in remote/ non-penetrative areas, geo-technically sensitive Himalayan terrain. Almost all NHPC projects are situated in remote areas which come with a range of challenges- logistical, climatic and technological. However, with its strong and efficient team of competent and experienced professionals, who have the capability to execute all types and sizes of hydro power projects, NHPC has successfully managed to develop and implement 22 Hydro Power Stations (including two through its subsidiary NHDC), 01 Wind Power Project and 01 Solar Power Project. The Chamara-II Power station and two projects of our subsidiary NHDC viz., Indira Sagar and Omkareshwar projects have been commissioned ahead of schedule.

Strong financial position:

NHPC is a Mini-Ratna Schedule 'A' enterprise with an authorized share capital of Rs.15000 Crore and an investment base of over Rs. 59,000 Crore. The Company has strong Financial Position having highest Credit Rating 'AAA' with Stable outlook, assigned by Domestic Credit Rating Agencies for all listed bonds, outstanding as on 31.03.2019, issued by NHPC Ltd. Further, Moody's has upgraded International rating of NHPC from Baa3 positive to Baa2 stable on 16.11.2017 and S&P has maintained International Rating BBB(-) with Stable Outlook, equivalent to Sovereign Rating of India.



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Strong operating performance:

NHPC has at present 24 Power Stations with an aggregate capacity of 7071 MW under operation (including 2 Nos. power stations of 1520 MW in JV mode, 1 Wind Power Project and 1 Solar Power Project). NHPC has commissioned Kishanganga HE Project (330 MW) in J&K and 50 MW Solar Power Project in Tamilnadu in 2017-18. Thus, NHPC with its fleet of power stations is a flagship company in hydro power sector in India.

Strong in-house design and engineering team:

We have an in-house team for project design and our engineering capabilities range from the concept stage to the commissioning of our projects. The team also takes need based support of international and national project consultants. Our Company has in-house expertise in a range of related engineering disciplines, viz. hydrology, electrical, civil, hydro-mechanical and geotechnical design. Our engineers have a rich experience in the design of underground caverns shaft & tunnels and are able to provide solutions for variable and unpredictable complex geological conditions. They also have rich experience in the design of various type of dams such as Concrete dam, Rockfill dam, Concrete face Rockfill dam. Our engineers employ a variety of specialized analysis and design engineering using different computer aided design software. Our engineer's skills are constantly upgraded by adopting best practices and through participating in various national and international conferences.

Our Strategy

Our corporate vision is to become "To be a global leading organization for sustainable development of clean power through competent, responsible and innovative values".

The following are our strategies to achieve this vision:

Expand our installed capacity through Joint Ventures, MoUs and Acquisition:

We seek to expand our installed capacity by tapping into new geographic markets where there is significant scope for capacity expansion through conventional and non-conventional sources of energy. Presently we are engaged in the construction of 2 hydroelectric projects in the state of Himachal Pradesh and Arunachal Pradesh with aggregate capacity of 2800 MW and 2 nos. HE projects in JV mode viz., 1000 MW Pakal Dul HE Project and 624 MW Kiru HE Project in J&K through a JV company M/s CVPPPL and 500 MW Teesta-VI HE Project in Sikkim through Lanco Teesta Hydro Power Limited (LTHPL) a company for which NCLT has given its approval for acquisition by NHPC on 26.07.2019. , We are awaiting government sanction for a further 7 nos. projects with an anticipated capacity of 5945 MW. In addition, we are awaiting government sanction for 3 nos. joint venture and subsidiary projects with an anticipated capacity of 1376 MW. 1no. project with aggregate capacity of 630 MW is under Survey & Investigation and 3 nos. Projects with aggregate capacity of 581 MW are under Anvil (pre- S&I).

NHPC is in process of development of Floating Solar Power project in Kollam, Kerala. As desired by Kerala State Electricity Board (KSEB), 10 MW shall be developed in Ist Phase. Tender finalized, the work is under award stage. Signing of PPA with KSEB and signing of Tripartite Agreement for transfer of land to NHPC are in process.

MNRE has conveyed in-principle approval for setting up of one solar park of capacity 100 MW in Odisha by NHPC. 40 MW shall be developed in Ist Phase at the identified land in Ganjam District. Approval of State Technical Committee (STC) for 40 MW has been conveyed



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by M/s Green Energy Development Corporation of Odisha Ltd (GEDCOL) on 25.08.2018. Transfer of Land, signing of PPA and connectivity approval in process. NIT for EPC contract has been floated on 05.04.2019.

NHPC is in the process for selection of Solar Power Developers (SPD's) for setting up grid connected solar PV projects of aggregate capacity 2000 MW on the land to be identified and arranged by the SPD's in anywhere in India. Request for Selection (RfS) under process.

NHPC has already commissioned 1494.70 kWp roof top solar plants in NHPC Offices/projects/units. Bids for EPC contract for development of 1589 kWp at NHPC projects have been received and are under technical evaluation.

A 32 MW Solar Power Project in UP is being taken up under Joint Venture with Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA). For this a Subsidiary company "Bundelkhand Saur Urja Limited" has been formed. 63.491 Ha Land got transferred from UPNEDA and Mutation of the land in favor of BSUL finalized on 04.12.2017. Bidding process and signing of PPA are under progress.

8 MW wind power project in Kerala is to be set up in Palakkad District, Kerala. Allotment of Land by State Govt is under process. Bidding process under progress and signing of PPA by KSEB is awaited.

NHPC is under process of acquisition of Lanco Teesta Hydro Power Limited (LTHPL) – a company which is setting up a Teesta –VI (500 MW) HE Project on Teesta river. LTHPL is currently undergoing a Corporate Insolvency Resolution Process pursuant to an order of Hon'ble National Company Law Tribunal, Hyderabad Bench (NCLT) dated March 16, 2018.

Resolution Plan submitted by NHPC Limited for Lanco Teesta Hydro Power Limited has been approved by NCLT. CCEA in its meeting held on 07.03.2019 had already given its approval for investment sanction for acquisition of M/s Lanco Teesta Power Limited and execution of balance works of Teesta VI H.E. Project 500 MW (4*125 MW) in Sikkim by NHPC Limited with an estimated cost of Rs. 5748.04 crores.(at July 2018 PL).

DOE, Government of Himachal Pradesh, has approved allotment of Dugar (449 MW) HE Project in Chenab Basin, District-Chamba, Himachal Pradesh to NHPC vide letter dated 07.08.18 with certain terms & conditions which are under finalization.

Promote and develop our consulting and advisory services:

NHPC is providing consultancy services in the all fields of hydro power i.e. river basin services, survey work, design and engineering, geological and geotechnical studies, hydraulic transient studies, hydrological studies, contract management, construction management, equipment planning, underground construction, testing, commissioning and operation and maintenance.

The major consultancy assignments undertaken by NHPC comprise of assignments from Central and State Government agencies like State Electricity Boards and Public Sector Undertakings including overseas projects.

We aim to continue to deliver advisory services to clients and government entities in India and abroad.



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Continue to expand our international activities:

We intend to continue to expand our international operations and further exploit the potential hydropower opportunities available internationally by leveraging our existing relationships developed through our past international consultancy assignments.

NHPC was entrusted with the work of preparing DPRs of Chamkharchhu-I H.E. Project (770 MW) by the Ministry of Power. Further the signing of Joint Venture Agreement cum Share Holders' Agreement of proposed JV with Govt. of Bhutan for implementation of 770 MW Chamkharchhu-I HE Project, is ready for signing. SHA & AOI shall be signed after finalization of concession agreement which is pending with RGoB & CCEA approval of Gol.

In March 2010, an agreement was signed between NHPC and the Department of Energy, Royal Government of Bhutan for providing engineering consultancy services for pre-construction activities at the Mangdechhu H.E. Project (720 MW) in Bhutan which has been completed successfully. Further, NHPC has been engaged as the Design & Engineering Consultant for the execution of Mangdechhu H.E. Project, wherein NHPC is successfully carrying detailed design & Engineering of the project. In addition, NHPC is also providing consultation in survey for checking of HRT alignment during construction of project.

NHPC had also been assigned the work of RMU of Varzob-I H.E. Project in Tajakistan under a tripartite agreement signed between MEA, BHEL & NHPC. NHPC has completed it successfully.

NHPC has completed the Management consultancy contract for Ethiopian Electric Power Corporation (EEPCo), Ethiopia in consortium with Powergrid and BSES Rajdhani Power Limited (BRPL).

Completed Projects:

We have set forth below the details of all our completed projects, including joint venture project:

Power Station	State	Installed Capacity (MW)	Year of Commissioning	Tariff (2018-19) (Rs./Kwh)
BairaSiul	Himachal Pradesh	180	1981	2.04
Loktak	Manipur	105	1983	3.85
Salal	Jammu & Kashmir	690	1987	2.36
Tanakpur ¹	Uttarakhand	120	1992	3.29
Chamera I	Himachal Pradesh	540	1994	2.28
Uri I	Jammu & Kashmir	480	1997	2.10
Rangit	Sikkim	60	2000	3.80
Chamera II	Himachal Pradesh	300	2004	2.01
Dhauliganga	Uttarakhand	280	2005	2.43
Dulhasti	Jammu & Kashmir	390	2007	6.00
Teesta V	Sikkim	510	2008	2.33
Sewa II	Jammu & Kashmir	120	2010	4.52*
Chamera III	Himachal Pradesh	231	2012	4.25*
Chutak	Jammu & Kashmir	44	2013	8.50***
TLDP-III	West Bengal	132	2013	6.20*



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NimmoBazgo	Jammu & Kashmir	45	2013	9.83***
Uri II	Jammu & Kashmir	240	2014	5.61
Parbati-III	Himachal Pradesh	520	2014	3.08
TLDP-IV	West Bengal	160	2016	2.89*
Kishanganga (3*110)	Jammu & Kashmir	330	2018	4.11*
Wind Power, Jaisalmer	Rajasthan	50	2016	3.67**
Solar Power	Tamilnadu	50	2018	4.41
Completed Projects with NHDC				
Indira Sagar	Madhya Pradesh	1000	2005	4.29
Omkareshwar	Madhya Pradesh	520	2007	6.65
Note: 1 Derating of Tanakpur Power Station of 94.2 MW from September 1996 vide CEA letter no.DMLF/PS/9/7/96				

Note:-Above rate are inclusive of Water Usage Charges in respect of Power Stations located in J&K State

***Provisional**

**** Excluding GBI of Rs. 0.50 per unit & REC.**

*****Abnormally high tariff due to non availability of transmission line for Power Station.**

Now both plant have been connected to National Grid with 220KV transmission line & therefore tariff for 2019-20 shall reduce substantially for these 2 project.

Projects under Construction

We have set forth below the details of all our hydroelectric projects, which are currently under construction:

A. HYDRO PROJECTS:-

Ongoing Projects & States	Installed Capacity (MW)	Price Level	CCEA Approved Cost (Rs. in Crore)	Price Level	Anticipated Cost (Rs. in Crore)
Parbati II (H.P.) ¹	800	Dec'01	3,919.59	Apr'18	9394.80
Subansiri Lower ² (Arunachal Pradesh/ Assam)	2000	Dec'02	6,285.33	Apr'17	19496.34
Total	2800		10204.92		28891.14

- Unit-I & Unit-II have been re-synchronized with the Grid at Part Load
- Works could not be taken up / resumed as anticipated / planned because of ongoing protest by various pressure groups in Assam since 16.12.2011 and case at National Green Tribunal. Hon'ble National Green Tribunal (NGT), Principal Bench, New Delhi vide order dated 31.07.2019 has upheld Expert Committee constituted by MoEF & CC for Subansiri Lower H.E. Project and has also observed that the Project is to advance Public Interest. Now, there is no hurdle in construction. Major works have resumed and Dam works likely to be resumed after end of monsoon period.



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Projects under Construction- Joint Venture:

Ongoing Projects & States	Installed Capacity (MW)	Price Level	CCEA/Cabinet Approved Cost (Rs. in Crore)
Pakaldul ³ (IN JV, J&K)	1000	Mar'13	8112
KIRU (4X156) ⁴	624	July'18	4288

3. MOP on 28.10.2014 has conveyed the Cabinet Sanction of the project at an estimated cost of Rs. 8112.12 Crores at Mar'13 price level. MOP vide letter dated 19.10.2016 issued modified Sanction letter of Pakal Dul HE Project to the extent that the equity part of JKSPDC i.e. 1192 crore shall be released by Government of India as a Grant to M/s CVPPPL. Dam and Powerhouse packages have been awarded and work has started. Tendering for other packages is in progress.

4. Hon'ble Prime Minister has laid the foundation stone of 624MW Kiru Hydroelectric Project on February 03, 2019. This project is owned by Chenab Valley Power Projects Pvt. Ltd, a joint venture between NHPC, JKSPDC Ltd. (A Jammu & Kashmir government undertaking) and PTC Ltd. Investment sanction in r/o Kiru H. E. Project (624 MW) received from Govt. of India with estimated cost of Rs.4288 crore.

Projects Awaiting Clearances:

The hydroelectric projects including our joint venture projects detailed below are awaiting final sanction from the CCEA:

S.No.	Projects	State	Proposed Installed Capacity (MW)
A. Hydro-Stand alone			
1	KotliBhel Stage IA ¹ (3X65)	Uttarakhand	195
2	Dibang ² (12X240)	Arunachal Pradesh	2880
3	Teesta IV ³ (4X130)	Sikkim	520
4	Tawang I ⁴ (3X200)	Arunachal Pradesh	600
5	Tawang II ⁵ (4X200)	Arunachal Pradesh	800
6	Teesta VI (4X125) ⁶	Sikkim	500
7	Bursar ⁷ (4x200)	J&K (JV With JKSPDC & PTC)	800
		Total (A)	6295
B. Hydro – Projects in Joint Venture			
1	Kwar ⁸ (4x135)	J&K (JV With JKSPDC & PTC)	540
2.	Ratle H.E.Project (J&K) ⁹	J&K (JV with JKPDD & JKSPDC)	850
	Total (B)	Total (B)	1164



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C. Hydro-JV & Subsidiary.			
1	Chamkharchu-I ¹⁰	Bhutan (JV of NHPC & Druk Green Power Corporation)	770
2.	Loktak D/S (2X33) ¹¹	Manipur, (JV between NHPC 74% % Govt. of Manipur 26%)	66
Total Hydro Projects (A+B+C)			8295

Besides above, A Memorandum of Understanding (MoU) has been signed for implementation of Ratle Hydro Electric Project (850 MW) through a Joint Venture Company (JVC) to be incorporated with equity shareholding of 51% by NHPC & 49% by Jammu and Kashmir State Power Development Corporation (JKSPDC). MOP circulated the PIB note amounting to Rs. 5281.94 crore at Nov. 2018 PL (with exemption of GoJK) on 08.08.2019.

Notes:

1. Kotlibhel- IA: In the PIB Meeting on 23rd Oct'13, project was recommended for investment subject to clearance from Hon'ble SC for Uttarakhand Projects. Decision of Hon'ble SC is awaited.
2. Dibang: Concurrence to Project, Environment clearance and forest clearance available. PIB meeting for implementation of project held on 03.01.2019 has recommended the expenditure of Rs. 1600 Crores on pre-investment activists and balance clearances of the project. CCEA has approved Rs. 1600 crore for pre-investment activities and various clearances.
3. Teesta IV: All statutory clearances have been received except forest clearance (Stage II). Approval of pre-investment activities has been conveyed by MoP on 03.05.2016. FRA compliance for FC (Stg-II) is being pursued. PIB memo for implementation of Project circulated by MoP on 29.11.2018. Reply to observations of all agencies stand submitted. Fresh observation of MoP dated 06.06.2019 has been replied on 19.06.2019.
4. Tawang I: All statutory clearances have been received except forest clearance. FRA compliance is underway and Basin Study Report has been submitted and accepted. After receipt of forest clearance (Stage –I), the process for PIB / CCEA shall be initiated. MoP conveyed approval for Pre-investment activities vide its letter dated 09.01.2019.
5. Tawang II: All statutory clearances received except forest clearance (Stage-II). FRA Compliance is underway. Approval of pre-investment activities conveyed by MoP on 28.07.2016.
6. Teesta VI: Resolution Plan submitted by NHPC Limited for Lanco Teesta Hydro Power Limited has been approved by NCLT. CCEA in its meeting held on 07.03.2019 had already given its approval for investment sanction for acquisition of M/s Lanco Teesta Power Limited and execution of balance works of Teesta VI H.E. Project 500 MW (4*125 MW) in Sikkim by NHPC Limited with an estimated cost of Rs. 5748.04 crores. (at July 2018 PL).
7. Bursar: The DPR submitted to CEA on 06.01.2017. Presently the DPR is under examination at CEA/CWC/GSI. EAC in its meeting on 05.12.2017 has recommended for grant of EC to the project. MoEF&CC vide letter dated 23.01.2018 has requested



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that Forest Clearance letter may be submitted for issuance of Environment Clearance letter to the project. NHPC vide letter dated 15.11.2018 has requested MoEF&CC to extend the period of recommendation of EAC by another 6 months. Proposal for Forest Clearance submitted to GoJ&K State Forest Dept. started joint inspection and enumeration of trees on forest land to be diverted for the project on 30.04.2018, however the work has been stopped due to local opposition. Wildlife clearance proposal for the project has been approved by State Board of Wildlife, J&K. CEA vide letter dated 17.02.2017 has vetted the cost of Pre investment activities. The Delegated Investment Board (DIB) material submitted to MOP on dtd. 20.04.2017. MOP desired the Draft PIB proposal for complete project cost. NHPC intimated that the same shall be submitted after DPR examination is completed by CEA/ CWC/ MOWR. Wildlife clearance accorded by MOEF&CC on 25.03.2019.

8. Kwar: All clearances except Indus Valley Treaty are available. Tendering for main works is under process. PIB Memo circulated by MoP on 07.03.2018. All replies to comments of respective Agencies/Ministries stands submitted. CEA vide letter dated 05.12.2018 vetted the Cost with GST. Consent from Govt. of J&K for waiver of 12% free power & water usage charges is awaited. Tendering is in process.
9. Ratle : MOU with JKPDD (J&K Power Development Department) and JKSPDC (J&K State Power Development Corporation) have already been signed for execution of Ratle HE Project (850 MW) and proposal for investment approval submitted to MOP with estimated cost of Rs.5282 crore. CEA vetted the cost on 07.05.19.
10. Chamkharchhu: Intergovernmental (IG) Agreement signed on 22.04.2014 between Govt of India (GOI) and the Royal Govt of Bhutan (RGOB) for implementation Chamkharchhu-I HEP (770MW) in Bhutan, through JV between NHPC & Druk Green Power Corporation (DGPC) of Bhutan. Appraisal of DPR of Chamkharchhu-I HEP was conveyed by CEA on 29.12.2014. PIB memo was circulated by MoP vide letter No. 14/8/2016-Fin, dtd 8th Sept, 2017. Comments of CEA, MEA, NITI Aayog, Deptt. of Expenditure & Deptt. Of Economic Affair has been replied. Joint Venture cum Share Holding Agreement and Article of Incorporation will be executed after Govt. Approval.
11. Loktak D/S: The project is being executed by Joint Venture Company (JVC) Loktak Downstream Hydroelectric Corporation Ltd. (LDHCL), formed between NHPC and Govt. of Manipur (GoM) in year 2009 with a share holding of NHPC (74%) and Government of Manipur (26%). All statutory clearances of project except CCEA are available. More options to make project viable being explored. Tendering of all major works is in process.

Contracts, Project Management and Consultancy Works Business:

We believe that our industry leadership experience, expertise & track record put us in a strong position to offer a wide range of consultancy services in the field of hydropower. Our consultancy services division was set up in 1993 to offer consulting and contractual services to meet requirements for different project types.

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Our clients include central and state government agencies in India including SEBs and PSUs, as well as a number of foreign governments and private sector entities. From a marketing perspective, consultancy contracts also allow us to establish a relationship with potential future clients and, in the case of project feasibility studies, to become involved at an early stage in turnkey projects for which we may later submit bids.

Turnkey Agency Contracts:

We have undertaken international agency contracts under the direction of GoI. These projects are undertaken in the spirit of cooperation with foreign governments and also to broaden our international experience. The status of various turnkey agency projects undertaken by our consultancy services division is set out below:

Project	Country/State/Union Territory	Installed/ Proposed Total Capacity (MW)	Status
Devighat	Nepal	14.10	Commissioned
Kurichhu	Bhutan	60.00	Commissioned
Kalpong	India (Andaman & Nicobar Islands)	5.25	Commissioned
Sippi	India (Arunachal Pradesh)	4.00	Commissioned
Kambang	India (Arunachal Pradesh)	6.00	Commissioned
Total		89.35	

Specialized Government Agency Works**DEEN DAYAL UPADHYAY GRAM JYOTI YOJNA (Erstwhile RGGVY)**

NHPC implemented 36 nos. Rural Electrification projects under the Xth and XIth plan scheme of DEEN DAYAL UPADHYAY GRAM JYOTI YOJNA (Erstwhile RGGVY) in various states of India on the basis of fixed agency fees i.e. 09-12% of the cost of the project. Rural electrification projects were allocated to NHPC in 27 districts spread over five states viz. West Bengal, Bihar, J&K, Chhatisgarh and Odisha at an estimated cost of approx. Rs. 2700 crore. Out of 36 projects, works have been completed in 35 nos. projects except Leh project in J&K.

Major achievements of Rural Electrification works till 30.06.2017 are as under:

- Electrified 9077 nos. Un-electrified/ De-electrified villages.
- Electrified 18693 nos. Partially electrified villages.
- Provided service connections to 16.1 Lacs BPL families.
- Constructed 11 nos. 66/11 KV new sub-stations in Leh and Kargil.
- Constructed 48 nos. 33/11KV new sub-station.
- Augmented / Up-graded 104 nos. 33/11 KV new sub-stations.

Rural Road Projects under Pradhan Mantri Gram Sadak Yojna (PMGSY):

An MOU was signed amongst NHPC; Ministry of Rural Development, Government of India and Government of Bihar for the construction of rural roads in six districts namely Vaishali, Muzaffarpur, Sitamarhi, East Champaran, Sheohar and West Champaran of Bihar under the Pradhan Mantri Gram Sadak Yojna (PMGSY). Under the scheme, NHPC awarded the works for execution of 758 roads spread over 06 districts and having cost of Rs. 1725.65 Crore for

execution. As on 31.03.2018, 753 roads having 3084 km length have been completed. Further, construction of balance 05 roads in Vaishali district are under progress.

As per the Tripartite Agreement, maintenance of all 758 roads are to be carried out for five (05) years after completion of their construction. Out of 753 roads already completed, maintenance period of five years of 694 roads covering 2835 km of road length has been completed. While 59 roads having 294 kms of road length are under maintenance period.

Design and engineering:

The engineering and design of a hydroelectric project requires input from a number of specialist engineering disciplines, particularly, civil and hydro-mechanical design, geological and geotechnical and electrical and mechanical design.

Civil and hydro mechanical design:

This aspect of the project includes:

- Planning and layout design studies of projects for Detailed Project Reports (DPR) including review of DPRs prepared by other agencies for projects proposed for execution.
- Planning, co-ordination and evaluation of pre-construction stage investigation works.
- Planning and optimized designs for Civil & hydro-mechanical components associated with hydropower projects from concept to commissioning.
- Hydrological studies to determine power potential as well as its implementation in structural design.
- Assessing of impact of soil erosion and sediment on the proposed hydroelectric projects and development of reservoir operation strategy to manage sediment related problems.
- Framing Technical Specifications for Civil & hydro–mechanical works.
- Minimizing project cost based on detailed design and drawings.
- Preparation of Operation & Maintenance Manuals for Civil & HM Works.
- Providing solutions to the issues related to O&M of Civil/HM structures of Power Stations
- Safety monitoring of structures through instrumentation and Dam Safety Inspection, including analysis/preparation of Reports.
- Providing consulting services to Joint Venture Companies, outside agencies, State /Govt Departments.

Geological and geotechnical engineering:

The geotechnical engineering process involves the collection of sufficient qualitative and quantitative geological, geotechnical and construction material information to determine basic design parameters for the major civil structures of the project.

Electrical and mechanical design:

This involves assessing the electrical and mechanical needs of the power station & associated switchyard/GIS and includes:

- (i) Assessing power potential, plant capacity and energy based on inputs like hydrological series etc.



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- (ii) Framing of Technical Specifications for E&M Works.
- (iii) Evolving optimized designs for electromechanical works of projects under planning and execution.
- (iv) Providing technical data on electromechanical equipment.

Automation of stations:

Presently, the operations of all the power stations are either semi or fully automated. Our Uri, Chamera II, Dhauliganga, Dulhasti, Sewa-II, Teesta-V, Chamera-III, Uri-II, Teesta Low Dam-III, Teesta Low Dam-IV, Parbati-III, Chutak, NimooBazgo and Kishanganga power stations are equipped with advanced distributed control systems / SCADA systems. We are in process of implementing DCS/ SCADA systems at Tanakpur, Chamera I, Rangit, & Salal power stations. Further, DCS/SCADA systems at Bairasiul, Loktak is planned to be undertaken under Renovation and modernization for life extension program of these power stations. DCS/SCADA system provides for better operation, monitoring and control of the power station.

Sale of Energy

Tariffs:

Tariffs for each of our hydropower stations are determined by the CERC. A new tariff regulation was issued by CERC pursuant to notification no. L-1/144/2013-CERC dated February 21, 2014, and relates to the Control Period (CP) from April 1, 2014 to March 31, 2019.

Tariff are determined by reference to AFC, which comprise of return on equity, depreciation, interest on loan, interest on working capital, operation & maintenance expenses. The AFC is recoverable in the form of primary energy charges and capacity charges. Recovery of capacity charges depends on the actual availability of our machines for generating power. Capacity charge is determined by the NAPAF, which has been prescribed for each project based on the nature of the project whereas Energy charge is recoverable on the basis of actual generation.

We are entitled to receive incentives for achieving a plant availability factor greater than NAPAF as well as for generating energy in excess of the design energy level of the plant.

Power Purchase Agreements:

The Gol allocates the output of each of our stations among the station's customers. Each of our power stations has PPAs with its customers. Under the terms of the PPAs, we are obliged to supply electricity to SEBs or their successor entities, private distribution companies and other Gol entities in accordance with the terms of the allocation issued by the Gol from time to time. The power supplied to customers is billed as per tariff regulations issued by CERC.

The MoUs signed with respective state governments where power station is situated we require to provide 12% of the energy that we generate to the respective state free of cost. In addition to above, allocation order issued by MoP after 31.03.2008, 1% additional free power given to home state for local area development fund & home state has to provide matching 1% from their share of 12% free power. The sale of power from various projects is regulated as per allocation of power issued by MoP, Gol.

The term of validity of the PPA is generally for life span of the project (i.e. 35 years, from 01.04.2019 it is 40 years.). In some cases, PPA for 5 years or 10 years from the date of the

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commercial operation of the project have also been signed, provided that such PPAs may be renewed or replaced on such terms and for such further time as the parties may agree. However, the provisions of a PPA continue to operate until such PPA is formally renewed or replaced in case customer continues to get Power from the Projects.

The tariffs charged and the conditions for the supply of energy, as well as the levy of surcharge and rebates are determined according to the tariff regulations issued by the CERC or policies of GoI from time to time. NHPC also offer its own rebate scheme to willing customers. Further, settlement of any disputed current dues is determined according to the directives of the CERC or the GoI as issued from time to time.

The parties to a PPA are not liable for any claim for loss or damage arising out of failure to carry out the terms of such PPA to the extent that such failure is due to force majeure events such as riot, strike, lock out, fire, explosion, flood, drought, earthquake, war or other forces, accidents etc. beyond the control of either party. Any party claiming the benefits of this provision holds the burden of proving that the event occurred and damage was suffered.

All questions or disputes between parties in connection with a PPA, except the extent of power vested with the respective RPC(s), are settled through arbitration in accordance with the provisions contained in the Electricity Act, 2003 and the Arbitration and Conciliation Act, 1996 as amended and any statutory modifications thereto, in the event such differences cannot be settled through conciliation prior to arbitration. Notwithstanding the existence of any question, dispute & differences referred to arbitration, the parties here to shall continue to perform their respective obligations under this agreement.

Recoveries through the One-Time Settlement Scheme (“One Time Settlement”):

NHPC previously had problems recovering payments from SEBs and other state government entities; however, in 2001, the MoP, and the state entities established a scheme of One Time Settlement. Pursuant to the One Time Settlement, the GoI, on behalf of the central sector power utilities, executed Tripartite Agreements with the RBI and the state governments valid up to 31.10.2016, to effectuate a settlement of overdue payments, by way of tax-free bonds, owned to NHPC by the SEBs or their successor entities or other state government entities with provisions for incentive for future timely payment.

Under these agreements, the overdue amounts outstanding as of September 30, 2001 were securitized by the issue of tax-free power bonds and long term advances amounting to Rs. 2,818.04 crore against outstanding principal dues, late payment surcharge, and conversion of bonds issued by the SEBs after March 1, 1998. Tax free interest on the power bonds and long- term advances are payable to NHPC at a rate of 8.5% p.a. payable on half yearly basis. These bonds mature and the long-term advances are payable in various stages, starting from October 1, 2006 until April 1, 2016 except DTL –Long Term Advance (Matured on September 30, 2016).

Tripartite Agreements have been extended by GOI, RBI and the States (Except Punjab and Maharashtra) for the period of 10/15 years up to 31.10.2026 and 31.10.2031.



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AS per direction of GOI, from 01.08.2019 onwards RLDCs shall schedule power to only those entities who have in place LCs in favour of Central Generating Companies. Discoms have been given flexibility to provide LC for one week or pay in advance for scheduling of power for next day in case of acute shortage of funds. This shall ensure discipline in payment by Discoms for future energy bills.

Environmental Compliance and Resettlement & Rehabilitation:

NHPC is sensitive towards environment and well-being of people. Prior to project construction, detailed Environmental Impact Assessment (EIA) studies are carried out based on which Environmental Management Plans (EMP) are formulated, as listed below, to mitigate any adverse impact on social and environmental aspects.

1. Compensatory Afforestation,
2. Biodiversity Management,
3. Catchment Area Treatment,
4. Restoration of Muck Disposal area,
5. Restoration of construction areas and quarry sites,
6. Public Health Management,
7. Disaster Management plan,
8. Green Belt Development plan
9. Fishery Management Plan
10. Environmental Monitoring
11. Resettlement and Rehabilitation Plan.

Based on EIA & EMP reports and proceedings of Public Hearing, environmental clearance is accorded by MoEF. NHPC executes EMPs with utmost sincerity.

Besides the mandatory/statutory requirements, NHPC also undertakes many voluntary activities for improvement of environment in and around its projects such as voluntary afforestation, herbal park development, etc.

A full-fledge Environment & Diversity Management Division comprising of qualified environment professionals is existent in NHPC, whose role and responsibility is to ensure sustainable development of hydropower in letter and spirit.

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.

NHPC is highly sensitive towards its project affected persons. To meet the needs and aspirations of the project affected families and the host population, NHPC formulated its own Resettlement and Rehabilitation Policy-2007 in line with the National Rehabilitation and Resettlement Policy, 2007. NHPC's R&R Policy provides certain additional benefits over and above those proposed in NRRP, 2007. However, in view of "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013", which came in force from 01.01.2014, both R&R and land acquisition for NHPC Projects shall be dealt in accordance with the provisions of this Act.

A broad R&R package being implemented by NHPC at its various projects comprises the following :

1. Compensation for land, houses, shops and other properties etc.

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2. Homestead land.
3. Transportation, charges for household items, cattle etc.
4. Construction of house
5. Solatium charges.
6. Financial assistance for construction of cattle shed or poultry farm.
7. Agricultural land depending on availability or landless grant.
8. Subsidy for seeds /fertilizers/ land development.
9. Development of public health centre, school, community centre etc.
10. Provision of basic amenities like road, drinking water, electricity, medical etc.
11. Vocational training to develop entrepreneurial skills.
12. Preference in allotment of shops in NHPC's shopping complex.
13. Special measure for tribals.
14. Renovation/ relocation of religious structures or structures of archaeological importance.

Corporate Social Responsibility:

CSR has been an integral part of NHPC's business philosophy. NHPC is conducting its business in a socially responsible way by maintaining high level of organizational integrity and ethical behaviour, in conformity with expected standards of transparency in reporting and disclosing the performance in all spheres of its activities, demonstration of concern for social welfare, adoption of best management practices and effective operational methods to win the trust and confidence of all stakeholders. NHPC is playing a significant role in the area of Corporate Social Responsibility by addressing the social, economic and environmental concerns of key stakeholders including those directly impacted by its operations & activities in a sustainable manner.

CSR Policy of NHPC intends to be in line with the provisions of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules issued by Ministry of Corporate Affairs and DPE's latest Guidelines on CSR. CSR activities undertaken by NHPC are in conformity with the list of items / activities specified in Schedule-VII of the Companies Act, 2013.

NHPC has undertaken a number of CSR initiatives for the community living in and around its Projects / Power Stations / Units in the areas of Healthcare, Sanitation, Education, Rural Development, Skill Development, Environmental sustainability, Women Empowerment, Promotion of sports, arts & culture etc.

A separate report on CSR activities undertaken by your Company during the financial year 2018-19 including the reasons for shortfall in mandatory expenditure on CSR activities has been prepared and published in our annual report.

Sector-wise key CSR Initiatives undertaken / being undertaken by NHPC

Sector / Area	Particulars of CSR Initiatives
Education	• Scholarships to students • Providing support for the setting up of Engineering College. • Providing Infrastructural support to Schools



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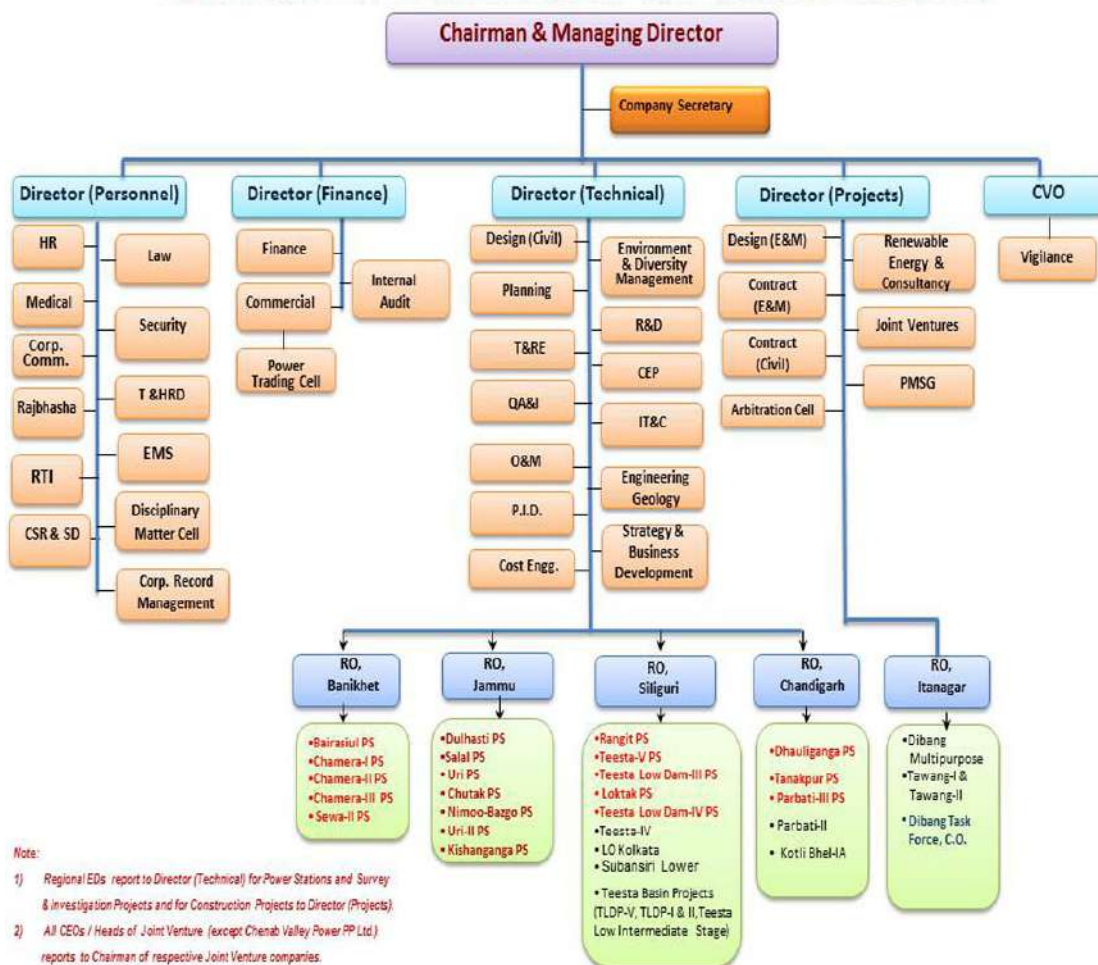
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Skill Development	Enhancement of employability of rural youth and women by means of Skill Development Programs Supporting infrastructural development and other up-gradation activities in adopted Industrial Training Institutes.
Health	- Organizing medical camps, health awareness programs - Augmentation of health infrastructure - Deployment of Mobile medical units (MMUs) in rural areas.
Sanitation	- Construction of toilets in Govt. schools under Swachh Vidyalaya Abhiyan - Undertaking various Swachh Bharat Abhiyan activities - Providing sanitation facilities in public places - Providing potable drinking water, community RO Plant & Sanitation Complex, arrangement of drinking water supply lines
Rural Development	- Construction/renovation of pathways, RCC Bridges, drains, rain shelters, community halls, cremation sheds, grave yards etc. - Establishment of food processing units
Environment	- Development of Bio-Diversity Park. - Installation of solar street lights - Solid Waste Management.
Women empowerment	- Training to women in various areas to generate self-employment. - Literacy program for rural women
Sports, Art, Culture & capacity building etc.	- Training to Promote sports - Conducting capacity building program.

(III & IV) Organisation Structure & Management of the Company .

ORGANIZATION STRUCTURE

01-07-2019



i) Details of the current directors of the Company

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 half of the actual strength of the Board.

Presently, the Board of NHPC Limited comprises Chairman and Managing Director (CMD), Functional Directors, Government Nominee Directors and Independent Directors. As on June 30, 2019, there were 11 Directors, of which five were Functional Directors including Chairman and Managing Director, one Government Nominee Directors and five Independent Directors.

Particulars	Board structure	Actual strength as on 30.06.2019
Chairman and Managing Director	1	1
Functional Directors	4	4
Government Nominee Directors	2	1
Independent Directors	7	5 (1 Women Director)
Total	14	11



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S. No.	Name, Qualification, Occupation, Age and DIN	Designation	Date of Joining/ Appointment	Other Directorships/ Interests
1.	Shri Balraj Joshi Qualification: B.Tech (Civil), PG qualification in Hydropower Development and Planning. Occupation: Service Age: 59 years DIN: 07449990	Chairman and Managing Director	April 1, 2016 (Appointed on the Board as Director (Technical) on April 1, 2016 and as Chairman & Managing Director on 22.09.17	- NHDC Limited – Nominee Director, Chairman; - Loktak Downstream Hydro-Electric Corporation Limited – Nominee Director - Chairman
2.	Shri Ratish Kumar Qualification: B.Tech (Electrical) Occupation: Service Age: 58 years DIN: 06852735	Director (Projects)	January 6, 2016	Bundel Khand Saur Urja Limited- Chairman & Nominee Director
3.	Shri Nikhil Kumar Jain Qualification: B.E in Industrial Engineering, LL.B Occupation: Service Age: 57 years DIN: 05332456	Director (Personnel)	February 7, 2017	Nil
4.	Shri Mahesh Kumar Mittal Qualification: M.com, FCS, FCMA Occupation: Service Age: 59 years DIN: 02889021	Director (Finance) and CFO	March 01, 2017	- Chenab Valley Power Projects Private Limited- Director - PTC India Limited - Director
5.	Shri Janardan Choudhary Qualification: Degree in Electrical Engineering Occupation: Service Age: 59 years DIN: 07871968	Director (Technical)	July 5, 2018	Nil
6.	Shri Aniruddha Kumar Qualification: Graduate in Electrical Engineering and LLB Occupation: Service Age: 57 years DIN: 07325440	Govt. Nominee Director	July 30, 2018	- SJVN Limited- Director - Bhartiya Nabhikiya Vidyut Nigam Limited- Director - Kholongchu Hydro Power Electric Project – Nominee Director
7.	Shri Satya Prakash Mangal* Qualification: Chartered Accountant Occupation: Practising Chartered Accountant Age: 59 years	Independent Director	November 26, 2015	- SPMC Business Advisors Private Limited- Director - NHDC Limited - Director



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	DIN:01052952			
8.	Prof. Kanika T. Bhal* Qualification: PhD from IIT Kanpur Occupation: Teaching Age: 54 years DIN: 06944916	Independent Director	November 26, 2015	• AYE Finance Private Limited- Independent Director • New Delhi Municipal Corporation Smart Cities Limited – Independent Directors
9.	Prof. Arun Kumar* Qualification: BE (Civil), ME (Civil), PhD in Hydropower Development. Occupation: Teaching Age: 60 years DIN: 07346292	Independent Director	November 26, 2015	
10.	Shri Jugal Kishore Mohapatra Qualification: Post Graduate in Economics and Masters in Economics Occupation: Retired IAS officer Age: 63 years DIN: 03190289	Independent Director	October 7, 2017	• Nabard Financial Services Limited- Part Time Director and Non-Executive Chairman • Nalco Foundation-Trustee • Urban Mass Transit Company Limited – Director
11.	Shri Bhagwat Prasad Qualification: Post Graduate in Economics Occupation: Social Worker Age: 51 years DIN: 07941795	Independent Director	October 7, 2017	Nil

**Note: The tenure of Shri Satya Prakash Mangal, Prof. Kanika T. Bhal and Prof. Arun Kumar were completed on November 17, 2018 pursuant to Ministry of Power office order no. 9/3/2015-NHPC dated November 18, 2015. Further, Ministry of Power vide order no. 20/6/2017 dated November 22, 2018 has re-appointed Shri Satya Prakash Mangal, Prof. Kanika T. Bhal and Prof. Arun Kumar as non-official Independent Directors on the board of NHPC for a period of one year with effect from the date of completion of their existing tenure i.e. November 17, 2018 or until further orders whichever is earlier.*

iv. Details of change in directors since last 3 years as on June 30, 2019 -

S. No.	Name, Designation and DIN	Date of Joining/Appointment	Date of Cessation	Reason
1.	Shri Aniruddha Kumar Designation: Government Nominee Director DIN: 07325440	July 30, 2018	Continuing	-
2.	Shri Janardan Choudhary Designation: Director	July 5, 2018	Continuing	-



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S. No.	Name, Designation and DIN	Date of Joining/Appointment	Date of Cessation	Reason
	(Technical) DIN: 07871968			
3.	Shri Jugal Kishore Mohapatra Designation: Independent Director DIN: 03190289	October 7, 2017	Continuing	-
4.	Shri Bhagwat Prasad Designation: Independent Director DIN: 07941795	October 7, 2017	Continuing	-
5.	Shri Mahesh Kumar Mittal Designation: Director (Finance) DIN: 02889021	March 1, 2017	Continuing	-
6.	Shri Nikhil Kumar Jain Designation: Director (Personnel) DIN: 05332456	February 7, 2017	Continuing	-
7.	Shri Balraj Joshi Designation: Chairman & Managing Director DIN: 07449990	April 1, 2016 [#]	Continuing	-
8.	Shri Ratish Kumar Designation: Director (Projects) DIN: 06852735	January 6, 2016	Continuing	-
9.	Shri Satya Prakash Mangal Designation: Independent Director DIN: 01052952	November 26, 2015	Continuing*	-
10.	Prof. Kanika Tandon Bhal Designation: Independent Director DIN: 06944916	November 26, 2015	Continuing*	-
11.	Prof. Arun Kumar Designation: Independent Director DIN: 07346292	November 26, 2015	Continuing*	-
12.	Shri Nalini Kant Jha Designation: Independent Director DIN: 07950262	October 7, 2017	November 5, 2018	Cessation due to death
13.	Smt. Archana Agrawal Designation: Government Nominee Director DIN: 02105906	March 6, 2016	July 30, 2018	Cessation



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S. No.	Name, Designation and DIN	Date of Joining/Appointment	Date of Cessation	Reason
14.	Shri Aniruddha Kumar Designation: Government Nominee Director DIN: 07325440	May 28, 2018	July 18, 2018	Cessation
15.	Smt. Krishna Tyagi Designation: Government Nominee Director DIN: 07230978	July 8, 2015	January 1, 2018	Cessation
16.	Shri Krishna Mohan Singh Designation: Chairman & Managing Director DIN: 02223301	September 23, 2015	July 31, 2017	Cessation due to superannuation
17.	Shri Jayant Kumar Designation: Director (Finance) DIN: 03010235	May 26, 2015	February 28, 2017	Cessation due to superannuation
18.	Shri R. S. Mina Designation: Director (Personnel) DIN: 00149956	April 28, 2009	January 31, 2017	Cessation due to superannuation
19.	Shri Farooq Khan Designation: Independent Director DIN: 07348921	November 26, 2015	August 17, 2016	Resignation

**Note: The tenure of Shri Satya Prakash Mangal, Prof. Kanika T. Bhal and Prof. Arun Kumar were completed on November 17, 2018 pursuant to Ministry of Power office order no. 9/3/2015-NHPC dated November 18, 2015. Further, Ministry of Power vide order no. 20/6/2017 dated November 22, 2018 has re-appointed Shri Satya Prakash Mangal, Prof. Kanika T. Bhal and Prof. Arun Kumar as non-official Independent Directors on the board of the Company for a period of one year with effect from the date of completion of their existing tenure i.e. November 17, 2018 or until further orders whichever is earlier.*

#Note: Shri Balraj Joshi was appointed as Director (Technical) on April 1, 2016. Further, Shri Balraj Joshi was appointed as Chairman & Managing Director on September 22, 2017

(V) - MANAGEMENT'S PERCEPTION OF RISK FACTOR

An investment in Bonds involves a certain degree of risk. You should carefully consider all the information in this Offer Letter, including the risks and uncertainties described below: before making an investment in the Bonds. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Bonds. Additional risks and uncertainties not known to the Company or that the Company currently believes to be immaterial may also have an adverse effect on its business, prospects, results of operations and financial condition. If any of the following or any other risks actually occur, the Company's business, prospects, results of operations and financial condition could be adversely affected and the price and value of your investment in the Bonds could decline such that you may lose all or part of your investment.

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You should not invest in the Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your own tax, financial and legal advisors about the particular consequences of an investment in the Bonds.

Unless otherwise stated, our financial information used in this section is derived from our Standalone Reformatted Financial Information, prepared in accordance with accounting standards generally accepted in India.

Internal Risk Factors

1. We have contingent liabilities that we have not provided for, which if materialise, may adversely affect our financial condition.

Our total contingent liabilities that have not been provided for as of Mar 31, 2019 were Rs. 11905.01 crore. The details are as follows:

Claims against our Company not acknowledged as debts in respect of: (Rs. in crore)

Particulars	Amount
Capital Works	10494.10
Land Compensation Cases	186.49
Disputed Income Tax, Sales Tax and Service Tax Demands	515.17
Others	709.25
Total	11905.01

“The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters and others where the amount cannot be quantified.”

In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected.

2. The construction and operation of hydroelectric projects has faced opposition from local communities and other parties, including in the form of litigation instituted against our Company and Subsidiary and we may continue to face such opposition in the future.

The construction and operation of hydroelectric projects has faced opposition from local communities where these projects are located and from special interest groups. We as well as our subsidiaries have encountered opposition to the construction or operation of our projects in the past and we cannot assure you that we will not encounter such opposition in the future. For instance, Subansiri Lower Hydroelectric Project has been severely affected due to intermittent law and order problem, strike/agitation called by various local groups. Further, construction activities of the project have been stopped with effect from December 16, 2011 due to agitation by various pressure groups, however now with the order of Hon’ble National Green Tribunal dated 31.07.2019 there is no hurdle in the construction work.

In general, we are more at risk from opposition to hydroelectric projects that require the construction of storage facilities because construction of such facilities involves the inundation of surrounding land. The resettlement and rehabilitation program for PAPs is developed on a project by project basis and is included in our budget for each project. Whilst



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we have set up an institutional framework to implement our resettlement and rehabilitation policy, the government of the State in which the project is located is ultimately responsible for disbursing compensation provided by us in respect of the PAPs. Significant opposition by local communities, special interest groups and other parties to the construction of our projects, including by way of litigation initiated against our Company and our Subsidiary, may adversely affect our reputation and financial condition.

3. The development of our projects may be subject to unexpected complexities and delays, which may cause the actual costs of developing projects to differ significantly from our estimates.

Our decision to develop or modify a project is typically based on the results of a feasibility study, which estimates the expected project costs. However, there are a number of uncertainties inherent in the development and construction of any hydroelectric project, including but not limited to:

- Availability of funds to finance the project and undertake construction and development activities;
- Costs, delays or difficulties in the acquisition of land and associated resettlement and rehabilitation issues;
- Availability and cost of skilled labour, power and transport facilities;
- Difficulties associated with accurately anticipating geological, hydrological and climatic conditions;
- Delay or failure to obtain necessary environmental and other governmental clearances, including those relating to financing of our projects;
- Interruptions or delays caused by project-affected persons, special interest groups or labour unions or local communities;
- Disruptions caused by natural disasters such as earthquakes, landslides or floods, accidents, explosions, fires, or the breakdown, failure or substandard performance of equipment due to improper installation or operation; and
- Non-viability of a project or shift in the location of a project on account of techno-feasibility reasons or otherwise.

In addition, the costs, timing and complexities of project development and construction can increase because of the remote location of many of our hydroelectric project sites. Specifically, such uncertainties may cause delays, cancellations or modifications in the scope or schedule of our incomplete projects or projects included in our future plans, which may adversely affect our predicted cash flow position, revenues and earnings. Due to the possibility of cancellations or adjustments in project scope, we cannot predict with certainty when, if or to what extent or at what cost a project currently under development or a planned future project will be completed.

In particular, the MoEF has decided that since North Sikkim is an ecologically sensitive and geologically unstable area for undertaking the major projects, therefore the projects above



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the Chungthang area should not be considered for the construction of dams and large scale development activities.

Furthermore, any delays associated with the commissioning of our projects that are inter-dependent on other projects for a variety of reasons including water supply and tailrace discharge may lead to disruptions in the dependent project including reduction in generation capacity. In particular, we believe that the delay in the commissioning of the Parbati II project resulted in a reduction in the generation capacity of Parbati III project of energy since the Parbati III project is dependent upon the tailrace discharge from the Parbati II project which may result in a material adverse effect on our business and financial condition.

If our projects incur cost overruns above sanctioned estimates, the additional costs incurred require approval from the CERC for reimbursement. In cases where such approval is not granted, we bear the additional costs. Further, any cancellation, delay in execution or adjustment in the scope of a project may result in our failure to receive, on a timely basis or at all, the payments due to us for a project. Any delay or default in payment for incomplete projects may result in higher costs, lower return on capital or reduced earnings, and may require us to absorb unrecompensed costs or pay penalties for delay.

4. Our projects typically require a long gestation period and substantial capital outlay before we realise benefits or returns on investments.

Due to the nature of our business, our projects typically require a long gestation period and substantial capital outlays before completion or before positive cash flows can be generated. The time and costs required in completing a project may escalate due to many factors. In addition, failure to complete a project development, or failure to complete a project according to its original specifications or schedule, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected.

5. Our expansion plans require significant capital expenditures and if we are unable to obtain necessary funds on acceptable terms, our business or expansion plans may be adversely affected.

We will require significant additional capital to finance our business plan, in particular, our capacity expansion plan. In FY 2018-19, we have incurred an expenditure of Rs. 2213 crore on the CAPEX plan and further in FY 2019-20 we have budget estimate of Rs. 3806 crore for our Company. Our ability to finance our capital expenditure plans is subject to a number of factors, some of which are beyond our control, including tariff regulations, our results of operations, general economic and capital market conditions, borrowing or lending restrictions, if any, imposed by state governments, the GoI and the Reserve Bank of India ("RBI"), our ability to obtain financing on acceptable terms, and the amount of dividends required to be paid to the GoI and our public shareholders. In addition, in the past some lenders have not disbursed funds to us when scheduled to do so. Also, adverse developments in the credit markets may significantly increase our debt service costs and the overall cost of our funds. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements. This may, in turn, adversely affect the implementation of our current projects or future business plans.



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6. The majority of our revenues are derived from sales of power to the state electricity entities, as per the directives of the GoI, and we cannot assure you that the state electricity entities will always be able to secure their payments to us.

In Fiscal 2019 we derived Rs. 8161.18 crore revenue from the operation. We supply energy to SEBs and their successor entities, pursuant to long-term power purchase agreements. We are obliged to supply power to State electricity entities, including their successors and unbundled entities, in accordance with the terms of the allocation letters issued by the GoI and the terms of power purchase agreements (“PPAs”) entered into with these entities and the GoI. Pursuant to Tripartite Agreements entered into among the GoI, the RBI and respective state governments, our billings to the SEBs are currently secured through letters of credit. In addition, we can secure payment by regulating the power supply to a defaulting entity, or directly recover from the GoI payments that are funded from central plan assistance given to the relevant State. Although these security mechanisms are in place under Tripartite Agreements that are valid until 31st October 2016. Tripartite Agreements have further extended by GOI, RBI and the States (except Punjab and Maharashtra) for the period of 10/15 years up to 31.10.2026 and 31.10.2031, however, we can not assure you that the State Electricity entities will always be required to, or able to, secure their payments to us. Any change that adversely affects our ability to recover our dues from the State Electricity entities may adversely affect our financial position. AS per direction of GOI, from 01.08.2019 onwards RLDCs shall schedule power to only those entities who have in place LCs in favour of Central Generating Companies.

7. Any future changes to CERC’s tariff regulations may adversely affect our cash flow and results of operations.

The tariff norms and regulations have been evolving and may be subject to further change. They are subject to revision by the CERC and may be revised by it during the term of the respective PPAs. Any adverse changes in tariff norms or their interpretation by the CERC, judgments of the Appellate Tribunal for Electricity or the Supreme Court, or notifications by respective state governments relating to issues that affect hydropower generation, may limit our ability to recover payments due to us or the prices that we can charge for our hydropower and may have an adverse effect on our results of operations and cash flow from operations.

8. Our long-term agreements entered into with state electricity entities expose us to certain risks as we do not have the flexibility to modify such contracts to reflect changes in our business circumstances or to enter into agreements with other parties at higher prices, should the market price for energy rise.

We derive a substantial portion of our revenues from PPAs entered with state electricity entities for a period of 40 years/35 years/10 years from the date of commercial operation of the last unit or balance normative life of power station whichever is earlier. The provision of these PPA’s continue to operate until such agreement are formally renewed or replaced with mutual consent. Our Project specific tariff is not indicated in our PPA’s and decided by CERC. Such arrangements may restrict our operational and financial flexibility and restrict our



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ability to grow our revenues from existing businesses. For example, business circumstances may materially change over the life of one or more of our contracts and we may not have the ability to modify our contracts to reflect these changes. Although long term PPAs assume the certainty of revenue stream, however, being committed under the contracts may restrict our ability to implement changes in our business plan or to enter into agreements with other parties at higher prices should the market price for energy rise. This limits our business flexibility, exposes us to an increased risk of unforeseen business and industry changes and may have an adverse effect on our business, prospects, financial condition and results of operations.

Given that our revenue structure under each contract is set over the life of the contract (and fluctuates subject to the adjustment mechanisms contained in each such contract), our profitability is largely a function of how effectively we are able to manage our costs during the terms of our contracts. If we are unable to effectively manage costs, our business, prospects, financial condition and results of operations may be adversely affected.

Our future success will depend in part on our ability to respond to technological advances and emerging hydropower generation industry standards and practices in a cost-effective and timely manner. The development and implementation of such technology entails technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our processing systems to customer requirements or emerging industry standards. If we are unable, for technical, financial, legal or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, prospects, financial performance and results of operation may be adversely affected.

9. The Electricity Act, 2003, Hydro Power Policy 2008 and Mega Power Policy have introduced measures that may result in increased competition for us.

The statutory and regulatory framework for the Indian power sector generally, and the hydropower sector specifically, has changed significantly in recent years and there are likely to be more changes in the next few years. Changes in tariff policy based on the CERC Approach Paper and unbundling of the SEBs and consequent restructuring of companies in the power sector, as discussed in the risk factors above, open access and parallel distribution, and liberalised licensing requirements for, and tax incentives applicable to, companies in the hydropower sector, may provide opportunities for increased private sector involvement in power generation. For instance, the Electricity Act, 2003, removes licensing requirements for thermal generators, provides for open access to transmission and distribution networks and removes restrictions on the right to build captive generation plants. Specifically, the open access reforms, which will enable generators to sell their output directly to distribution companies, and ultimately, directly to consumers, may increase the financial viability of private investment in power generation. A key objective of the Hydro Power Policy 2008, is to encourage and increase private investment in the development of hydropower through providing financial benefits. The Hydro Power Policy 2008 also seeks to encourage joint ventures with private developers and the use of an independent power producer (“IPP”) model and promote power trading and speeding up clearance procedures.



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The threshold limit to obtain mega power project status is 500 MW for hydropower projects. This threshold has been reduced to 350 MW for projects located in Jammu & Kashmir, Sikkim and the North Eastern States. The intention of this policy is to accelerate the rate of capacity addition in the power sector by providing major fiscal benefits of mega projects and thereby lowering the cost of power. However as per the decision of cabinet meeting held on July 19, 2012 the benefits of custom duty and Special additional duty etc. on mega power projects will become inapplicable for new projects.

GOI has in April 2019 come out with measures to provide hydro capital subsidy of Rs. 1.5 crore/MW for projects up to 200 MW and Rs. 1.00 cr/mw for projects more than 200 MW shall be given by GOI. Separate funding shall be given for flood moderation aspects. On the line of Renewal purchase obligation to DISCOMS, Hydropower obligations shall be introduced in times to come.

Large Indian businesses that already have a presence in the Indian power sector, specifically in captive power generation, may seek to expand their operations in the sector. The power sector in India may also attract increased investment from international companies with greater resources and assets than us and which may be able to achieve better economies of scale allowing them to bid profitably at more competitive rates. In addition, there may be increased competition from Central and State power utilities. This competition may result in a material adverse effect on our business, prospects and financial condition.

In the past, there have been instances where our Company has prepared initial studies for project sites and these projects have then been allocated to private developers by the government of the State where the project is situated. If this were to occur more frequently, our financial condition may be adversely affected as we lose the opportunity to be involved in the more profitable components of the project.

10. Our generation capacity is subject to substantial variations in water flow due to climatic conditions, which may cause significant fluctuations in our revenue and profits.

The amount of power generated by hydropower systems is dependent on available water flow. There may be significant fluctuations in our revenues and cash flows due to variations in water flow from season to season, and from year to year, depending on factors such as rainfall, snowfall, snowmelt, or other seasonal or climatic conditions, and the carrying capacity of the river.

Our operating results have historically been more favorable during the monsoon season of June through September. Substantial rainfall during these months generally leads to higher generation at our power stations because a greater amount of water is available. Our operating results have historically been less favorable during the remainder of the year when there is less water available.

Further, with respect to our projects under construction and our future projects, while we select our sites on the basis of output projections, there can be no assurance that the water flows will be consistent with our projections, or that the water flow required to generate the projected outputs will be sustained after construction of the projects is completed. Similarly, there can be no assurance that material hydrological events will not impact the conditions that currently exist at our project sites. Accordingly, adverse hydrological conditions, whether



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seasonal or for an extended period of time, that result in inadequate or inconsistent water flow may render our hydroelectric power stations incapable of generating energy in accordance with our current estimates, which may adversely affect our business condition in the future or may make it difficult for us to recover costs already expended on any affected projects currently under development.

11. We are dependent on various contractors or specialist agencies to construct and develop our projects or to supply materials or equipment required in connection with our projects.

We rely on third party contractors for the construction and development of our projects. Accordingly, the timing and quality of construction of our projects depends on the availability and skill of these contractors. We also rely on third party suppliers to provide us with many of the materials we use, such as cement and steel. We do not have direct control over the quality of materials supplied by such suppliers. Therefore, we are exposed to risks relating to the quality and availability of such products.

In our business, we also rely on complex machinery built by third parties, which may be susceptible to malfunction. This is particularly true in the current industry environment, which involves rapid technological developments and often involves the installation of newly developed equipment that has not been extensively field-tested. Although, in certain cases, manufacturers are required to compensate us for certain equipment failures and defects, such arrangements are subject to ceilings and may not fully compensate us for the damage that we may suffer as a result of equipment failures and defects, force majeure conditions or against any penalties we may consequently become liable to pay under our agreements with our customers.

In addition, our contracts with third party suppliers or contractors do not generally cover indirect losses such as loss of profits or business interruption. There can be no assurance that any natural disasters, accidents or malfunctions involving our assets will not have an adverse effect on our business, prospects, financial condition and results of operations. Further, although we believe that our relationships with our contractors and suppliers are cordial, we cannot assure you that such contractors and suppliers will continue to be available at reasonable rates and in the areas in which we conduct our operations. If some of these third parties do not complete our orders satisfactorily or within the stipulated time, our reputation and financial condition may be adversely affected.

17. We may not have sufficient insurance coverage to cover all possible economic losses.

The operation of our assets may be disrupted for reasons beyond our control, including, but not limited to the factors stated in the risk factors in this section. During the construction phase, we rely on insurance coverage provided by our contractors to insure against damage and loss to our hydroelectric projects. Further, we take, through our contractors, third party insurance against risks associated with our assets and infrastructure that are ancillary to our stations, such as roads, administration buildings or housing provided to on-site workers. On commissioning, the power projects get covered under Mega Risk Policy and CPM Policy for



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losses under fire and its allied perils including terrorism and business interruption losses arising due to such damage. In addition to the above, we maintain a group personal accident policy, group insurance for house building advance and group insurance in lieu of an employee deposit linked insurance scheme, for all of our employees.

Although our insurance coverage and cash flows have been adequate to provide for losses in the past, future losses from such risks may exceed our insurance coverage limits and to that extent, any significant losses from such risks may have an adverse effect on our financial condition.

18. The risk of environmental damage may force us to restrict the scope of our projects or incur substantial compliance or restorative costs.

Certain environmental organisations have expressed opposition to hydropower stations based on the allegation that they cause loss of habitat for, or destruction of, marine life and have adverse effects on waterways. In addition, dams create large reservoirs over what used to be dry land, which may also result in destruction of wildlife habitats, the need for resettlement of resident populations or urban centers, increased sediment in rivers and the production of methane from submerged forests. Due to these factors, environmental regulators may impose restrictions on our operations that would limit our ability to generate revenues. We may also be subject to significant financial penalties for any environmental damage caused. Financial losses and liabilities as a result of increased compliance costs or due to environmental damage may affect our reputation and financial condition.

Specifically, the nature of our business requires us to handle and transport certain highly inflammable and explosive materials. Whilst the handling and transport of such hazardous materials is subject to statutorily provided safety and environmental requirements and standards, such materials may, if improperly handled or subjected to unsuitable conditions, hurt our employees or other persons, cause damage to our properties and harm the environment. This may result in disruption in our operations, subject us to regulatory proceedings or litigation, and impose significant restorative costs and liabilities, which may adversely affect our reputation and financial condition.

19. We may be impacted by disputes concerning water usage and management at a local, state or international level.

India is party to a number of international agreements that seek to promote long-term holistic water management across international boundaries, including a water-sharing treaty between India and Bangladesh on the River Ganges, the Indus Water Treaty between India and Pakistan and several treaties between India and Nepal. In addition, there are several Indian Inter-State water-sharing agreements in relation to sharing costs towards water and irrigation. However, sovereignty over water flows is hard to define and enforce, even though agreements between riparian States or regions have been reached.

For instance, the International Court of Arbitration issued the final award in respect of the dispute between Pakistan and India under Indus Water Treaty regarding diversion from the



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Kishanganga/ Neelam River for power generation by Kishanganga HE Project. In the final award it was upheld that India shall maintain a minimum flow of 9 cumecs in the Kishanganga/Neelam river at all times below the KHEP and when the daily average flow upstream of KHEP does not meets the 9 cumecs level, 100% of the daily average flow upstream of KHEP shall be released into the Kishanganga/Neelam river below the KHEP. Further after 7 years of diversion of water from Kishanganga/Neelam River either party may seek reconsideration of the minimum flow through the Permanent Indus Commission and the mechanisms of the treaty.

Our business and our future financial performance may be adversely affected should our projects, or the watercourses on which our projects are located, become the subject of disputes relating to water usage at a local, state or international level.

20. We have borrowings, the repayment of which, if accelerated, may have an adverse impact on our business and results of operations.

As of June 30, 2019 our total borrowings aggregated to Rs. 20104.65 (Rs. 18995.94 crore as per books, due to adjustment on account of IND-AS). Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow produced by our business. If we fail to meet our debt service obligations, our lenders may declare us in default under the terms of our borrowings and accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we would have sufficient resources to repay these borrowings and maintain the operations of our facilities without disruption. Accordingly, any such acceleration may have an adverse effect on our cash flows, business and results of operations.

21. Our indebtedness and the conditions and restrictions imposed by our financing arrangements may adversely affect our ability to conduct our business and operations.

There are restrictive covenants in the agreements we have entered into with certain banks and financial institutions for our short-term borrowings, medium-term borrowings and bond trust deeds. These covenants typically require us to inform lenders prior to issuing new shares, incurring further debt, creating further encumbrances on our assets and undertaking guarantee obligations. In addition, some of our loan agreements contain financial covenants that require us to maintain, among other things, a specified debt to net worth ratio and an interest-coverage-ratio.

We cannot assure you that our business will generate sufficient cash to enable us to service our debt, comply with our covenants or to fund our other liquidity needs. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

22. Our results of operations may be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.

There have been no strikes in our Company leading to material loss of generation or disruption of work during the last five years. However, there can be no assurance that we will not in the future experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of



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operations. Further, efforts by labour unions to organise our employees may divert management's attention and increase operating expenses.

We enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Even though we do not engage these labourers directly, should our contractors default on wage payments, we may be held responsible under Indian law for wage payments to labourers engaged by such contractors. Any requirement to fund such payments may adversely affect our financial condition. Further, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a portion of our contract labourers as our employees. Any further order from a court or any regulatory authority may adversely affect our business and financial condition.

23. We currently engage in foreign currency borrowing and are likely to continue to do so in the future, which will expose us to fluctuations in foreign exchange rates, which may adversely affect our financial condition.

As of June 30, 2019, our Company had Rs. 1123.49 crore foreign currency borrowings outstanding. We may continue to borrow foreign currency in the future, which will further expose us to fluctuations in foreign currency rates. Volatility in foreign exchange rates may adversely affect our business and financial performance.

24. Our success depends in large part upon our management team and skilled personnel and our ability to attract and retain such persons.

Our future performance depends on the continued service of our management team and skilled personnel. We also face a continuous challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow. Although we have a retention policy in place, there is significant competition for managers and other skilled personnel in our industry, and it may be difficult to attract and retain the personnel we need in the future. The loss of key personnel may have an adverse effect on our business, results of operations, financial condition and ability to grow.

25. A major fraud by third parties or our own employees or lapses in our control systems could adversely impact our business, prospects, results of operations and financial condition.

We are vulnerable to risk arising from the failure of third parties, such as contractors implementing projects and our other contractors, or our own employees to adhere to approved procedures and system controls, including accounting and data protection procedures. However, we implement certain policies and procedures to minimize risks associated with internal controls and risk management, including constitution of committees of our Board and divisions within the Company for such purpose, as well as whistle blower policies, periodic internal and external audits. Failure to prevent or mitigate fraud or breaches in security may adversely affect our reputation, business, prospects, results of operations and financial condition.



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26. Our business may be adversely affected by future regulatory changes.

We are subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliances. The introduction of additional government control or newly implemented laws and regulations governing the electricity sector or power generation may result in a material adverse effect on our business, results of operations and financial condition and our future expansion plans in India. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations. While we will take adequate measures, we cannot assure you that we will be able to timely adapt to new laws, regulations or policies that may come into effect from time to time with respect to the electricity sector or power generation specifically and regulatory regime in general. These laws and regulations and the way in which they are implemented and enforced may change from time to time and there can be no assurance that future legislative or regulatory changes will not have an adverse effect on our business, results of operations and financial condition.

27. The progress of one of project Subansiri Lower H.E. Project was stalled due to agitation by locals and our accounting treatment in respect the cost incurred by the Company in the said project.

Construction activities at site of Subansiri Lower Project was stalled due to protest of anti-dam activists w.e.f. 16.12.2011, however with the order of NGT dated 31.07.2019, there is no hurdle in the construction work now and construction activities have resumed.

The interrupted work of Subansiri Lower falls under the uncontrollable factor as defined in CERC Tariff Regulation 14-19 and therefore the company has adopted the concept of Guidance Note issued by the Institute of Chartered Accountant of India (ICAI) on 18.02.2015 on Accounting for Rate Regulated Activities. 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 ICAI on Accounting for Rate Regulated Activities shall be considered as the previous GAAP. Accordingly, Regulatory Income amounting to Rs 94.53 core for the year ended 31.03.2019 (Cumulative upto 31.03.2019 Rs. 3267.34 crore) have been recognized in respect of Subansiri Lower project.

External Risk Factors

28. A slowdown in economic growth in India could cause our business to be adversely affected.

Our results of operations are significantly affected by factors influencing the Indian economy and the global economy in general. Any slowdown in economic growth in India could adversely affect us, including our ability to grow our project portfolio and our ability to implement our strategy. Any such slowdown could adversely affect our business, prospects, results of operations and financial condition.



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29. Political instability or changes in Govt policies could adversely affect economic conditions in India generally, and consequently, our business in particular.

We are incorporated in India, derive our revenues from operations in India and all of our assets are located in India. Consequently, our performance may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Govt has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and power sector liberalisation and deregulation and encouraged infrastructure projects. The present government has announced its general intention to continue India's current economic liberalization and deregulation policies. However, the rate of economic liberalization could change and there can be no assurance that such policies will be continued. A significant change in Govt's policies in the future, particularly in respect of the banking and finance industry and the infrastructure sector, could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations and financial condition.

30. Occurrence of natural calamities could have a negative impact on the Indian economy and could cause our business to be adversely affected.

India and other parts of the world have experienced natural calamities such as earthquakes, floods and drought in the recent past. For example, due to cloud burst and high flood in Uttarakhand, the Dhauliganga Power Station (280MW) got flooded resulting in submergence of all the systems in June, 2013. As a consequence, the power generation from the plant was affected and rehabilitation work was put into operation to restore the power generation. Such unforeseen circumstances or other natural calamities could have a negative impact on the Indian economy, thereby affecting our business, prospects, results of operations and financial condition.

31. If regional hostilities, terrorist attacks or social unrest in India increases, our business could be adversely affected.

India has from time to time experienced social and civil unrest and hostilities within itself and with neighboring countries. India has also experienced terrorist attacks in some parts of the country. These hostilities and tensions and/or the occurrence of terrorist attacks have the potential to cause political or economic instability in India and adversely affect our business and future financial performance. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, prospects, results of operations and financial condition.

32. Any down grading of India's sovereign rating by a credit rating agency could have a negative impact on our business, financial condition and results of operations.

Any adverse revisions to India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact the interest rates and other commercial



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terms at which such financing is available to us. Consequently, if India's sovereign credit rating downgrades, we may not be able to raise loans at competitive rates and, accordingly, we may not be able to maintain the profitability or growth of our business. Accordingly, any adverse revisions to our credit rating or the India's sovereign credit rating could have a material adverse effect on our business, financial condition and results of operations, our ability to obtain financing for lending operations.

RISKS RELATING TO THE BONDS

33. There has been only a limited trading in the bonds and it may not be available on sustained basis in the future and the price of the Bonds may be volatile.

There has been only a limited trading in bonds of such nature in the past. Although the Bonds are proposed to be listed on stock exchange, there can be no assurance that a public market for these Bonds would be available on a sustained basis. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which the Bonds are issued.

34. There is no guarantee that the Bonds issued pursuant to the Issue will be listed on stock exchange in a timely manner, or at all or that monies refundable to Applicants will be refunded in a timely manner.

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the Stock Exchange. If permission to deal in and for an official quotation of the Bonds is not granted by the Stock Exchange, our Company will forthwith repay, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to the Offer Letter.

35. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds.

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or at all. Although the Company has undertaken to create appropriate security in favor of the Bond Trustee to the Issue for the Bondholders on the assets adequate to ensure 100% asset cover for the Bonds, the realizable value of the secured assets may be lower than the outstanding principal and/or interest accrued thereon in connection with the Bonds.



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36. Changes in interest rates may affect the trading price of the Bonds.

All securities where a fixed rate of interest is offered, such as the Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon/ interest rate, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the trading price of the Bonds.

37. Any downgrading in credit rating of our Bonds may affect the trading price of our Bonds.

The Bonds proposed to be issued have been rated “AAA” [Triple A] BY ICRA Limited and India Rating. We cannot guarantee that this rating will not be downgraded. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the Bonds and may also affect our ability to raise further debt.

38. Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law.

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of Gol on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds.

Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by investors in the Bonds on our bankruptcy, winding-up or liquidation.

39. Debenture Redemption Reserve is not required pursuant to Companies (Share Capital and Debenture) Amendment Rule, 2019 :

Pursuant to the provisions of in Companies (Share Capital and Debenture) Amendment Rule, 2019, NHPC being a listed Company, is not required to create DRR for its privately placed bonds now. However, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following in any one or more of the following methods namely :

- in deposits with any scheduled bank, free from any charge or lien;
- in unencumbered securities of the Central Government or any State Government;
- in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
- in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:



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(VI) Details of Default

Sl. No.	Particulars	Amount Involved	Duration of Default	Present Status
1	Repayment of Statutory Dues	NIL	-	-
2	Repayment of Debentures & Interest thereon	NIL	-	-
3	Repayment of Deposits & Interest thereon	NIL	-	-
4	Repayment of Loan from any bank and Financial Institution, & Interest thereon	NIL	-	-

(VII) Disclosures pertaining to willful default: NIL

(VIII) Compliance Officer of the Issuer

Mr. Vijay Gupta
Company Secretary,
NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India
Tel: +91 129 2254684, E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com,

2. PARTICULARS OF OFFER

2(I) FINANCIAL POSITION OF THE COMPANY:-

Key Financials	For the Quarter ended as on 30.06.2019	For the year ended March, 31, 2019 (Audited)	For the year ended March 31, 2018 (Audited)	For the year ended March 31, 2017 (Audited)	For the year ended March 31, 2016 (Audited)
Revenue from Operations	2421.29	8161.18	6,934.03	7,271.17	7,353.00
Other Income	87.16	924.78	1,491.00	1,458.67	992.07
Total Income	2508.45	9,085.96	8,425.03	8,729.84	8,345.07
Generation and other expenses	560.09	1962.38	1,705.57	1,932.69	2,125.94
Employee Benefits Expenses	357.22	1704.65	1,585.33	1,574.92	1,158.36
Finance Cost	236.56	894.88	922.32	1,073.22	1,072.10
Depreciation and amortisation	386.60	1589.99	1,405.89	1,388.40	1,359.07
Purchase of Power Trading	0	12.68	-	-	-
Profit Before Rate Regulated activities and Tax	967.98	2921.38	2,805.92	2,760.61	2,629.60
Rate Regulatory Income / (Expenses)	198.86	823.40	719.82	713.99	550.90



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Key Financials	For the Quarter ended as on 30.06.2019	For the year ended March,31 2019 (Audited)	For the year ended March 31, 2018 (Audited)	For the year ended March 31, 2017 (Audited)	For the year ended March 31, 2016 (Audited)
Profit Before Tax	1166.84	3744.78	3,525.74	3,474.60	3,180.50
Provision For Tax (Including Deferred Tax)	285.7	1114.23	767.09	679.01	750.61
Profit/ (Loss) After Tax	881.14	2630.55	2,758.65	2,795.59	2,429.89
Other Comprehensive Income	(14.53)	(12.41)	5.88	7.67	3.24
Total Comprehensive Income	866.61	2618.14	2764.53	2803.26	2433.13
Paid-up Equity Share Capital	10,045.03	10,045.03	10,259.32	10,259.32	11,070.67
Other Equity (Reserve & Surplus)	20,036.31	19,169.70	18,068.83	16,682.81	18,690.48
Net worth.	30,081.34	29,214.73	28,328.15	26,942.13	29,761.15
Long Term Borrowing including current maturities.	18987.94	18,649.79	18,322.11	18,924.23	19,938.22

2(II) – OTHER PARTICULARS OF THE OFFER

Issue Size

Private Placement by NHPC Limited of secured, non-cumulative, non-convertible, redeemable, taxable bonds with face value of Rs. 10 Lacs each, in the nature of debentures (Bonds) for an amount of Rs. 1000 crore with green shoe of Rs.500 crore aggregating Rs.1500 crore ("Issue Size").

Registration, Government Approvals and Resolutions

The present issue is being made pursuant to the following:

- Resolution of the Board of Directors of the Company passed in its 427th meeting held on 17.09.2019.
- Shareholders' approval u/s 180 (1) (c) of the Companies Act 2013 authorizing Board of Directors for borrowings from time to time not exceeding in aggregate at any time of Rs. 30,000 crore obtained through postal ballot process held on 9th September 2014

Objects of the Issue

To meet out the Capital Expenditure and partly recoupment of expenditure already incurred on under construction projects.

Minimum Subscription:

In terms of the SEBI Debt Regulations, the Issuer may decide the amount of minimum subscription which it seeks to raise by issue of Bonds and disclose the same in the offer document. The Issuer has decided not to stipulate any minimum subscription for the present Issue and therefore the Issuer shall not be liable to refund the issue subscription(s)/ proceed(s) in the event of the total issue collection falling short of issue size or certain percentage of issue size.

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Underwriting:

The present Issue of Bonds is on private placement basis and is not underwritten.

Nature of Bonds:

The Bonds are to be issued in the form of Secured, Non-Cumulative, Non-Convertible, Redeemable, Taxable Bonds in the nature of Debentures. The Bonds shall be issued under the Bond Trust Deed which will be executed in favour of the Debenture Trustee or by payment of stamp duty on Bonds itself.

Principle terms of Security:

The Bonds will be secured by a first/pari passu charge on specified assets of the Company as may be mentioned in the Bond Trust Deed. The security will be created within the time stipulated as per the relevant statutory provisions.

The Company shall at all times maintain a minimum security cover of 1.0 times of the value of Bonds proposed to be issued including the interest accrued thereon. Necessary documents for the creation of the charge, where applicable, including the Trust Deed will be executed and the same would be forwarded to the Stock exchange(s) for uploading on their website within stipulated time. The creation of such security is sufficient compliance of the Company's obligation to create security.

Face Value, Issue Price, Effective Yield for Investor

Each Bond has a face value of Rs. 10 Lacs each and is issued at par. Since there is no premium or discount on either issue price or on redemption value of the Bonds, the effective yield for the investors shall be the same as the coupon rate on the respective bond series.

Terms and Mode of Payment

The full face value of the Bonds applied for is to be paid through RTGS/other permitted electronic banking channels. Investor(s) need to send in the application form and the RTGS details to the Company as contained in Private Placement Offer.

Deemed Date of Allotment

Interest on Bonds shall accrue to the Bondholder(s) from and including Deemed Date of Allotment. All benefits relating to the Bonds will be available to the investor(s) from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. In case if the issue closing date is changed (pre-poned / postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Company at its sole and absolute discretion.

Issue of Letter of Allotment(s)/Bond(s)

The beneficiary account of the investor(s) with National Securities Depository Ltd. (NSDL)/ Central Depository Services (India) Ltd. (CDSL)/ Depository Participant will be given initial credit within 2 working days from the Deemed Date of Allotment. The initial credit in the account may be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to Bonds.

The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof.



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Registrar & Transfer Agent & Depository Arrangements

The Company has appointed M/s RCMC Share Registry PVT LTD, B-25/1, First Floor, Okhla Industrial Area, Phase-II, New Delhi-110020. Email: rakesh@rcmcdelhi.com Phone: 011-26387320, 26387321, 26387323 as Registrars & Transfer Agent for the present bond issue. The Company has made necessary depository arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for issue and holding of Bonds in dematerialized form. In this context the Company has signed two tripartite agreements as under:

(i) Tripartite Agreement dated 24.12.2001 between NHPC Limited, M/s RCMC Share Registry PVT LTD and National Securities Depository Ltd. (NSDL) for offering depository option to the investors.

(ii) Tripartite Agreement dated 01.01.2002 between NHPC Limited, M/s RCMC Share Registry PVT LTD and Central Depository Services (I) Ltd. (CDSL) for offering depository option to the investors.

Investors can hold the bonds only in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

Market Lot

The market lot will be one bond ("Market Lot"). Since the bonds are being issued only in dematerialized form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

Trading of Bonds

The marketable lot for the purpose of trading shall be one bond i.e. in denomination of Rs 10 lakh. Trading of bonds would be permitted in demat mode only and such trades shall be cleared and settled in recognized stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be executed and reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

Mode of Transfer of Bonds

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The provisions of The Depositories Act, 1996 read with the Companies Act shall apply for transfer and transmission of Bonds.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI.

Determination of Coupon: The Coupon is decided based on bids received on Electronic Bidding Platform (EBP).

Basis of Allocation / Allotment: As approved by Competent Authority of the Company in line with EBP operating guidelines.



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Interest on Application Money

Interest at the respective Coupon Rates (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the investor(s) **on face value of Bonds** for the period starting from and including the date of realization of application money in Issuer's Bank Account up to one day prior to the Deemed Date of Allotment. Such interest would be paid on all the valid allotted applications. To clarify, in case the deemed date of allotment and date of receipt of application money is same no interest on application money will be payable.

The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by the NHPC within 7 days from the Deemed Date of Allotment, as the case may be, will be dispatched by registered post/courier/speed post to the sole/ first applicant, at the sole risk of the applicant. Alternatively, the payment towards interest on application money/refund of application money, if any, will be credited to the applicant's account within 7 days from the deemed date of allotment. The investor is requested to furnish complete details of their Bank Account including IFSC code if they desire to have payment through RTGS/EFT/NECS.

Interest on the Bonds

The Bonds shall carry interest at the Coupon Rate from, and including, the Deemed Date of Allotment up to, but excluding the Redemption Date. Interest shall be payable on the "Coupon Payment Dates", excluding such coupon payment date, to the holders of Bonds as on the relevant Record Date. Interest on Bonds will cease from the Redemption Date in all events. For Coupon Payment Dates refer the Term Sheet.

In case of a leap year, if February 29 falls during the tenor of a security, then the number of days shall be reckoned as 366 days (Actual/Actual day count convention) for a whole one year period.

Computation of Interest: Day Count Convention

The interest shall be computed on the basis of Actual/Actual day convention as per term sheet.

Effect of Holidays

If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Working Day, the redemption proceeds (including coupon payment) shall be paid on the immediately preceding Working Day along with interest accrued on the Bonds until but excluding the date of such payment.

The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai. For the purpose of interest and redemption payment refer working day definition in term sheet. An illustration for guidance in this regard is as per table below:

The following table is indicative and only for illustration, does **not reflect actual amount and dates**. The face value of security is of Rs. 10 lakh each. Also only second and fourth Saturdays and all Sundays have been considered as holidays, the actual holidays may differ from year to year.



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ILLUSTRATION

FACE VALUE		1000000			
COUPON RATE		7.50%	Per Annum		
DATE OF ALLOTMENT		07-10-2019			
REDEMPTION		Bonds are redeemable at par in 10 equal annual installments starting at the end of 6 th year from the deemed date of allotment.			
CALCULATION OF INTEREST FOR 1 BOND OF Y SERIES					
AMOUNT (IN RS.)					
Year	DATE	Day	NO. OF DAYS IN COUPON PERIOD	Interest	Redemption
1 st Year	07-10-2020	Wednesday	366	75000.00	
2 nd Year	07-10-2021	Thursday	365	75000.00	
3 rd Year	07-10-2022	Friday	365	75000.00	
4 th Year	07-10-2023	Saturday	365	75000.00	
5 th Year	07-10-2024	Monday	366	75000.00	
6 th Year	07-10-2025	Tuesday	365	75000.00	200000
7 th Year	07-10-2026	Wednesday	365	60000.00	200000
8 th Year	07-10-2027	Thursday	365	45000.00	200000
9 th Year	07-10-2028	Saturday	366	30000.00	200000
10 th Year	06-10-2029	Saturday	364	14958.90	200000

Record Date

Fifteen calendar days prior to each coupon payment date and redemption date (both dates exclusive).

In the event that the Record Date falls on a day on which money market is closed in Mumbai, the succeeding working day or a date notified by the Company to the stock exchanges shall be considered as the Record Date.

Working Day:

When the money market is open and functioning in Mumbai.

Tax Benefits:

The holder(s) of the Bonds are advised to consider in their own case, the tax implications in respect of subscription to the Bonds after consulting their own tax advisor/ counsel.

Deduction of Tax at Source:

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source from Interest on Application Money and/or Interest on Bonds, as applicable. For seeking TDS exemption/ lower rate of TDS, relevant tax exemption certificate/ declaration of non-deduction of tax at source on interest on application money, should be submitted along with the application form. Where any

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deduction of Income Tax is made at source, the Company shall send to the Bondholder(s) a Certificate of Tax Deduction at Source.

Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

Redemption:

Bonds will carry five STRPPs to be redeemed at par from the 6th year from the deemed date of allotment. The Bond will not carry any obligation, for interest or otherwise, after the date of redemption. The Bonds shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Bondholders whose name appear in the Register of Bondholders on the record date. Such payment will be a legal discharge of the liability of the Company towards the Bondholders.

Settlement/ Payment on Redemption:

Payment on redemption will be made by way of cheque(s)/ redemption warrants(s)/ demand draft(s)/ credit through RTGS system/ECS in the name of the Bondholders whose name appear on the List of Beneficial Owners given by Depository to the Company as on the Record Date/ Book Closure Date.

The Bonds shall be taken as discharged on payment of the redemption amount by the Company on maturity to the list of Beneficial Owners as provided by NSDL/ CDSL/ Depository Participant. Such payment will be a legal discharge of the liability of the Company towards the Bondholders. On such payment being made, the Company shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bondholders with NSDL/ CDSL/ Depository Participant shall be adjusted (debited).

The Company's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Company will not be liable to pay any interest or compensation after the date of redemption. On the Company dispatching/ crediting the amount to the Beneficiary(ies) as specified above in respect of the Bonds, the liability of the Company shall stand extinguished.

List of Beneficial Owners /Register of Beneficial Owners :

The Company shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be. The depositories shall maintain a register and an index of Beneficial Owners in the manner provided in relevant provisions of the Companies Act, 2013.

Succession :

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Issuer shall recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Issuer shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.



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Who Can Apply :

The following categories are eligible to apply for this private placement of Bonds:

All QIBs, and any non-QIB Investors specifically mapped by the Issuer on the EBP Platform, are eligible to bid / invest / apply for this Issue.

All participants are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue. Applicants are advised to ensure that Applications made by them do not exceed the investment limits that they are subject to under applicable statutory and/or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for or subscribing to the Bonds pursuant to the Issue.

However, out of the aforesaid class of investors eligible to invest, this Private Placement Offer cum Application Letter is intended solely for the use of the person to whom it has been sent by the Company for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Private Placement Offer cum Application Letter from the Company).

Documents to be provided by applicant :

Investors need to submit duly certified true copies of the following documents, as may be applicable to them, along with the Application Form: -

- (i) Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
- (ii) Board Resolution authorizing the investment and containing operating instructions;
- (iii) Power of Attorney/ relevant resolution/ authority to make application;
- (iv) Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
- (v) Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department;
- (vi) Copy of a cancelled cheque for ECS payments;
- (vii) Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.

In addition to above, the investors may also attach such other documents as may be considered necessary by them. For investments made under Power of Attorney, certified true copy of notarized/registered Power of Attorney or other authority may also be submitted.

Application under Power of Attorney

In case of application made under a Power of Attorney, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the Memorandum and Articles of Association and/or Bye-Laws , as the case may be and the tax exemption certificate must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the application form, quoting the serial number of the application form and the Bank's branch where the application has been submitted, at the office of the Registrars to the Issue after submission of the application form to the Banker to the issue or directly to Company as mentioned in the general instructions annexed to the Application Form, failing which the application is liable to be rejected. Further modifications/ additions in the power of attorney or authority should be notified to the Company or to its Registrars or to such other person(s) at such other address(es) as may be specified by the Company from time to time through a suitable communication.



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Mode of Subscription/ How to Apply:

This being a private placement offer, who has been addressed through this communication directly, only are eligible to apply. Copies of Private Placement offer Letter and Application form may be obtained from the Registered Office of NHPC Ltd.

Payment Mechanism:

Successful bidders should do the funds pay-in to the bank account of the NSE Clearing Corporation Ltd. from their registered bank account only before the cut off time as prescribed by the exchange. The account number of the clearing corporation will be displayed at the time of bidding at the EBP.

Private Placement Offer cum Application Letter :

Application complete in all respects (along with all necessary documents as detailed in this Private Placement Offer Letter) must be submitted on /before the last date indicated in the issue time table or such extended time as decided by the Issuer, accompanied by details/proof of remittance of the application money.

Application for the Bonds must be in the prescribed format in Part-B of this offer and completed in BLOCK LETTERS in English. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/redemption warrants.

The applicant should mention their Permanent Account Number (PAN) allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A(5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the investor should mention his PAN/GIR No. if the investor does not submit Form 15AA/other evidence, as the case may be for non-deduction of tax at source. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non-applicability) in the appropriate box provided for the purpose. Application Form without this information will be considered incomplete and are liable to be rejected.

Applicants are requested to tick the relevant column "Category of Investor" in the Application Format at Part-B of this offer cum application.

Force Majeure :

The Company reserves the right to withdraw the issue prior to the closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment. The Company reserves the right to change the Issue Schedule.

Right to Accept or Reject Applications :

The Company reserves its full, unqualified and absolute right to accept or reject the application, in part or in full, without assigning any reason thereof. The rejected applicant will be intimated along with the refund warrant, if applicable. No interest on application money will be paid on rejected applications. The application form that is not complete in all respects is liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- a. Number of bonds applied for is less/ more than the number of bonds allocated to the investor;
- b. Application exceeding the issue size;
- c. Bank account details not given;



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- d. Details for issue of bonds in electronic/ dematerialized form not given; PAN/GIR and IT Circle/Ward/District not given;
 - e. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;
 - f. In case of failure of any successful bidders to complete the subscription amount payments by the Pay-in Time.
 - g. Successful bidders should ensure to make payment of the subscription amount for the Debentures from their same bank account which is updated by them in the NSE - EBP Platform while placing the bids. In case of mismatch in the bank account details between NSE - EBP Platform and the bank account from which payment is done by the successful bidder, the payment would be returned
- In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

Signatures :

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

Nomination Facility :

Nomination facility is available as per provisions under Companies Act 2013.

Bondholder not a Shareholder :

The bondholders will not be entitled to any of the rights and privileges available to the shareholders. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Company, such resolution will first be placed before the bondholders for their consideration.

Modification of Rights:

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Company.

Future Borrowings :

The Company will be entitled to borrow/raise loans or avail of Financial Assistance in whatever form and to issue Debentures/Bonds/Notes/other Securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital on such terms and conditions as the Company may think appropriate without any consent of Bondholders under any series.

Bond/ Debenture Redemption Reserve (DRR) :

Transfer to Bonds/Debenture Redemption Reserved shall be in accordance to the applicable provisions of the SEBI Debt Regulations and the Companies (Share Capital and Debentures) Rules, 2014. Accordingly, pursuant to the latest amendments as on 16.08.2019 in the said rule, we are not required to create DRR from our profits every year, however a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the

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year, ending on the 31st day of March of the next year shall be invested/deposited in any one or more methods of investments or deposits as provided in sub clause (vi) of the rule.

The Company shall create a Bond/Debenture Redemption Reserve in accordance with any further applicable provisions.

Disputes & Governing laws and jurisdiction :

The Bonds shall be construed to be governed in accordance with Indian laws and rules framed there under. The Courts in New Delhi alone shall have exclusive jurisdiction in connection with any dispute/difference between the Company and the Beneficial Owners of Bonds under these presents.

Notices :

The notices to the Beneficial Owners of Bonds required to be given by the Company shall be deemed to have been given if sent by Registered Post/ Speed Post/ Courier/Ordinary Post to the Registered Beneficial Owner of Bonds and /or if an advertisement is given in one All India English daily newspaper and one regional language newspaper and/ or if communication in this regard has been effected to the depositories.

All notices to be given by the Beneficial Owners of Bonds shall be sent by Registered Post or by Hand Delivery to the Company or such persons, at such address, as may be notified by the Company from time to time.

Contribution being made by the Promoters or Directors either as part of the offer or separately in furtherance of such object.: Nil

The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern : - Nil



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SUMMARY TERM SHEET:

Security Name	NHPC Y Series 2019
Issuer	NHPC LIMITED
Issue Price	At Par at Rs. 10.00 lacs each.
Tenor	10 years from deemed date of allotment including moratorium period of 5 years.
Issue Size (Base amount)	Rs. 1000 Crores
Option to retain oversubscription (Amount)- Green shoe option	Rs. 500 Crores.
Face Value	Rs. 10 Lacs Each 05 Separately Transferable Redeemable Principal Parts (STRPPs) redeemable annually from the end of 6 th year from the deemed date of allotment till maturity.
Premium/Discount	Nil
Type of Instrument	Secured, Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (Y Series) in the nature of Debentures
Nature of Instrument	Secured
Seniority	Senior and Unsubordinated
Mode of Issue	Private Placement
Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)	Wholesale Debt Market (WDM) Segment of National Stock Exchange (NSE).
Bidding	Through Electronic Bidding Platform (EBP) of NSE
Issue opening date	03.10.2019
Issue closing date	03.10.2019
Mode of Bidding	Closed bidding
Manner of Allotment	Uniform Yield.
Manner of settlement	Through clearing corporation of Stock Exchange i.e. NSE.
Settlement Cycle	T+2
Deemed date of allotment	07.10.2019
Rating of the Instrument	[ICRA] AAA (stable) by ICRA Limited IND AAA/Stable by INDIA Rating.
Objects of the Issue	To meet out the Capital Expenditure and partly recoupment of expenditure already incurred on under construction projects.
Details of the utilization of the Proceeds	To meet out the Capital Expenditure and partly recoupment of expenditure already incurred on under construction projects.
Coupon Rate	7.50%
Coupon Payment Frequency	Annual



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Coupon payment dates	Each Anniversary date of the allotment.
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	None
Day Count Basis	Actual/ Actual Interest shall be computed on an “actual/actual basis”. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis.
Redemption Date	Each Bond shall comprise 05 Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par from the end of 6 th year of the deemed date of allotment till the end of 10 th year.
Redemption Amount	At par- Rs. 10.00 lacs per bond comprising 05 STRPPs of Rs. 2.00 lacs each to be redeemed at the end of 6 th year, 7 th year, 8 th year, 9 th year and 10 th year.
Discount at which security is issued and the effective yield	None
Put Option Date	None
Put Option Price	None
Call Option Date	None
Call Option Price	None
Put Notification Time	None
Call Notification Time	None
Minimum Application	Rs 10.00 Lacs thereafter in multiples of Rs 10.00 lakh
Issuance mode of the instrument	Demat
Trading mode of the instrument	Demat
Depository	National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL)
Trustee	IDBI Trusteeship Services Ltd.
Registrar	RCMC Share Registry Private Limited.
Rating Agencies	India Rating and Research Private Limited and ICRA Limited
Eligible Investors	All Qualified Institutional Buyers (QIBs) and any non –QIB investors specifically mapped on the NSE EBP Platform, are eligible to bid/invest/apply for this issue. All participants are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue.



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Business Day Convention	Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai. (Kindly see "Effect of Holidays in the IM).
Record Date	15 calendar days prior to each Coupon Payment Date and redemption date (both dates exclusive).
Effect of Holiday	If the interest payment date falls on a holiday, the payment would be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. If the redemption date (also being the last coupon payment date) of the bonds falls on a day that is not a working day, the redemption proceeds (including the coupon payment) shall be paid on the immediately preceding working day along with interest accrued on the Bonds until but excluding the date of such payment.
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the offer document.)	The Bonds will be secured by way of pari-passu charge on the selective movable and immovable assets of the Company, i.e., The charge will be created in favor of Debenture Trustee on behalf of the Bondholders in such form and manner in one or more tranches and through one or more security documents as considered appropriate by the Company of value not less than 1.00 times the value of the Bonds outstanding. The company reserves the right to create further charge on such asset cover for its present and future financial requirements or otherwise, without any prior consent of the Bondholders, or as provided for under the Bond Trust Deed, provided that minimum asset cover of one time is maintained.
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: 1. Letter of Appointment in favor of Debenture Trustees to the Bondholders; 2. Debenture Trusteeship Agreement; 3. Debenture Trust Deed; 4. Rating Agreement with Rating Agency; 5. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in



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	dematerialized form; 6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 8. Application to NSE for seeking its in-principle approval for listing of Bonds; 9. Listing Agreement with NSE;
Conditions Precedent to Disbursement	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: - Rating letter(s) from the rating agency(ies) not being more than one month old from the issue opening date; - Letter from the Debenture Trustees conveying their consent to act as Trustees for the Bondholder(s); - Letter from NSE conveying its in-principle approval for listing of Bonds.
Conditions Subsequent to Disbursement	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame: - Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 02 working days from the date of bidding thru Electronic Book Platform. - Listing of bonds within 20 days from the Deemed Date of Allotment as per the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended. - Execution of Debenture Trust Deed for creation of security within 3 months of closure of issue or offer as per Rule 18 sub rule 5 of Companies (Share Capital and Debentures) Rules, 2014 and regulation 15(1) of SEBI (Issue and Listing of Debt Securities) Regulation, 2008. - The charge shall be registered with ROC within 30 days from the date of creation of charge as per provisions laid down under section 77 of The companies Act 2013, as amended. Besides, the Issuer shall perform all activities mandatory as per the applicable law.



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Events of Default	If the Issuer commits a default in making payment of any installment of interest or repayment of principal amount of the Bonds on the respective due date(s), the same shall constitute an “Event of Default” by the Issuer, excluding in case of technical errors due to reasons beyond the control of the Company. Besides, it would also constitute an “Event of Default” by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in the Offer Letter-cum-application form. Provisions as contained in to SEBI (Issue and Listing of Debt Securities) (Amendment) Regulation,2012 and The Companies Act,2013 as amended shall apply, in case of event of default.
Remedies	Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bondholder(s), declare the amounts outstanding to be due and payable forthwith and the security created under the security documents shall become enforceable, and the Trustees shall have the right to enforce any security created pursuant to the security documents towards repayment of the amounts outstanding and/or exercise such other rights as the Trustees may deem fit under the applicable laws.
Provisions related to Cross Default Clause	N/A
Role and Responsibilities of Debenture Trustee	The trustee shall protect the interest of the Bondholders in the event of default by the Company about timely payment of interest and repayment of principal and shall take necessary action at the cost of the Company. No Bondholder shall be entitled to proceed directly against the Company unless the Trustees, having become so bound to proceed, fail to do so. The trustee shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, The Securities and Exchange Board of India (Debenture Trustee) Regulation,1993, The Bond Trusteeship Agreement, The Bond Trust Deed, Disclosure Documents and all other related



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	transactions documents, with due care, diligence and loyalty. The trustee shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the Bonds.
Additional Covenants	i. Security Creation Where an issuer fails to execute the trust deed within the period specified in the sub-regulation without prejudice to any liability arising on account of violation of the provisions of the Act and these Regulations, the issuer shall also pay interest of at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed. ii. Default in Payment : In case of default in payment of Interest and/or Principle redemption on the due dates, additional interest of at least @ 2% p.a. over the coupon rate will be payable by the Company for the defaulting period. iii. Delay in Listing : In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor. The interest rate mentioned in above three cases are the minimum interest rates payable by the Company and are independent of each other.
Date of Passing Board resolution	17 th September, 2019
Date of resolution passed by the Shareholders in the postal ballot process, authorizing the overall borrowing limit under clause (c) of sub section (1) of section 180 .	09 th September, 2014
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing applicable laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi.
Validity of the offer letter`	Till the date of closure of the issue.



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2 (iv) FINANCIAL INDEBTEDNESS - DETAILS OF OTHER BORROWINGS (DETAILS OF SECURED & UNSECURED LOAN FACILITIES, NON CONVERTIBLE DEBENTURES (NCDs), CPs, PARTICULARS OF DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH OR AT A PREMIUM OR DISCOUNT OR IN PURSUANCE OF AN OPTION, TOP TEN DEBENTURE HOLDERS, DETAILS OF CORPORATE GUARANTEES, DEFAULTS etc.)

Summary of Long Term Borrowings as on June 30, 2019:

Sl. No.	Category of Borrowings	Outstanding Amount (Rs. In Crore)
1.	Secured Bonds	12738.39
2.	Secured Term Loan from Banks/F.I	1543.50
3.	Unsecured Domestic Loans	4699.26
4.	Unsecured Foreign Currency Loan	1123.50
	Total	20104.65

Details of Secured Bonds:

(Amount Rs. in Crores)

Debenture Series	Tenor / Period of Maturity	Coupon	Amount Outstanding as on 30.06.2019	Date of Allotment	Redemption Date / Schedule
P-Series	15 Years with 5 years moratorium	9.00% (Fixed)	1200.00	01.02.10	10% every year commencing from 01.02.16 to 01.02.25
Q-Series	15 Years with 3 years moratorium	9.25% (Fixed)	844.00	12.03.12	12 equal instalment commencing from 12.03.16 to 12.03.27
R1 SERIES BONDS	13 Years with 1 years moratorium	8.70%(Fixed)	47.95	11.02.13	12 equal instalment commencing from 11.02.15 to 11.02.26
R2 SERIES BONDS	14 Years with 2 years moratorium	8.85% (Fixed)	254.72	11.02.13	12 equal instalment commencing from 11.02.16 to 11.02.27
R3 SERIES BONDS	15 Years with 5 years moratorium	8.78% (Fixed)	802.80	11.02.13	10 equal instalment commencing from 11.02.19 to 11.02.28
TAX FREE BOND 1A SERIES	10years with 9 years moratorium	8.18%	50.81	02.11.13	On maturity i.e. 2.11.2023
TAX FREE BOND 1B SERIES	10years with 9 years moratorium	8.43%	60.77	02.11.13	On maturity i.e. 2.11.2023
TAX FREE BOND 2A SERIES	15years with 14 years moratorium	8.54%	213.12	02.11.13	On Maturity i.e. 2.11.2028
TAX FREE	15years with	8.79%	85.61	02.11.13	On Maturity i.e. 2.11.2028



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BOND 2B SERIES	14 years moratorium				
TAX FREE BOND 3A SERIES	20years with 19 years moratorium	8.67%	336.07	02.11.13	On maturity i.e. 2.11.2033
TAX FREE BOND 3B SERIES	20years with 19 years moratorium	8.92%	253.62	02.11.13	On maturity i.e. 2.11.2033
S1 Series	10 yrs	8.49%	219.00	26.11.14	In 10 equal installment from 26.11.15 to 26.11.24.
S2 Series	15 yrs with 3yrs moratorium	8.54%	605.00	26.11.14	In 12 equal installment from 26.11.18 to 26.11.29.
T Series	15 yrs with 3 yrs moratorium	8.50%	1474.92	14-Jul-15	In 12 equal instalment from 14.07.19 to 14.07.30
U Series	15 yrs (Bullet Redemption)	8.24%	540.00	27-Jun-2016	27-Jun-2031
U 1 Series	14 years 355 Days (Bullet Redemption)	8.17%	360.00	07-Jul-2016	27-Jun-2031
V1 SERIES BONDS	5 Years	6.84%	465.00	24-Jan-17	5 equal annual installments w.e.f. 24.01.2018 to 24.01.2022 ((STRPP Ato E)
V2 SERIES BONDS	10 Years	7.52%	1475.00	06-Jun-17	5 equal annual installments w.e.f.06.06.2023 to 06.06.2027 ((STRPP Ato E)
W1 SERIES BONDS	5 Years	6.91%	1200.00	15-Sep-17	5 equal annual installments w.e.f.15.09.2018 to 15.09.2022 ((STRPP Ato E)
W2 SERIES BONDS	10 Years	7.35%	750.00	15-Sep-17	5 equal annual installments w.e.f.15.09.2023 to 15.09.2027 ((STRPP Ato E)
X SERIES BONDS	10 Years	8.65%	1500.00	08-Feb-19	7 Equal instalment w.e.f. 08.02.2023 to 08.02.2029

Secured Term Loan from Banks/F.I

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amt Sanctioned	Amount Outstanding as on 30.06.2019	Repayment Date / Schedule
Oriental Bank of Commerce	Term Loan	100.00	20.00	2 yearly installments of Rs. 10 crores each up to 27.12.2020
Life Insurance Corporation of	Line of Credit	2500.00	312.50	3 equal half yearly installments of Rs. 104.17 crores each up to 15.10.2020



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India				
Life Insurance Corp of India	Line of Credit	1896.00	711.00	09 equal half yearly installments of Rs. 79 crores each up to 30.10.2023
SBI	Term Loan	500.00	500.00	27 quarterly equal instalment of Rs. 17.858 crore w.e.f. 30.11.21 and 28 th instalment of Rs. 17.8340

Unsecured Domestic Loans:

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Principal Amount Outstanding as on 30.06.2019	Repayment Date / Schedule
Government of India	Subordinate Debt for Nimoo Bazgo HE Project	523.04	18 equal annual installments from 12th year after commissioning of the project.
Government of India	Subordinate Debt for Chutak HE Project	531.64	24 equal annual installments from 6th year after commissioning of the project.
Government of India	Subordinate Debt for Kishanganga HE Project	3644.58	10 equal annual installments from 11th year after commissioning of the project.

Unsecured Foreign Currency Loan:

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding as 30.06.2019	Repayment Date / Schedule
Japan Bank of International Cooperation	Term Loan Tranche-I	JPY 566.50	84.54	Half yearly equal installments upto 20.01.2026
Japan Bank of International Cooperation	Term Loan Tranche-II	JPY 1631.60	465.68	Half yearly equal installments upto 20.12.2027
Japan Bank of International Cooperation	Term Loan Tranche-III	JPY 1389	573.28	Half yearly equal installments upto 20.03.2034

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List of Top 10 Bond Holders:**TOP 10 BONDS HOLDERS AS ON 30.06.2019**

NAME OF BOND HOLDERS	AMOUNT in INR
NPS TRUST	22007600000
CBT EPF	21398000000
LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	12000000000
PUNJAB NATIONAL BANK	7150000000
STATE BANK OF INDIA	6400000000
ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED	3514500000
AXIS BANK LIMITED	2896305000
ORIENTAL BANK OF COMMERCE	2850000000
STATE BANK OF INDIA EMPLOYEES PENSION FUND	2700000000
MAX LIFE INSURANCE CO LTD A/C PARTICIPATING FUND	2390000000

Amount of corporate guarantees issued by the issuer in favor of various counter parties including its subsidiaries, joint venture entities, group companies etc.

NIL.

Commercial Paper Issued by the Issuer: NIL.

Other borrowings (standalone) (including hybrid debt like foreign currency convertible bonds ("FCCBs"), optionally convertible bonds/ debentures/ preference shares):

NIL

Details of default in statutory dues or debt servicing, amount and duration of default:

NIL

Particulars of debt securities issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:

NIL



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XXII Shareholding Pattern of the Company:

Consolidated Shareholding Pattern As on 30-06-2019			
Category	No.of Holders	Total Shares	% To Equity
PRESIDENT OF INDIA	1	7,36,59,64,993	73.32941
INSURANCE COMPANIES	29	77,76,95,996	7.742094
RESIDENT INDIVIDUALS	6,65,182	50,96,02,850	5.073182
FOREIGN PORTFOLIO - CORP	150	49,19,97,493	4.897917
BODIES CORPORATES	2,025	45,79,49,670	4.558965
MUTUAL FUNDS	40	32,51,49,954	3.236922
BANKS	18	5,29,84,155	0.527466
H U F	21,943	2,76,11,632	0.274878
INDIAN FINANCIAL INSTITUTIONS	1	1,17,45,321	0.116927
NON RESIDENT INDIANS	2,664	86,40,445	0.086017
CLEARING MEMBERS	201	58,83,419	0.05857
NON RESIDENT INDIAN NON REPATRIABLE	1,998	43,36,819	0.043174
FOREIGN INSTITUTIONAL INVESTORS	4	20,71,914	0.020626
I E P F	1	16,27,672	0.016204
TRUSTS	42	12,88,061	0.012823
NBFC	21	4,83,736	0.004816
FOREIGN NATIONALS	1	500	0.000005
OVERSEAS CORPORATE BODIES	1	175	0.000002
Total	6,94,322	10,04,50,34,805	100

3. Disclosure with regard to Interest of Directors, Litigation, Etc.

- (i) Financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons. –

NIL

- (ii) Details of litigation or legal action pending or taken by any Ministry or Department of the Govt. or statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.



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Since the Government of India is the promoter of the company, it is not possible to give details of litigations, legal actions or directions pending or taken by any Ministry or Department of the Government or a statutory authority against the promoter of the company during the last three years.

(iii) Details of payments made as remuneration payable to Functional Directors including Chairman & Managing Director

The remuneration payable to Functional Directors including Chairman & Managing Director is decided by the Government of India.

F.Y. 2018-19

(Amount in Rs.)

Name	Designation	Salary / Allowances*	Benefits*	Performance Related Pay (PRP) **	Total
Sh.Balraj Joshi	Chairman & Managing Director	5298793.00	1468057.00	232878.00	6999728.00
Sh. Mahesh Kumar Mittal	Director (Finance)	5388028.00	1019013.00	79171.00	6486212.00
Sh. Nikhil Kumar Jain	Director (Personnel)	4353441.00	1132072.00	114731.00	5600244.00
Sh.Ratish Kumar	Director (Project)	5397749.00	1112474.00	294543.00	6804766.00
Sh. Janardan Choudhary	Director (Technical)	3755469.00	845289.00	185461.00	4786219.00
Sh. K.M.Singh	Ex-Chairman & Managing Director	434774.00	1321096.00	0.00	1755870.00
Sh.. Jayant Kumar	Ex-Director (Finance)	793417.00	1548953.00	1046270.00	3388640
Sh.A.B.L.Srivastava	Ex-Chairman & Managing Director	0.00	0.00	581017.00	581017.00
Sh.. R.S.Meena	Ex-Director (Personnel)	152604.00	1457528.00	944563.00	2554695.00
Grand Total		27609780.00	6915004.00	4432607.00	38957391.00

- * Salary includes pay revision of board level and below board level executives w.e.f. 01.01.17 and regularization of pay scale of below board level executives w.e.f. 01.01.07 as per respective position held by the directors during that period.
- Benefits include leave encashment, new year gift, medical reimbursement, EPF, Social scheme & pension fund (matching contribution) etc. which were not included in salary.



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3. ** includes amount of earlier years paid on account of regularization of pay scale of below board level executives w.e.f. January 1,2007, as per the respective position held by them during that period. Performance related pay for 2017-18 shall be paid in the FY 2019-20 or thereafter as per the guidelines of DPE.

F.Y. 2017-18

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) @	Total
Sh.Balraj Joshi*	Chairman & Managing Director	2431743	3124275		5556018
Sh. K.M.Singh **	Chairman & Managing Director	865348	3908951	641706	5416005
Mr. Mahesh Kumar Mittal	Director (Finance)	3205498	685843		3891341
Mr. Nikhil Kumar Jain	Director (Personnel)	2575338	662196		3237534
Mr.Ratish Kumar	Director (Project)	2554779	1170355	255484	3980618
Mr. Jayant Kumar	Ex-Director (Finance)	0	0	917420	917420
Mr. R.S.Meena	Ex-Director (Personnel)	0	0	1029588	1029588
Mr. D.P.Bhargava	Ex-Director(Technical)	0	0	1032344	1032344
Grand Total		11632706	9551620	3234836	25060868

* Appointed as Chairman and Managing Director w.e.f. September 22,2017.

** Ceased to be Chairman and Managing Director on attaining the age of superannuation on July 31,2017.

@ Performance Related Pay (PRP) for the FY 2015-16, paid to Functional Directors is based on the incentive scheme of the Company as per DPE Guidelines.

F. Y. 2016-17:

(Amount In Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) 2014-15**	Total
Mr.K.M.Singh	Chairman & Managing Director	2562744	830798	310918	37,04,460
Mr. Mahesh Kumar	Director	2,32,174	44,809		276983



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Mittal	(Finance)				
Mr. Nikhil Kumar Jain	Director (Personnel)	371485	78355		449840
Mr.Ratish Kumar	Director (Project)	2852142	535328	518190	3905660
Mr.Balraj Joshi	Director (Technical)	2483442	1501705	392448	4377595
Mr. Jayant Kumar	Ex-Director (Finance)	2194801	4868442	501832	7565075
Mr. R.S.Meena	Ex-Director (Personnel)	2701804	4653646	1249480	8604930
Mr. D.P.Bhargava	Ex-Director(Technical)	0	2833732	1143105	3976837
Mr.J.K.Sharma	Ex-Director (Project)	0	0	969354	969354
Grand Total		13198592	15346815	5085327	33830734

*Benefits include medical reimbursement, leave encashment, lease rent, EPF (MC), SSS (MC), PCF (MC) and perquisite value of assets, advance, vehicle and accommodation and recovery on account of HRR and Vehicle.

**Performance Related Pay (PRP) for the FY 2015-16 shall be paid in FY 2017-18 as per DPE Guidelines.

Details of payments made as sitting fees to Independent Directors

The Ministry of Power, Government of India has authorized the Board of Director of the Company to determine the sitting fees payable to Independent directors under the prescribed ceiling prescribed under Companies Act, 1956. Accordingly as per the decision of the Board of Directors Sitting Fees of Rs.20,000/= for each meeting of the Board or the Committees of the board is being paid to independent Directors.

FY 2018-19

(Amount in Rs.)

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Prof. Arun Kumar	2,00,000	4,60,000	6,60,000
Prof. N.K.Jha	1,00,000	0	1,00,000
Prof.KanikaT.Bahl	2,00,000	3,00,000	5,00,000
Mr.Satya Prakash Mangal	2,00,000	3,60,000	5,60,000
Sh.Jugal Kishore Mohapatra	1,80,000	1,20,000	3,00,000
Sh.Bhagwat Prasad	2,00,000	2,40,000	4,40,000



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FY 2017-18

(Amount in Rs.)

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Dr. Arun Kumar	1,40,000	4,60,000	6,00,000
Prof. N.K.Jha	80,000	40,000	1,20,000
Mrs.KanikaT.Bahl	1,00,000	1,60,000	2,60,000
Mr.Satya Prakash Mangal	2,20,000	3,20,000	5,40,000
Sh.Jugal Kishore Mohapatra	1,00,000	40,000	1,40,000
Sh.Bhagwat Prasad	1,00,000	1,00,000	2,00,000

FY 2016-17

(Amount in Rs.)

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Dr. Arun Kumar	1,60,000	3,40,000	5,00,000
Mr. Farooq Khan	60,000	1,00,000	1,60,000
Mrs.KanikaT.Bahl	1,80,000	2,20,000	4,00,000
Mr.Satya Prakash Mangal	1,60,000	3,00,000	4,60,000

*In addition to sitting fee, Independent directors are also reimbursed boarding/lodging/conveyance expenses incurred for attending meetings of the Board/Committee.

(iv) NHPC: RELATED PARTY TRANSACTIONS:

FY 2018-19

During the Financial Year 2018-19, the Company has not entered into any material transaction with any of its related parties.

FY 2017-18

During the Financial year 2017-18, 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>.

FY2016-17

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>.



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(v) Summary of Reservation or Qualifications or Adverse remarks by Auditors -

AS PER ANNEXURE ENCLOSED.

(V) Details of any inquiry, inspections or investigations initiated or conducted under Companies Act 2013 :

Sl. No.	Particulars	2018-19	2017-18	2016-17
3.vi.0	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in case of company and all of its subsidiaries.	Nil	Nil	Nil
3.vi.1	Any prosecutions filed (whether pending or not) fines imposed, compounding of offences in case of the company and all of its subsidiaries	Nil	Nil	Rs. 50000/- *

* A fine of Rs. 50000/- was imposed by BSE Limited on NHPC Limited for non compliance of the requirement of Clause 49(II)(A)(1) of Listing Agreement regarding appointment of Women Director on 10.04.2015. The company informed exchange that NHPC is a CPSE and appointment of Directors is being made by President of India as per Article of Association of the company.

Sl. No.	Particulars	2018-2019	2017-2018	2016-2017
vii	Details of acts of material frauds committed against the company	Nil	Nil	Nil

1. FINANCIAL POSITION OF THE COMPANY

4. (a) Capital Structure of NHPC Limited

Details of Share Capital as on 30.06.2019 (Rs. In Crores)

Particulars	Amount
4.(a).(i)(a) : Share Capital	
Authorised:15000000000 Equity Shares of Rs 10/- each	15000.00
Issued, Subscribed and Paid up: Equity Shares of Rs 10 each fully paid up	10045.03
4.(a).(ii)(b) Size of the present offer	Not Applicable
4.a).(iii)(c & d) Paid up capital (A) After the offer (B) After conversion of convertible instruments © Share premium account ▪ Before the offer ▪ After the offer	Not Applicable



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(iv) Changes in its capital structure as on last quarter end, for the last five years:

Date of Change	Particulars	Amount of Change in Rs.	Particulars
16.09.2013	<i>Date of AGM in which Articles of Association were amended for Buyback of Shares.</i>	12,30,07,42,770	Buy Back of shares
24.10.2013	<i>Board of Directors approved the Buyback of Shares in their meeting held on 24.10.2013 and corporate action for the shares was executed on 27.12.2013.</i>		
07.02.2017	<i>Date of Board Meeting in which buyback of shares was approved by the Board of Directors and corporate action for the shares was executed on 31.03.2017.</i>	8,11,34,79,770	Buy Back of shares
14.11.2018	<i>Date of Board Meeting in which buyback of shares was approved by the Board of Directors and corporate action for the shares was executed on 24.01.19.</i>	2,14,28,57,140	Buy Back of Shares

(iv) Share Capital History of our Company:

All allotments of Equity Shares are to the President of India acting through MoP, against funds released by the GoI. The following is the history of the Equity Share capital of our Company:

Date of Issue/ Allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ other than cash	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (₹ in Crore)
August 13, 1976	3,283	1,000	1,000	Cash	3,283	0.33
December 29, 1976	1,950	1,000	1,000	Cash	5,233	0.52
April 28, 1977	2	1,000	1,000	Cash	5,235	0.52
September 3, 1977	40,000	1,000	1,000	Cash	45,235	4.52
February 28, 1978	6,29,529	1,000	1,000	Other than cash	6,74,764	67.48
February 28, 1978	60,700	1,000	1,000	Cash	7,35,464	73.55
September 18, 1978	73,298	1,000	1,000	Cash	8,08,762	80.88
February 2, 1979	25,000	1,000	1,000	Cash	8,33,762	83.38



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Date of Issue/ Allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ other than cash	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (₹ in Crore)
August 6, 1980	1	1,000	1,000	Cash (Rs. 400)	8,33,763	83.38
				Other than cash (Rs. 600)		
March 31, 1981	1,46,150	1,000	1,000	Cash	9,79,913	97.99
December 21, 1981	15,000	1,000	1,000	Cash	9,94,913	99.49
March 27, 1982	33,300	1,000	1,000	Cash	10,28,213	102.82
June 14, 1982	35,000	1,000	1,000	Cash	10,63,213	106.32
September 02, 1982	36,000	1,000	1,000	Cash	10,99,213	109.92
December 14, 1982	1,24,000	1,000	1,000	Cash	12,23,213	122.32
February 23, 1983	15,000	1,000	1,000	Cash	12,38,213	123.82
March 26, 1983	60,000	1,000	1,000	Cash	12,98,213	129.82
June 6, 1983	32,900	1,000	1,000	Cash	13,31,113	133.11
September 5, 1983	61,859	1,000	1,000	Cash	13,92,972	139.30
December 16, 1983	48,550	1,000	1,000	Cash	14,41,522	144.15
March 5, 1984	2,14,541	1,000	1,000	Cash	16,56,063	165.61
May 14, 1984	1,39,579	1,000	1,000	Cash	17,95,642	179.56
January 8, 1985	4,27,459	1,000	1,000	Cash	22,23,101	222.31
June 21, 1985	11,75,665	1,000	1,000	Cash	33,98,766	339.88
November 18, 1985	4,72,500	1,000	1,000	Cash	38,71,266	387.12
February 24, 1986	4,20,000	1,000	1,000	Cash	42,91,266	429.13
June 6, 1986	8,03,546	1,000	1,000	Cash	50,94,812	509.48
December 26, 1986	3,05,000	1,000	1,000	Cash	53,99,812	539.98
March 31, 1987	10,000	1,000	1,000	Cash	54,09,812	540.98
April 29, 1987	3,31,200	1,000	1,000	Cash	57,41,012	574.10
November 25, 1987	11,26,681	1,000	1,000	Cash	68,67,693	686.77
March 9, 1988	1,57,700	1,000	1,000	Cash	70,25,393	702.54
May 4, 1988	1,62,258	1,000	1,000	Cash	71,87,651	718.77
August 17, 1988	4,75,000	1,000	1,000	Cash	76,62,651	766.27
December 28, 1988	2,49,500	1,000	1,000	Cash	79,12,151	791.22
March 27, 1989	65,789	1,000	1,000	Cash	79,77,940	797.80
December 28, 1989	5,09,700	1,000	1,000	Cash	84,87,640	848.76
April 2, 1990	1,04,800	1,000	1,000	Cash	85,92,440	859.24
July 16, 1990	41,50,400	1,000	1,000	Cash	1,27,42,840	1,274.28
August 30, 1990	2,50,000	1,000	1,000	Cash	1,29,92,840	1,299.28
October 29, 1990 and November 5, 1990	8,20,000	1,000	1,000	Cash	1,38,12,840	1,381.28
January 24, 1991	19,45,000	1,000	1,000	Cash	1,57,57,840	1,575.78
February 26, 1991	4,35,200	1,000	1,000	Cash	1,61,93,040	1,619.30
May 13, 1991	9,26,300	1,000	1,000	Cash	1,71,19,340	1,711.93
July 17, 1991	6,40,000	1,000	1,000	Cash	1,77,59,340	1,775.93
August 9, 1991	2,15,000	1,000	1,000	Cash	1,79,74,340	1,797.43
November 27, 1991	7,11,800	1,000	1,000	Cash	1,86,86,140	1,868.61
December 24, 1991	5,38,000	1,000	1,000	Cash	1,92,24,140	1,922.41
June 19, 1992	11,87,200	1,000	1,000	Cash	2,04,11,340	2,041.13
August 5, 1992	3,90,000	1,000	1,000	Cash	2,08,01,340	2,080.13
October 9, 1992	6,05,000	1,000	1,000	Cash	2,14,06,340	2,140.63



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November 27,1992	3,70,000	1,000	1,000	Cash	2,17,76,340	2,177.63
January 27,1993	7,76,000	1,000	1,000	Cash	2,25,52,340	2,255.23
July 2,1993	9,58,500	1,000	1,000	Cash	2,35,10,840	2,351.08
September 2,1993	5,60,000	1,000	1,000	Cash	2,40,70,840	2,407.08
November 25,1993	9,20,000	1,000	1,000	Cash	2,49,90,840	2,499.08
June 15,1996	(20,56,461)*	1,000	1,000	-	2,29,34,379	2,293.44
June 15,1996	20,58,600	1,000	1,000	Cash	2,49,92,979	2,499.30
July 25,1997	(2,38,832)*	1,000	1,000	-	2,47,54,147	2,475.41
July 25,1997	13,91,800	1,000	1,000	Cash	2,61,45,947	2,614.59
September 23,1997	5,11,000	1,000	1,000	Cash	2,66,56,947	2,665.69
November 1,1997	15,70,000	1,000	1,000	Cash	2,82,26,947	2,822.69
December 5,1997	5,00,000	1,000	1,000	Cash	2,87,26,947	2,872.69
February 21,1998	9,60,000	1,000	1,000	Cash	2,96,86,947	2,968.69
July 22,1998	10,65,000	1,000	1,000	Cash	3,07,51,947	3,075.19
September 18,1998	6,40,000	1,000	1,000	Cash	3,13,91,947	3,139.19
October 17,1998	3,30,000	1,000	1,000	Cash	3,17,21,947	3,172.19
November 13/19, 1998	50,000	1,000	1,000	Cash	3,17,71,947	3,177.19
January 4, 1999	5,44,200	1,000	1,000	Cash	3,23,16,147	3,231.61
January 29, 1999	50,000	1,000	1,000	Cash	3,23,66,147	3,236.61
March 19, 1999	10,09,800	1,000	1,000	Cash	3,33,75,947	3,337.59
April 28, 1999	6,06,400	1,000	1,000	Cash	3,39,82,347	3,398.23
July 31, 1999	8,42,600	1,000	1,000	Cash	3,48,24,947	3,482.49
July 31, 1999	6,30,000	1,000	1,000	Cash	3,54,54,947	3,545.49
August 27, 1999	13,14,600	1,000	1,000	Cash	3,67,69,547	3,676.95
September 24, 1999	60,000	1,000	1,000	Cash	3,68,29,547	3,682.95
October 25, 1999	20,000	1,000	1,000	Cash	3,68,49,547	3,684.95
November 30, 1999	5,20,000	1,000	1,000	Cash	3,73,69,547	3,736.95
January 18, 2000	4,70,000	1,000	1,000	Cash	3,78,39,547	3,783.95
February 3, 2000	9,22,100	1,000	1,000	Cash	3,87,61,647	3,876.16
March 10, 2000	8,90,000	1,000	1,000	Cash	3,96,51,647	3,965.16
March 30, 2000	3,20,800	1,000	1,000	Cash	3,99,72,447	3,997.24
April 26, 2000	2,32,500	1,000	1,000	Cash	4,02,04,947	4,020.49
July 20, 2000	11,78,300	1,000	1,000	Cash	4,13,83,247	4,138.32
August 25, 2000	14,00,000	1,000	1,000	Cash	4,27,83,247	4,278.32
September 27, 2000	6,91,800	1,000	1,000	Cash	4,34,75,047	4,347.50
October 24, 2000	12,39,100	1,000	1,000	Cash	4,47,14,147	4,471.41
March 8, 2001	14,30,800	1,000	1,000	Cash	4,61,44,947	4,614.49
April 30, 2001	14,80,000	1,000	1,000	Cash	4,76,24,947	4,762.49
June 20, 2001	29,11,500	1,000	1,000	Cash	5,05,36,447	5,053.64
September 7, 2001	9,46,400	1,000	1,000	Cash	5,14,82,847	5,148.28
November 26, 2001	14,47,700	1,000	1,000	Cash	5,29,30,547	5,293.05
April 30, 2002	62,67,700	1,000	1,000	Cash	5,91,98,247	5,919.82
July 24, 2002	6,35,100	1,000	1,000	Cash	5,98,33,347	5,983.33
August 22, 2002	10,18,400	1,000	1,000	Cash	6,08,51,747	6,085.17
October 21, 2002	18,57,500	1,000	1,000	Cash	6,27,09,247	6,270.92
December 23, 2002	21,69,300	1,000	1,000	Cash	6,48,78,547	6,487.85
February 26, 2003	20,55,350	1,000	1,000	Cash	6,69,33,897	6,693.39
April 28, 2003	12,13,700	1,000	1,000	Cash	6,81,47,597	6,814.76



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Date of Issue/ Allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ other than cash	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (₹ in Crore)
June 11, 2003	10,66,200	1,000	1,000	Cash	6,92,13,797	6,921.38
July 28, 2003	14,40,000	1,000	1,000	Cash	7,06,53,797	7,065.38
September 30, 2003	21,22,100	1,000	1,000	Cash	7,27,75,897	7,277.59
December 18, 2003	22,38,500	1,000	1,000	Cash	7,50,14,397	7,501.44
January 27, 2004	27,41,900	1,000	1,000	Cash	7,77,56,297	7,775.63
April 28, 2004	42,75,500	1,000	1,000	Cash	8,20,31,797	8,203.18
July 30, 2004	23,69,400	1,000	1,000	Cash	8,44,01,197	8,440.12
September 15, 2004	30,58,700	1,000	1,000	Cash	8,74,59,897	8,745.99
October 30, 2004	23,54,200	1,000	1,000	Cash	8,98,14,097	8,981.41
December 30, 2004	18,71,200	1,000	1,000	Cash	9,16,85,297	9,168.53
March 24, 2005	25,70,900	1,000	1,000	Cash	9,42,56,197	9,425.62
April 21, 2005	15,88,900	1,000	1,000	Cash	9,58,45,097	9,584.51
July 22, 2005	9,94,300	1,000	1,000	Cash	9,68,39,397	9,683.94
September 30, 2005	18,59,300	1,000	1,000	Cash	9,86,98,697	9,869.87
September 30, 2005	83,323	1,000	1,000	Cash	9,87,82,020	9,878.20
November 23, 2005	10,46,900	1,000	1,000	Cash	9,98,28,920	9,982.89
December 29, 2005	17,57,100	1,000	1,000	Cash	10,15,86,020	10,158.60
March 24, 2006	5,66,800	1,000	1,000	Cash	10,21,52,820	10,215.28
April 20, 2006	2,03,800	1,000	1,000	Cash	10,23,56,620	10,235.67
July 21, 2006	11,36,800	1,000	1,000	Cash	10,34,93,420	10,349.34
September 6, 2006	15,11,200	1,000	1,000	Cash	10,50,04,620	10,500.46
February 7, 2007	24,56,200	1,000	1,000	Cash	10,74,60,820	10,746.08
March 13, 2007	13,54,600	1,000	1,000	Cash	10,88,15,420	10,881.54
March 13, 2007 ¹	The equity shares of ₹ 1000 each were split into equity shares of face value of ₹ 10 each					
March 26, 2007	31,66,70,500	10	10	Cash	11,19,82,12,500	11,198.21
May 26, 2007	(2,45,50,000) [^]	10	10	-	11,17,36,62,500	11,173.66
March 13, 2008	88,30,930	10	10	Cash	11,18,24,93,430	11,182.49
August 26, 2009	1,11,82,49,343	10	36	Cash	12,30,07,42,773	12,300.74
December 19, 2013 ²	(1,23,00,74,277)	10	19.25	Cash	11,07,06,68,496	11,070.66
March 27, 2017 ³	(81,13,47,977)	10	32.25	Cash	10,25,93,20,519	10,259.32
Jan 25, 2019 ⁴	(214285714)	10	28.00	Cash	10,04,50,34,805	10,045.03

* Reduction of share capital on account of transfer of transmission assets to Power Grid Corporation of India Limited

[^] Reduction of share capital on account of closure of Koel Karo hydroelectric project in the state of Jharkhand.

Notes:

1. Pursuant to the split of face value of equity shares of the Company from ₹ 1000 to ₹ 10 each on March 13, 2007, the shareholding of the Promoter was changed from 10,88,15,420 shares of ₹ 1,000 each to 1088,15,42,000 shares of ₹ 10 each.
2. On December 19, 2013, 123,00,74,277 Equity Shares of the Company were bought back at a price of ₹ 19.25 per share through the tender offer process.
3. On March 27, 2017, 81,13,47,977 Equity Shares of the Company were bought back at a price of ₹ 32.25 per share through the tender offer process.
4. Buy back of shares at a price of Rs. 28.00 per share through the tender offer process.



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(v) List of top 10 holders of equity shares of the Company as on 30.06.19

DP ID	CLIENT ID	NAME	NO OF SHARES	% TO EQUITY	CATEGORY
IN301330	20584494	PRESIDENT OF INDIA	7,36,59,64,993	73.32941	POI
IN300812	10000012	LIFE INSURANCE CORPORATION OF INDIA	73,43,79,599	7.310872	INS
IN301348	20014174	POWER FINANCE CORPORATION LTD	24,32,60,606	2.4217	LTD
IN301151	28909290	RURAL ELECTRIFICATION CORPORATION LTD	17,53,02,206	1.745163	LTD
IN300054	10009134	HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND	8,29,53,520	0.825816	MUT
IN300054	10037322	EDGBASTON ASIAN EQUITY TRUST	7,01,58,389	0.698438	FPC
IN300054	10009126	HDFC TRUSTEE COMPANY LIMITED - HDFC TAX SAVERFUND	6,06,41,557	0.603697	MUT
IN300126	11219356	ICICI PRUDENTIAL BLUECHIP FUND	4,49,94,925	0.447932	MUT
IN303438	10016654	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERI	3,65,54,442	0.363906	FPC
IN303438	10003257	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3,52,83,909	0.351257	FPC

Details of any Acquisition or Amalgamation in the last 1 year:

NHPC Limited is in the process to acquire 500 MW Teesta-VI HE Project in Sikkim through Lanco Teesta Hydro Power Limited (LTHPL), for which NCLT has given its approval for acquisition by NHPC on 26.07.2019 on the total consideration of Rs. 897.50 crore under modified plan. The estimated cost of the project is Rs. 5748.04 Crores (at July 2018 PL).

Details of any Reorganization or Reconstruction in the last 1 year.

Type of Event	Date of Announcement	Date of Completion	Details
-----NIL-----			



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4. b) & c)

Profits of NHPC LIMITED (before and after making provision for tax) & Dividends declared by the company with interest coverage ratio for last three years (Standalone Basis):

(Rs. in Crore)

Sl. No.	Parameters	FY 2018-19	FY 2017-18	FY2016-17
4.b.0	Profit Before Tax	3744.78	3525.74	3474.60
4.b.1	Profit After Tax	2630.55	2758.65	2795.59
4.c.0	Dividend amounts	1000.46	1251.65	2524.13
4.c.1	Interest Coverage Ratio	7.68	9.76	8.19

*Figures of FY 2016-17 onwards are as per IND AS.Figures .

4 d) Summary of Financial Position of the Company :

Key Financials	For the Quarter ended as on 30.06.2019	For the year ended March,31 2019 (Audited)	For the year ended March 31, 2018 (Audited)	For the year ended March 31, 2017 (Audited)	For the year ended March 31, 2016 (Audited)
Revenue from Operations	2421.29	8161.18	6,934.03	7,271.17	7,353.00
Other Income	87.16	924.78	1,491.00	1,458.67	992.07
Total Income	2508.45	9,085.96	8,425.03	8,729.84	8,345.07
Generation and other expenses	560.09	1962.38	1,705.57	1,932.69	2,125.94
Employee Benefits Expenses	357.22	1704.65	1,585.33	1,574.92	1,158.36
Finance Cost	236.56	894.88	922.32	1,073.22	1,072.10
Depreciation and amortisation	386.60	1589.99	1,405.89	1,388.40	1,359.07
Purchase of Power Trading	0	12.68	-	-	-
Profit Before Rate Regulated activities and Tax	967.98	2921.38	2,805.92	2,760.61	2,629.60
Rate Regulatory Income / (Expenses)	198.86	823.40	719.82	713.99	550.90
Profit Before Tax	1166.84	3744.78	3,525.74	3,474.60	3,180.50
Provision For Tax (Including Deferred Tax)	285.7	1114.23	767.09	679.01	750.61
Profit/ (Loss) After Tax	881.14	2630.55	2,758.65	2,795.59	2,429.89
Other Comprehensive Income	(14.53)	(12.41)	5.88	7.67	3.24
Total Comprehensive Income	866.61	2618.14	2764.53	2803.26	2433.13



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Key Financials	For the Quarter ended as on 30.06.2019	For the year ended March,31 2019 (Audited)	For the year ended March 31, 2018 (Audited)	For the year ended March 31, 2017 (Audited)	For the year ended March 31, 2016 (Audited)
Paid-up Equity Share Capital	10,045.03	10,045.03	10,259.32	10,259.32	11,070.67
Other Equity (Reserve & Surplus)	20,036.31	19,169.70	18,068.83	16,682.81	18,690.48
Net worth.	30,081.34	29,214.73	28,328.15	26,942.13	29,761.15
Long Term Borrowing including current maturities.	18987.94	18,649.79	18,322.11	18,924.23	19,938.22

Notes:

1. The figures mentioned above are extracted from the audited financial statement pertaining to the respective financial years and in case of period ended 30th June '19, the figures are taken from the published financial results reviewed by the Joint Statutory Auditors.
2. The Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2016 and accordingly, FY 2015-16 figures have been restated during FY 2016-17 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. Further, the figure for the financial year ended March 31, 2016 is extracted from the comparative figures of the audited standalone financial statements of the Company for the financial year ended March 31, 2017, since the figures were restated as per Ind AS for Financial year 2015-16 consequent to the transition to Ind AS.



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4. e)

STATEMENT OF CASH FLOW

S.No	Particulars	Year Ended as on 31.03.2019	Year Ended as on 31.03.2018	Year Ended as on 31.03.2017
1.	Net Profit before tax and extraordinary items	3744.78	3525.74	3474.60
2.	Less: Rate Regulated Income/Expenditure	823.40	719.82	713.99
	ADD :			
3.	Depreciation (including Prior Period)	1589.99	1405.89	1388.4
4.	Finance Cost (net of EDC)	894.88	922.32	1073.22
5.	(Profit)/ Loss on sale of assets/ Debt/ Claim written off	0	0	2.16
6.	Provisions (Net loss)	107.10	69.78	119.68
7.	(Profit)/Loss on Sale of Projects	0	0	
8.	Expenditure incurred to create Rate Regulatory Assets (net of finance and depreciation)	0	381.59	341.71
9.	Tariff Adjustment	45.47	58.37	94.83
10.	Exchange rate variation	92.34	66.36	51.81
		5651.16	5710.23	5832.42
	LESS :			
11.	Advance against Depreciation written back(including Prior Period)	60.72	60.68	60.68
12.	Provisions (Net gain)	30.77	85.57	44.92
13.	ERV	3.18	(2.88)	4.05
14.	Profit on sale of Assets & Investment \Realization of loss	1.20	6.89	7.00
15.	Dividend Income	282.47	632.12	207.49
16.	Interest Income	165.61	252.73	512.72
17.	Other Adjustments	21.36	3.04	1.69
18.	Cash flow from operating activities before working capital adjustments	5085.85	4672.08	4993.87
	Working Capital Changes			
19.	(Increase)/Decrease in Inventories	-21.44	-4.22	-8.05
20.	(Increase)/Decrease in Trade Receivables	-2107.81	584.32	54.85
21.	(Increase)/Decrease in Other Assets, Loans & Advances	-1136.62	-517.31	3352.49
22.	Increase/(Decrease) in Other Liabilities & Provisions	2020.75	29.96	512.25
23.	Cash flow from operating activities before taxes	3840.73	4764.83	8905.41
24.	Less : Taxes	678.90	662.22	760.07



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25.	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3161.83	4102.61	8145.34
B.	CASH FLOW FROM INVESTING ACTIVITIES			
26.	Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	-1207.67	-1530.44	-1496.41
27.	Creation of Rate Regulatory Assets	0	-381.59	-341.71
28.	Loss/(Profit) on sale/transfer of Assets			
29.	Realisation from Investments/Bonds			
30.	Investment in Joint Venture	-100	-125.36	-365.72
31.	Interest Income	144.14	260.49	566.25
32.	Dividend Received	282.47	632.12	207.49
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-881.06	-1144.78	-1430.10
C.	CASH FLOW FROM FINANCING ACTIVITIES			
33.	Buyback of Shares (including premium payments)	-606.20		-2625.93
34.	Issue of share capital/ Share application money pending allotment	0		
35.	Dividend & Dividend Tax Paid	-1149.03	-1378.50	-2996.35
36.	Proceeds on Borrowings	2578.00	4354.99	2502.00
37.	Repayments of Borrowings	-1877.16	-4855.88	-3338.37
38.	Interest & Financial Charges	-1215.12	-1143.87	-1391.09
39.	Government Grant Received	12.50	12.50	
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-2257.01	-3010.76	-7849.74
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23.76	-52.93	-1134.50
	Cash & Cash Equivalents at the beginning of the year	6.96	59.89	1194.39
	Cash & Cash Equivalents at the close of the year	30.72	6.96	59.89

Note: Figures of FY 2016-17 onwards are as per IND AS.



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4. f) Change In Accounting Policies

2016-17

NOTE NO. 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

STANDALONE :

(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



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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



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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.



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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 relating 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.



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- 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.



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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 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).
- 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



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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

- a) 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.”
- b) 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.”
- c) These Regulatory Deferral Account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.
- d) 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.
- e) 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.



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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



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- 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.



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- 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

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.

- a) 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.
- b) 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.
- c) 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



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- 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



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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

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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 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.



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- 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



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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

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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.



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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:

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- 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 Board of Directors

VIJAY GUPTA
Company Secretary

MAHESH KUMAR MITTAL
Director (Finance)
DIN 02889021

K M SINGH
Chairman & Managing Director
DIN 02223301

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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. 1: GROUP INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES**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 May 30, 2017.

Basis of preparation**D. 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.

E. 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:



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- 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.

F. 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 crores (upto two decimals).

G. Basis of Consolidation

a) Subsidiaries

- 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.
- 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.
- 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.
- A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.
- 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

- 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.
- 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.
- 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.
- 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 recognized 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

d) 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



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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)

- l) 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).
- m) 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.
- n) 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.
- o) 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.
- p) After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any.
- q) 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



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possession are treated as cost of land.

- r) Assets over which the Group has control, though created on land not belonging to the Group are included under Property, Plant and Equipment.
- s) Standby equipment and servicing equipment which meet the recognition criteria of Property, Plant and Equipment are capitalized.
- t) 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.
- u) 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.
- v) 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

- e) 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).
- f) 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.
- g) 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.
- h) 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.



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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

- f) 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).
- g) 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.
- h) 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.
- i) 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.
- j) 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

- f) 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.
- g) 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.



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- h) 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.
- i) 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.
- j) 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.

7.0 Regulatory Deferral Accounts

- f) 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.”
- g) 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.”
- h) These Regulatory Deferral Account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.
- i) 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.
- j) 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.



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- 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.

f) 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:

- (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.

g) 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.

h) Subsequent measurement

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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- iii) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- iv) 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:

- iii) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- iv) 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.

i) Derecognition

A financial asset is derecognised only when:

- iii) The Group has transferred the rights to receive cash flows from the financial asset, or
- iv) 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.

j) 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



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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.

e) 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.

f) 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.

g) 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.

h) 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

- c) 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.
- d) 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.



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14.0 Provisions, Contingent Liabilities and Contingent Assets

- d) 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.
- e) 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.
- f) 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.
- g) 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

- k) 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.
- l) 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 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



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- 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.
- m) Recovery towards deferred tax items recognized till March 31,2009 are accounted for when the same materialises.
 - n) 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.
 - o) Adjustments arising out of finalisation of Regional Energy Account (REA), though not material, are effected in the year of respective finalisation.
 - p) 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.
 - q) 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”.
 - r) Dividend income is recognized when right to receive the same is established.
 - s) 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.
 - t) 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.



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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 Change 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.



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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.

18.0 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

- p) 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.
- q) 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.
- r)
 - 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.
- s) 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
- t) Temporary erections are depreciated fully (100%) in the year of acquisition /capitalization by retaining Re. 1/- as WDV.
- u) 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.
- v) 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.
- w) 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.
- x) Leasehold Land, in case of units other than operating units, is amortized over the period of



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lease or 35 years whichever is lower.

- y) 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.
- z) 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.
- aa) 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.
- bb) 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.
- cc) 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.
- dd) 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

- f. 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.
- g. 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.



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- h. 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.
- i. 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.
- j. 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.

c) Current tax

- iii) 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).
- iv) 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.

d) Deferred tax

- j) 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.
- vii) The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and



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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.

- viii) 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.
- ix) 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.
- x) 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.
- xi) 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

- d) 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.
- e) 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'.
- f) The Group is having a single geographical segment as all its Power Stations are located within the Country.



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23.0 Leases

a) Group as a Lessee:

- iii. 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.
- iv. 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.

- iii) 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.
- iv) 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

c) 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.

- d) 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.

- d) An asset is current when it is:

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- 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.

e) 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.

f) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

26.0 Miscellaneous

- c) 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.
- d) 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 Board of Directors

VIJAY GUPTA
Company Secretary

MAHESH KUMAR MITTAL
Director (Finance)
DIN 02889021

K M SINGH
Chairman & Managing Director
DIN 02223301



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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

2017-18 :

Statement of Changes/Additions including Significant Accounting Policies during FY 2017-18

Note no.	As on 31.03.2017	Revised during FY 2017-18	Reasons for change
1	(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	(A) Statement of Compliance These standalone financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, 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. -deleted-	Compliance of HM issued by C&AG during Phase-I Audit of Account of 2017-18 Relates to first –time adoption of Ind AS and was relevant only for FY 2016-17.



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	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.		
1	(ii) Basis of preparation (D) Use of estimates and management judgments Critical judgments and estimates 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 &	(ii) Basis of preparation (D) Use of estimates and management judgments Critical judgments and estimates b) Useful life of Property, Plant and Equipment and Intangible Assets The estimated useful life of property, plant and equipment and intangible assets are 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	Due to C&AG Phase-II HM No. 2 of Kotli Bhel for FY 2017-18.



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	peripherals which are in accordance with Schedule II of the Companies Act, 2013.	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 and mobile phones which are as per management assessment.	
	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.	c) Recoverable amount of property, plant and equipment, capital work in progress and intangible assets The recoverable amount of property, plant and equipment, capital work in progress and intangible assets are 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.	Due to C&AG Phase-II HM No. 2 of Kotli Bhel for FY 2017-18.
	(iii) SIGNIFICANT ACCOUNTING POLICIES		
	1.0 (C): Property, Plant & Equipment 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.	1.0 (C): Property, Plant & Equipment 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 operating in the manner intended by the management, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court	



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		cases.	
	9.0 Financial assets other than investment in subsidiaries and joint ventures (b) Initial recognition and measurement All financial assets other than 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.	9.0 Financial assets other than investment in subsidiaries and joint ventures (b) Initial recognition and measurement All financial assets other than 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.	Rewording of Policy
	9.0 Financial assets other than investment in subsidiaries and joint ventures c) Subsequent measurement No policy regarding subsequent measurement of trade receivables.	9.0 Financial assets other than investment in subsidiaries and joint ventures c) Subsequent measurement Trade Receivables: Trade receivables containing a significant financing component are subsequently measured at amortised cost using the effective interest method.	Policy regarding subsequent measurement of Trade Receivables added due to recognition of non-current trade receivables in r/o BYPL
	10.0 Inventories Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipment 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	10.0 Inventories Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipment 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	



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	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.	an expense in the period in which write-down or loss occurs.	
	13.0 Government Grants (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.	13.0 Government Grants (b) Monetary grants from the government for creation of assets are initially recognised as deferred income when there is reasonable assurance that the grant will be received and the company will comply with the conditions associated with the grant. The deferred income so recognised is subsequently amortised in the Statement of Profit and Loss over the useful life of the related assets. (c) Government grant related to income is recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.	Policy Reworded. New policy for accounting of Government Grants related to Income- for recognition of Generation Based Incentives in r/o Wind Power Project, Jaisalmer.
	18.0 Depreciation and amortization 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	18.0 Depreciation and amortization 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 assets specified in Policy No. 18.0(d) below. 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	Reworded Reworded

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	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	the asset following the rates notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d) below. 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) i) Depreciation in respect of following items of PPE is provided on straight line method based on the life and residual value (5%) given in the Schedule II of the Companies Act, 2013: - Construction Plant & Machinery - Computer & Peripherals ii) Based on management assessment, depreciation on Mobile Phones is provided on straight line basis over a period of three years with residual value of Re 1.	New Policy– For compliance of Assurance given to the C&AG during 2016-17
	18.0 (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.	18.0 (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.	Rectified since life is determined by CERC.
	No specific policy	24.0 Material prior period errors Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the	Accounting practice formalised as Policy.



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		opening balances of assets, liabilities and equity for the earliest period presented, are restated unless it is impracticable, in which case, the comparative information is adjusted to apply the new accounting policy prospectively from the earliest date practicable.	
		25.0 Earnings per share Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Basic and diluted earnings per equity share are also presented using the earnings amounts excluding the movements in regulatory deferral account balances.	Accounting practice formalised as Policy.



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Additional changes to Note No. 1 for Consolidated Financial Statements

	Reporting entity	Reporting entity	Reworded
	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 May 30, 2018.	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. These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (referred collectively as the ‘Group’) and the Group’s interest in its joint ventures. The Group is primarily involved in the generation and sale of bulk power to various Power Utilities. Other business includes providing consultancy and project management & supervision. The Group’s consolidated financial statements have been approved for issue by the Company’s Board of Directors on May 28, 2018.	
20.	(b) - Deferred Tax	20 (b) - Deferred Tax Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and joint ventures where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.	Accounting practice formalised as Policy.

2018-19

Change in Accounting Policies

Sl. No.	Policy No.	Earlier Policy	Revised Policy	Reasons for change
1	Note 1 Para III	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.	(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. <u>These accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. These policies need not be applied when the effect of applying them is immaterial.</u>	Materiality consideration when applying accounting policies added.
2	Policy Nos. 1.0(a), 2.0(a), 3.0 (opening para), 4.0(a)	The following policies were deleted: Property, Plant and Equipment up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP. The Company had 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). Capital work in Progress up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP. The Company had 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). Upto March 31, 2015, Investment	Replaced with: Up to March 31, 2015, Property, Plant and Equipment, Capital Work in Progress, Intangible Assets and Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The Company had elected to avail the exemption granted by IND AS 101, “First time adoption of IND AS” to regard those amounts as the deemed cost at the date of transition to IND AS (i.e. as on April 1, 2015).	Carrying value of PPE, CWIP, Investment Property & intangible assets at deemed cost on transition to Ind AS merged in one para. Accordingly, sub-para numbers of 1.0, 2.0 and 4.0 have changed.



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		Property were carried in the Balance Sheet in accordance with Indian GAAP. The Company had 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 April1, 2015). Upto March 31, 2015, Intangible assets were carried in the Balance Sheet in accordance with Indian GAAP. The Company had 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).		
3	1.0	(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 operating in the manner intended by the management, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases.	(b) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable <u>to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management</u>. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for operating in the manner intended by the management, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases.	Underlined words added for improvement.
4	2.0	(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	(b) 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	Underlined words added pursuant to HM No. 5 of C&AG issued during Phase-I Audit of FY 2018-19.



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		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.	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. <u>Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets.</u>	
5	4.0		a) Expenditure on research is charged to revenue as and when incurred. Expenditure on development is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to & has sufficient resources to complete development and to use or sell the asset.	Policy No. 4.0(a) added pursuant to HM No. 5 of C&AG issued during Phase-I Audit of FY 2018-19.
6	4.0	(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.	(b) Intangible assets acquired separately are measured on initial recognition at cost. <u>Cost includes any directly attributable expenses necessary to make the assets ready for its intended use.</u> After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.	Underlined words added for improvement.
7	5.0	(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.	(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. <u>Where the Company has paid or received advance consideration in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is the date when the Company initially recognizes the non-monetary asset or non-monetary liability arising</u>	Underlined words added pursuant to HM No. 1 of C&AG issued during Phase-I Audit of FY 2018-19. Changes as underlined are due to Companies (Indian Accounting Standard) Amendment Rules, 2018 notified by the



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			<u>from the payment or receipt of advance consideration.</u>	MCA on 28 th March 2018.
8	9.0		(d) On derecognition, the difference between the carrying amount and the amount of consideration received / receivable is recognized in the Statement of Profit and Loss.	Para inserted in Policy No. 9.0(d) pursuant to HM No. 4 of C&AG issued during Phase-I Audit of FY 2018-19.
9	18.0		(o) Useful life, method of depreciation and residual value of assets where depreciation is charged as per management assessment are reviewed at the end of each financial year and adjusted prospectively over the balance life of the asset, wherever required.	New policy pursuant to HM No. 5 of C&AG issued during Phase-I Audit of FY 2018-19.
10	10.0 Inventories		Scrap is valued at Net Realisable Value.	New policy added.
11	15.0 Revenue		Company's revenues arise from sale and trading of energy, project management / construction contracts/ consultancy assignment services and other income. Revenue from other income comprises interest from banks, employees, contractors etc., dividend from investments in joint ventures & subsidiary companies, dividend from investments in equity, interest from investment in bonds, surcharge received from beneficiaries for delayed payments, sale of scrap, other miscellaneous income, etc.	Introductory Para added
12	15.0 Revenue		Revenue from sale of power i) <u>Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over the products or services to a customer.</u>	Policy as per Ind AS 115 Policy as per Ind AS 115

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		u) 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. v) 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). 'f) Advance Against Depreciation (AAD) considered as deferred income up to 31st March 2009 is included in sales on straight line	ii) Revenue from sale of power (except for power stations considered as Finance/Operating Lease) is accounted for as per tariff notified by the Central Electricity Regulatory Commission (CERC) under the CERC (Terms & Conditions of Tariff) Regulations, 2014. In the case of Power Stations where provisional/ final tariff is yet to be notified or where incentives/disincentives are chargeable/ payable as per CERC (Terms & Conditions of Tariff) Regulations, revenue is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Rebates given to beneficiaries as early payments incentives are deducted from the amount of revenue. iii) In the comparative period, revenue from sale of power was measured at the fair value of the consideration received or receivable. Revenue was recognised when the significant risks and rewards of ownership had been transferred to the buyer, recovery of the consideration was probable, the associated costs could be estimated reliably, there was no continuous management involvement and the amount of revenue could be measured reliably. iv) 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).	Comparative year policy Policy wording simplified.

NHPC LIMITED (A Government of India Enterprise)

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		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.	vii) Advance Against Depreciation (AAD) considered as deferred income up to 31st March 2009 is included in sales on straight line basis <u>over the balance useful life after a period of 12 years from the date of commercial operation of the Power Station.</u>	
13	15.0 Revenue	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”.	b) Revenue from Project Management / Construction Contracts/ Consultancy assignments i) Revenue from Project Management / Construction Contracts/ Consultancy assignments is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the services and excludes amounts collected on behalf of third parties. The Company recognises revenue on the basis of input method. Input methods recognise revenue on the basis of the costs incurred towards the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. ii) In the comparative period, revenue on Project Management / Construction Contracts/ Consultancy assignments was recognized on percentage of completion method. The percentage of completion is	Policy added due to Ind AS 115 Comparative policy as per Ind AS 18 Policy for Contract modification added as per Ind AS 115

**NHPC LIMITED (A Government of India Enterprise)**

Private placement of Y Series Bond- Offer Letter –cum-Application form

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			determined as proportion of “cost incurred up to reporting date” to “estimated cost to complete the concerned Project Management / Construction Contracts and Consultancy assignment”. iii) Contract modifications, if any, are accounted for when there is a change in the scope or price (or both) of a contract that is approved by the parties to the contract and when the parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract. Accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Contract modifications are recorded on standalone basis when the scope of the contract increases because of the addition of promised goods or services or the price of the contract increases by an amount of consideration that reflects the Company’s standalone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.	



NHPC LIMITED (A Government of India Enterprise)

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14	15.0 Revenue		c) Revenue from trading of power i) Accounting for revenue from trading of power involves assessment of the contract conditions to determine whether the Company is required to act in the capacity of a principal or as an agent. The Company acts in the nature of a principal in case it obtains control of the electricity before transferring it to the customer. Indicators of control includes assessment of whether the company is primarily responsible for fulfilling the promise to provide the electricity, it has the discretion to establish the price or whether it bears the inventory risk. Where the Company does not obtain control of the electricity before transferring it to the customer and its performance obligation is to arrange for the supply of electricity by another party, it acts in the nature of an agent. ii) Where the Company acts as a principal in a contract for trading of power, the amount of the transaction price allocated to the performance obligation that is satisfied is recognised as revenue. iii) Where the Company acts as an agent in a contract for trading of power, the net consideration retained after paying the supplier for the electricity provided to the customer is recognised as revenue from operations. Financial assets and liabilities arising out of these transactions are not set off.	New Policy due to trading of Power
15	15.0 Revenue	i) Interest/Surcharge recoverable from customers and liquidated damages /interest on advances to	d) Other income ii) Interest/Surcharge recoverable from customers <u>including those arising out of contracts for trading of power</u> and liquidated	Added due to policy for trading of power & Ind AS 115



NHPC LIMITED (A Government of India Enterprise)

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		contractors is recognised when no significant uncertainty as to measurability and collectability exists.	damages /interest on advances to contractors is recognised <u>when it is highly probable that a significant reversal in the amount of revenue recognised will not occur in the future.</u>	
16	18.0 Depreciation	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 assets specified in Policy No. 18.0(d) below.	Depreciation b) (i) Depreciation on Property, Plant and Equipment of Operating Units of the Company <u>capitalized till five years before the end of the useful life of the Power Station</u> is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d). (ii) Depreciation on Property, Plant and Equipment capitalized during the last five years of the useful life of a Power Station is charged on straight-line method for the period of extended life as per CERC Tariff Regulations/Orders, from the date on which such asset becomes available for use.	Underlined words added (due to depreciation policy for fag end of life) New policy for assets capitalized during fag end of life of Power Station



NHPC LIMITED (A Government of India Enterprise)

Private placement of Y Series Bond- Offer Letter –cum-Application form
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PART - B (To be filed by the Applicant)

a. Name :

b. Father's name (if applicable) :

c. Complete Address including Flat/House Number, street, Locality, pin Code :

d. Phone number:

e. Email ID:

f. PAN Number :

g. Bank Account Details :

h. No. of debentures applied for :

i. Amount Remitted (in Rs. Lakhs) :

j. Category of Investor (QIB/Non-QIB) :

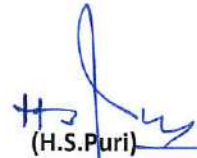
Signature

Initial of the Officer of the company designated to keep records

DECLARATION

- (a) The company has complied with the provisions of the Companies Act, 2013 and the rules made there under;
- (b) The Compliance with the said Act and the rules made there under do not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government;
- (c) The monies received under the offer shall be used only for the purposes and objects indicated in the private placement offer cum application letter;

I am authorized by the Board of Directors of the company vide resolution number IV of item No 427.2.2 passed in 427th meeting of Board of Directors on 17.09.2019 to sign this form and declare that all the requirements of the Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association. It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.



(H.S.Puri)

Chief General Manager-Finance

Date : 30.09.2019

Place : Faridabad

Attachments :

Copy of Board Resolution

S. N. Dhawan & Co LLP
Chartered Accountants
410, Ansal Bhawan

16, Kasturba Gandhi Marg
New Delhi - 110 001

Ray & Ray
Chartered Accountants
Webel Bhavan, Ground Floor

Block EP & GP, Salt Lake, Sector V
Kolkata - 700 091

Arora Vohra & Co.
Chartered Accountants
Chaitanya Complex
Prem Bhawan, Residency Road
Jammu Tawi - 180001
Jammu & Kashmir

INDEPENDENT AUDITORS' REPORT

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, 2018, 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.

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.

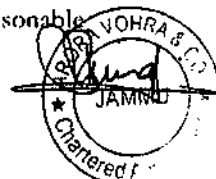
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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

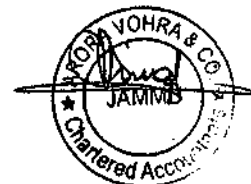
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, its profit (financial performance including other comprehensive income), its cash flows and 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 standalone Ind AS financial statements:

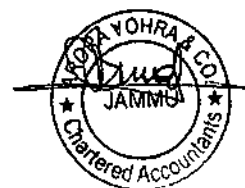
- i) Note no. 2.2 para 2 to the standalone Ind AS financial statements regarding expenditure incurred for conducting survey and investigation on projects either provided for on account of uncertainty about the outcome or being carried forward pending clearance with various authorities.
- ii) Note No. 34 para 1 to the standalone Ind AS financial statements, regarding the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuits 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.
- iii) Note No. 34 para 22A to the standalone Ind AS financial statements, regarding Subansiri Lower Project where the construction activities at site have been interrupted w.e.f. 16.12.2011 due to protest by anti-dam activists and the case is pending before the National Green Tribunal. Certain risks and uncertainties might affect the future recovery of Regulatory Deferral Account Balances being created in respect of additional expenditure on this project.

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. 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.
2. 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".
3. As required by Section 143 (3) of the Act, we report 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;
 - b) 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;
 - c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), 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;
 - d) 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.
 - e) being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act, 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. 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;
 - ii. the Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any 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 Company.

For S. N. Dhawan & Co LLP
Chartered Accountants
FRN 000850N/N500045

Suresh Seth

Suresh Seth
Partner
M. No. 010577



For Ray & Ray
Chartered Accountants
FRN 301072 E

Asish Kumar Mukhopadhyay

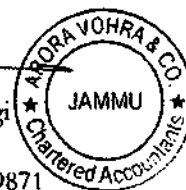
Asish Kumar Mukhopadhyay
Partner
M. No. 056359



For Arora Vohra & Co.
Chartered Accountants
FRN 09487N

Rajat Mengi

Rajat Mengi
Partner
M. No. 089871



Place: New Delhi
Date: May 28, 2018

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.

(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.

(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.

Total no of cases	Type of asset	Gross block as at 31.03.2018	Net block as at 31.03.2018	Remarks
6	Freehold land (129.79 Hectare)	Rs. 0.53 Crore	Rs. 0.53 Crore	The Company is taking appropriate steps for execution of title/lease deed.
8	Leasehold Land (870.87 Hectare)	Rs. 306.08 Crore	Rs. 245.01 Crore	

- 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. According to the information and explanations given to us by the Management, 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, except unsecured loan granted during the year to one Company, in respect of which:
- in our opinion the terms and conditions of grant of such loans are not, *prima facie*, prejudicial to the interest of the Company.
 - the schedule of repayment of principal and payment of interest has been stipulated and the repayment of the principal amount and the interest are regular.
 - there is no overdue amount in respect of such loan granted to the Company.

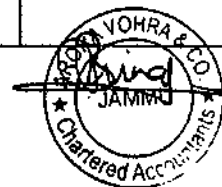


- iv. In our opinion and according to information and explanations given to us the Company has, in respect of loans, investments, guarantees, and security, complied with the provisions of section 185 and 186 of the Act.
- v. The Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Act other than overdue earnest money deposits and security deposits. However, Management is of the view that overdue earnest money deposits and security deposits of suppliers/contractors appearing in the books are in the nature of retention money for performance of contracts for supply of goods and services and accordingly, not to be treated as deemed deposits by virtue of amendment in rule 2, sub rule (1), clause (c) of the Companies (Acceptance of Deposits) Amendment Rules 2016. Accordingly, clarification/exemption has been sought by the Management vide its letter no. NH/CS/433 dated 25th January, 2018 from the Ministry of Corporate Affairs (MCA) regarding applicability of MCA notification no. G.S.R. 639(E) dated 29.06.2016 to such security deposits/ retention money.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained.
- 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 account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service 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, 2018 for a period of more than six months from the date they became payable.
- 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, goods and service tax, duty of customs, service tax, property tax & consumption tax have not been deposited on account of dispute.

Name of Statute	Nature of Duties	Amount (Rs. in Crores)	Financial Year to which it pertains	Deposit under Protest (Rs. in Crores)	Forum at which case is pending
Income Tax Act, 1961	Income Tax	7.07	2012-13	1.41	CIT (A) Faridabad
Sales Tax Acts/VAT Acts	Sales Tax/VAT	277.57	1994-95	0.22	J & K Sales Tax Appellate Tribunal



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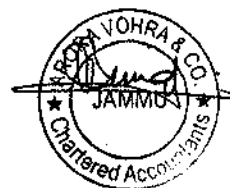


		5.26	2005-06 to 2009-10		Assistant Excise & Taxation Commissioner, Kullu
		15.29	2004-05 to 2011-12	15.29	West Bengal Taxation Tribunal, Kolkata
		5.16	2013-14		Commercial Tax Department J&K
		1.4	2006-07 to 2009-10		Sr. Joint Commissioner Siliguri Circle
		2.74	2012-13		Joint Commissioner, Siliguri
Finance Act, 1996	Service Tax	26.07	2012-13		CESTAT, Kolkata
		0.04	Jan, 2008		Service Tax Department, Patna
Custom Act, 1962	Duty of Custom	2.2	1986-87		Kolkata High Court
The Jammu & Kashmir Urban Immovable Property Tax Act, 1962	Property Tax	0.05	01.04.1991 to 31.03.1997		Tax Tribunal
		0.15	01.04.1997 to 31.03.2002		Tax Tribunal
Water(Prevention and Control of Pollution) Act, 1974	Water Cess	67.93	2015-16 to 2017-18		High Court of Uttarakhand, Nainital
Uttarakhand Green Energy Cess Act, 2014	Green Energy Cess	33.19	2015-16 to 2017-18		High Court of Uttarakhand, Nainital



WB State Tax on Consumption of Use of Goods Act, 2001	Consumption Tax	0.06	2003-04 to 2005-06		Kolkata High Court
BOCW Act, 1996	BOCW Cess	9.24	2010-11	9.24	Labour Officer cum cess assessment officer
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	0.87	2012-13 to 2017-18		Senior Joint Commissioner, Siliguri
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	0.17	2003-2006		Senior Joint Commissioner, Siliguri

- 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. The Company has not raised any money by way of initial public offer/ further public offer during the year.
- 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 in terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, 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, wherever 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 them. 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
FRN 000050N/18500045

Suresh Seth

Suresh Seth
Partner
M. No. 010577



For Ray & Ray
Chartered Accountants
FRN 301072 E

Asish Kumar Mukhopadhyay

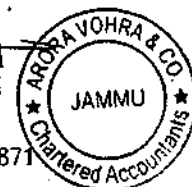
Asish Kumar Mukhopadhyay
Partner
M. No. 056359



For Arora Vohra & Co.
Chartered Accountants
FRN 09487N

Rajat Mengi

Rajat Mengi
Partner
M. No. 089871



Place: New Delhi
Date: May 28, 2018

Annexure B referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date.

Sl. 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 129.79 hectares and 870.87 hectares respectively.
2	Whether there are any cases of waiver/write off of debts/loans/interest etc. If yes, the reasons thereof and amount involved.	There is one case where Rs 0.07 crores has been written off with the approval of Competent Authority.
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
FRN 000050N/NS00045

For Ray & Ray
Chartered Accountants
FRN 301072 E

For Arora Vohra & Co.
Chartered Accountants
FRN 09487N

Suresh Seth

Suresh Seth
Partner
M. No. 010577



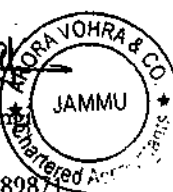
Asish Kumar Mukhopadhyay

Asish Kumar Mukhopadhyay
Partner
M. No. 056359



Rajat Menon

Rajat Menon
Partner
M. No. 089871



Place: New Delhi
Date: May 28, 2018

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, 2018 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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, 2018, 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.

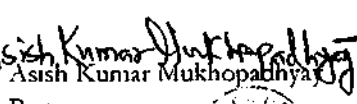
For S. N. Dhawan & Co LLP
Chartered Accountants
FRN 000850N/N500045

For Ray & Ray
Chartered Accountants
FRN 301072 E

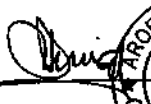
For Arora Vohra & Co.
Chartered Accountants
FRN 09487N

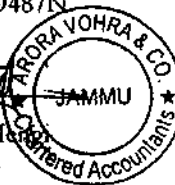

Suresh Seth
Partner
M. No. 010577




Asish Kumar Mukhopadhyay
Partner
M. No. 056359




Rajat Mehta
Partner
M. No. 089871



Place: New Delhi
Date: May 28, 2018

M/s S. N. Dhawan & Co LLP
Chartered Accountants
410, Ansal Bhawan
16, Kasturba Gandhi Marg
New Delhi - 110 001

M/s Gupta Gupta & Associates
Chartered Accountants
142/3 Trikuta Nagar
Jammu - 180012
Jammu & Kashmir

M/s Ray & Ray
Chartered Accountants
Webel Bhavan, Ground Floor
Block EP & GP, Salt Lake, Sector V
Kolkata - 700 091

INDEPENDENT AUDITOR'S REPORT

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.

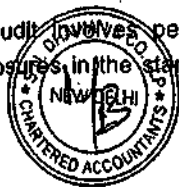
Auditor's Responsibility

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:

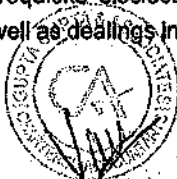
- a) Note no. 2.2 para 2 to the standalone Ind AS financial statements regarding expenditure incurred for conducting survey and investigation on projects either provided for on account of uncertainty about the outcome or being carried forward pending clearance with various authorities.
- b) Note No. 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.
- 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.
- 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.
- 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.

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. 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.
 2. 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".
 3. As required by Section 143 (3) of the Act, we report 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;
 - (b) 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;
 - (c) 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;
 - (d) 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.
 - (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 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:
 - (i) 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;
 - (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) 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/IN500045)



S.K. Khattar
Partner
M. No. 084993

For Gupta Gupta & Associates

Chartered Accountants

(FR No: 001728N)



Vishu Gupta
Partner
M. No. 637545

For Ray & Ray

Chartered Accountants

(FR No:301072E)

B.K. Ghosh

(B.K. Ghosh)
Partner
M. No. 051028



Place: New Delhi
Date: May 30, 2017

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.

(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.

(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.

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	Rs. 9.96 Crore	Rs. 9.96 Crore	158.31 Hectares of land
10	Leasehold Land	Rs. 310.04 Crore	Rs. 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 (Rs. in Crores)	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.

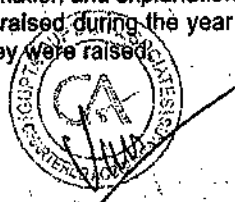
b) According to the information and explanations given to us and as per the records of the Company, the following dues of income tax, sales tax/VAT, duty of customs, service tax, property tax & consumption tax have not been deposited on account of dispute.

Name of the Statute	Nature of Duties	Amount (Rs. 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.



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: 000056/N/1500045)



(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)

(B.K. Ghosh)

Partner

M. No. 051028



Place: New Delhi

Date: May 30, 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 Rs. 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

(Vase Gupta)
 Partner
 M. No. 537545

For Ray & Ray

Chartered Accountants

FR No:301072E

(B.K. Ghosh)
 Partner
 M. No. 051028

Place: New Delhi
Date: May 30, 2017

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

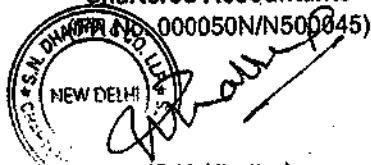


Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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



(S.K. Khattar)

Partner

M. No. 084993

For Gupta Gupta & Associates
Chartered Accountants
(FR No: 001728N)

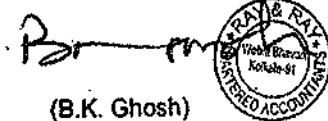


(Vasudh Gupta)

Partner

M. No. 537545

For Ray & Ray
Chartered Accountants
(FR No:301072E)



(B.K. Ghosh)

Partner

M. No. 051028

Place: New Delhi

Date: May 30, 2017

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Jammu & Kashmir

DSP & Associates
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Near Faiz Road, Karol Bagh
New Delhi – 110005

Lodha & Co.
Chartered Accountants
14 Government Place East
Kolkata-700 069

INDEPENDENT AUDITORS' REPORT

To the Members of NHPC Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of NHPC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Standalone Financial Statements, including a summary of significant accounting policies and Other Explanatory Notes for the year ended on that date (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

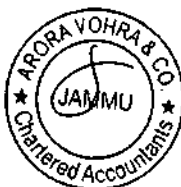
We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.



Key audit Matters	Addressing the Key Audit Matters
1. Regulatory Deferral Account Balances and accruals of revenue pending tariff Notifications. (a) Regulatory Deferral Account balances include accruals on account of interest cost and other attributable expenses pertaining to Subansiri Lower Project for the period from the date of interruption of work i.e. 16.12.2011 due to the matter pending before the National Green Tribunal as indicated in Note 34(22A). These expenses have been considered and carried forward as recoverable in terms of Central Electricity Regulatory Commission (CERC) Regulations. The amount involved in the project including the deferral account balances is material. Risk and uncertainties due to the matter being sub judice and pending for decision for a considerable period of time, might affect the recovery thereof having significant impact on the affairs of the company. (b) Further as given in Note 34(22B) to 34(22E), Regulatory deferral account balances have been recognised in respect of certain other expenses aggregating to Rs. 3225.27 crores on account of Wage Revision, foreign exchange fluctuations, depreciation on moderation of tariff, deferred taxation, etc. (c) Rs. 515.05 Crores has been considered recoverable pending approval of tariff by the CERC and/or approval of revised cost estimate in certain power stations and petitions filed with the CERC towards Energy Shortfall and reimbursement of additional impact of Goods and Service Tax (GST) due to change in law and included under Financial Assets Current- Other (Current) (Note 34 (20)) as on 31st March 2019. The operating activities of the Company are subject to cost of service regulations whereby tariff charged for electricity generated is based on allowable capital and other cost and expenses and stipulated return there against. Regulatory Deferral Accounts are based on the estimates with respect to recoverability thereof as per the current CERC Tariff Regulations on final approval and notifications. Further, in cases where Tariff rates are yet to be approved, revenue is recognised considering current prevailing CERC Regulations. The accruals made above in (a) to (c) above are vital to the business in which the Company is operating. In absence of specific notification and rate fixation, these are based on the management's assumptions	Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the carrying the value of Regulatory Deferral Account Debit Balances include the following: • Understanding and testing the design and operating effectiveness of controls as established by the management for accrual of income and determination of the amounts recoverable there against. • Obtaining and understanding of the amount recoverable in terms of CERC Regulations and assessing, testing and evaluating the reasonableness thereof keeping in view the significant judgements applied by the management for such assessments. • The above includes the evaluation of the CERC guidelines and acceptance of the claim made by the Company in the past and the trend of disallowances on various count and adherences and compliances thereof by the management and rationale for assumptions taken under the given situation and business environment. • Evaluating the various assumptions considered by the management for arriving at the value of Cash generating Unit specially in case of Subansiri Project and coverage thereof and adequacy thereof with respect to the carrying value of the Project in Progress and balances of Regulatory deferral Accounts.



Key audit Matters	Addressing the Key Audit Matters
and estimates which are subject to finalisation of tariff by CERC. 2. Impairment Assessment of carrying amount of Property, Plant and Equipment (PPE) and Capital Work in Progress (CWIP) Certain Cash Generating Units (CGUs) of the company and subsidiaries were assessed for impairment as on 31st March 2019. This covers Property, Plant and Equipments and Capital Work in Progress in respect of Subansiri Lower Project currently under interruption (Note 2.2.7) and other projects as given in Note 34(18). This has been assessed that no significant change with an adverse effect on the company has taken place during the year, or is expected to take place in the near future, in the technological, economic or legal environment in which the company and its subsidiaries and joint ventures operate. Based on the assessment, the company has concluded that there exists no significant impairment indicator or any impairment in respect of the CGUs of the company and its subsidiary tested for impairment during FY 2018-19. Based on the above assessment, no provision for impairment has been considered necessary by the Company. Impairment exercise undertaken which justifies the carrying amount of certain assets including the regulatory deferral account balances pertaining to Subansiri Lower Project as dealt with under para 1(a) above, is significant and vital to the Company's operations. Evaluation of the impairment involves assessment of value in use of the Cash Generating Units (CGUs) and requires significant judgements and assumptions about the future cash flow forecasts, forecast production, forecast volumes, prices and discount rate.	Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the non-provisioning of any CGU based on impairment testing include the following: • Critical evaluation of internal and external factors impacting the entity and indicators of impairment (or reversal thereof) in line with Ind AS 38; • Review of impairment valuation models used in relation to CGU to determine the recoverable amount by analysing the key assumptions used by management in this respect including: - Consistency with respect to forecast for arriving at the valuation and assessing the potential impact of any variances; - Price assumptions used in the models; - Factoring of risk inherent to the CGUs in the Cash Flow projections or the discount rate. - The assumption/estimation for the weighted average cost of capital and rate of discount for arriving at the value in use. • Reviewed the Government policy and approval for setting up the Projects, decision of the Board and the efforts and steps being undertaken in this respect.
3. Contingent Liabilities – against claim from Contractors (Note 34.1(a)(ii)) Various claims lodged by the Contractors against Capital Works have been disclosed under Contingent Liability. This includes matters under arbitration and/or before the Court which have been decided against the Company, out of which certain amounts have been paid/deposited pursuant to the NITI Aayog directions. Claims made against the Company are significant. These are pending for decision before arbitration or other judicial forums and consequential and possible impact thereof and provisions/disclosure required	Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the Contingent Liabilities include the following: • Obtained the status of the case from the legal department and their view on the matter; • Evaluated the contractual terms and conditions and management's rationale for the adequacy of the provision so far made and the amount remaining unprovided against the demands made against the Company;

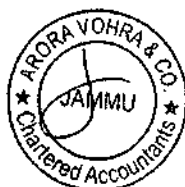


Key audit Matters	Addressing the Key Audit Matters
have been based on the management's assessment of the probability of the occurrence of the liability.	- Meeting with management and reading/ reviewing the correspondences Memos and Notes on related matters. - Reliance has been placed on the legal views and decisions on similar matters and probability of the liability arising therefrom pending final judgement/ decisions; - Reviewed the appropriateness and adequacy of the disclosure by the management as required in terms of the requirement of IND AS 37 "Provisions, Contingent Liabilities and Contingent Assets".
4. Expenditure incurred on Survey and Investigation Projects upto 31.03.2019 Expenditure of Rs. 1419.98 as given in Note 2.2.2 (including Rs. 132.06 Crores for the year) Crores has been incurred for conducting survey and investigation on projects. Out of this Rs. 666.05 (including Rs. 60.52 Crores during the year) Crores have been provided for on account of uncertainty with respect to clearances, approval for implementing the Projects, leaving Rs. 753.93 Crores which has been carried forward as Capital Work in Progress. In the event of related Projects not being undertaken, amounts spent on survey and investigations which are material will no longer be eligible to be carried forward as Capital Work in Progress.	Our audit procedures based on which we arrived at the conclusion regarding carrying the amount of expenditure incurred on survey and Investigation Projects incurred include the following: - Obtained the status of the Projects under Survey and Investigation stage as provided by the management and the reason thereof of keeping them in abeyance including the cases where there are order of appropriate authority or Court to the effect. - Understanding and testing the design and operating effectiveness of controls as established by the management for accounting the expenses incurred for survey and investigation projects and the policy followed for making provisions/ write off for such expenses given the nature of business of the Company. - Evaluating the management's rationale with respect to possible abandonment of such projects in future and/ or expected economic use of the same.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Directors' Report, Management Discussion and Analysis Report, Business Responsibility Report and Report on Corporate Governance, but does not include the standalone financial statements and our auditors' report thereon. The other information as stated above is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information as stated above and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe necessary actions required as per applicable laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(S) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

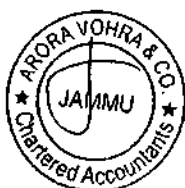
Other Matter

The standalone financial statements of the Company for the year ended March 31, 2018 were audited by the then joint auditors of the Company, two of whom were predecessor audit firms and they had expressed an unmodified audit Report vide their report dated May 28, 2018 on such standalone financial Statements.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

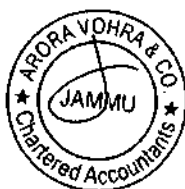
- As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- Based on the verification of books of account of the Company and according to information and explanations given to us, we give below a report on the Directions issued by the Comptroller and Auditor General of India in terms of Section 143 (5) of the Act:



Sl. No.	Directions	Reply
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated..	According to the information and explanations given to us and based on our audit, all accounting transactions are routed through ERP system implemented by the Company. Period end Financial Statements are compiled offline based on balances and transactions generated from ERP system. We have neither been informed nor we have come across during the course of our audit any accounting transactions having impact on the integrity of the accounts along with the financial implications which have been processed outside the IT system.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	According to information and explanations given to us and based on our audit, there is no case of restructuring of an existing loan or cases of waiver/write off of debts / loans / interest etc. made by lender to the Company.
3	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.	According to information and explanations given to us and based on our audit, the Company has accounted for and utilized the funds received for specific schemes from Central/State agencies as per the terms and conditions of the schemes.

iii. Further to our comments in the annexure referred to in the paragraph above, 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 (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- in terms of Notification no. G.S.R. 463 (E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualifications of the Directors, are not applicable as it is a government Company;
- With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control, and



g) With respect to the other matters to be included in the Auditors' 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:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 34 para 1 to the standalone financial statements;
- ii. The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any derivative contracts; and
- iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Arora Vohra & Co.
Chartered Accountants
Firm's ICAI Registration No.: 09487N

Prem C. Bansal
Partner
M. No. 083597

Place: New Delhi
Date: May 27, 2019



For DSP & Associates
Chartered Accountants
Firm's ICAI Registration No.: 006791N

Sanjay Jain
Partner
M. No. 08490



For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No.: 301051E

R. P. Singh
R P Singh
Partner
M. No. 052438



ANNEXURE "A" TO THE AUDITORS' REPORT OF EVEN DATE:

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of Fixed Assets.
- b. As per the information and explanations given to us and on the basis of our examination of the records of the Company, the Tangible Fixed Assets except Land in certain Units, have been physically verified by the management/ outside agencies, in a phased manner, which in our opinion is reasonable, having regard to the size of Company and nature of its business. The reconciliation of physically verified assets with the book records in certain cases is in progress. Discrepancies noticed on the physical verification and consequential adjustments are carried out on completion of reconciliation. According to information and explanations given by the management and in our opinion, the same are not material.
- c. According to the information and explanations given to us, the records examined by us and based on the Title/ Lease deeds provided to us, we report that, the title/ Lease deeds, comprising all the freehold/ leasehold immovable properties of land and building, are held in the name of the Company as on the balance sheet date except for the following where the title/lease deeds are not available with the Company:

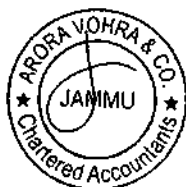
Nature	Area in Hectares	Gross block (at actual cost) as at 31.03.2019 (Rs. In Crore)	Net block as at 31.03.2019 (Rs. In Crore)
Freehold land	109.85	6.73	6.73
Leasehold Land	519.68	251.28	236.84
Building under Lease		17.01	16.64

- ii) As informed, the inventories of the Company except for inventories in transit, have been physically verified by the management/ outside agencies, during the year. In our opinion and according to the information and explanations given to us, 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) According to the information and explanations given to us by the Management, 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, except unsecured loan granted during the previous year to a Company.
- In our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the interest of the Company.
 - In respect of Loan so granted by the Company, the schedule of repayment of principal and Interest has been stipulated. Unsecured loan of Rs. 6 Crores which though due for repayment during the year, was not repaid by the borrower. The borrower has requested for extension of the repayment schedule, the approval of which is under process by the Company. However, repayment of the interest is regular.
 - In respect of such loan, there is an overdue amount of Rs. 6 Crore for more than ninety days. As informed to us and based on the explanations given, the Company has taken reasonable steps for recovery of the principal.



- 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. In respect of overdue earnest money deposits and security deposits, Management is of the view that overdue earnest money deposits and security deposits of suppliers/contractors appearing in the books are in the nature of retention money for performance of contracts for supply of goods and services and accordingly, not to be treated as deemed deposits by virtue of amendment in rule 2, sub rule (1), clause (c) of the Companies (Acceptance of Deposits) Amendment Rules 2016.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it.
- b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrear as at March 31, 2019 for a period of more than six months from the date they become payable.
- c. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, as at March 31, 2019, are as follows:

Name of Statute	Nature of Duties	Amount (Rs. in Crores)	Financial Year to which it pertains	Deposit under Protest (Rs. in Crores)	Forum at which case is pending
Sales Tax Acts/VAT Acts	Sales Tax/VAT	288.13	1994-95	0.19	J & K Sales Tax Appellate Tribunal
		1.6	2008-09, 2009-10 & 2010-11 to 2014-15	1.42	Assistant Excise & Taxation Commissioner, Kullu
		19.58	2004-05 to 2012-13	15.29	West Bengal Taxation Tribunal, Kolkata
		15.08	2012-13 to 2013-14	0	CTO, Baramulla
		25.71	2005-06 to 2007-08	25.71	Deputy Commissioner of Commercial Taxes, Sikkim.



Name of Statute	Nature of Duties	Amount (Rs. in Crores)	Financial Year to which it pertains	Deposit under Protest (Rs. in Crores)	Forum at which case is pending
Finance Act, 1996	Service Tax	22.07	2008-09 to 2011-12 & 2012-13 to 2014-15	22.07	CESTAT, Kolkata
		101	2013-14 to 2016-17	0	Additional Director General (Adjudication), Director General of GST Intelligence, New Delhi
		16.13	2004-05 to 2008-09	1.7	Assistant Commissioner of GST, Faridabad
		0.03	2005-06	0	Service Tax Department, Patna
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	1.14	2012-13 to 2017-18	0	Kolkata High Court
Jammu and Kashmir Entry Tax on Goods Act 2000	Entry Tax	0.25	2013-14	0.25	Dy. Commissioner, Commercial Taxes, Appeal, Jammu
The Jammu & Kashmir Urban Immovable Property Tax Act, 1962	Property Tax	0.21	1991-92 to 1996-97 & 1997-98 to 2001-02	0.014	State Sales Tax Appellate Tribunal, Jammu
Water (Prevention and Control of Pollution) Act, 1974	Water Cess	46.92	2015-16 to 2017-18		High Court of Uttarakhand, Nainital
Uttarakhand Green Energy Cess Act, 2014	Green Energy Cess	31.41	2015-16 to 2017-18		High Court of Uttarakhand, Nainital
Building and Other Construction Workers Welfare Cess Act, 1996	BOCW Cess	9.24	2010-11	9.24	Labour Officer cum cess assessing officer, Chamba, Himachal Pradesh

viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks, Governments or debenture holders.

ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer during the year. The Company has raised money by issue of debt instruments during the year. This includes the amount raised through 8.12 % Semi annual 10 year unsecured non-cumulative redeemable non-convertible taxable "Government of India fully serviced Bonds- Series -I" to meet the funding requirement of Government of India for the scheme of Power System Development Fund during the year. On the basis of our examination and according to the information and explanations given to us, money raised by way of term loans have been applied for the purpose for which the loans were obtained.

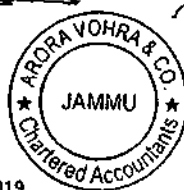


- x) Based on our audit procedures and as per the information and explanations given to us by the management, no fraud by the Company or any fraud on the Company, by any person including its officers/ employees, has been noticed or reported during the year.
- xi) As per notification number G.S.R. 463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.
- xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Arora Vohra & Co.
Chartered Accountants
Firm's ICAI Registration No.: 09487N

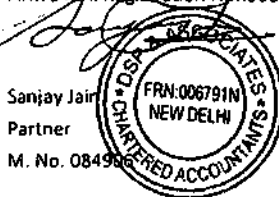
Prem C. Bansal
Partner
M. No. 083597

Place: New Delhi
Date: May 27, 2019



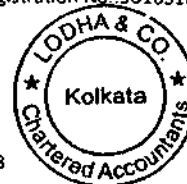
For DSP & Associates
Chartered Accountants
Firm's ICAI Registration No.: 006791N

Sanjay Jain
Partner
M. No. 084986



For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No.: 301051E

R. P. Singh
Partner
M. No. 052438



ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of NHPC Limited ('the Company') as at March 31, 2019 in conjunction with our audit of the standalone 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 with reference to financial statements 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. 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.

Auditors' Responsibility

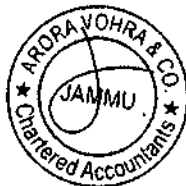
Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 control with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

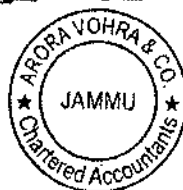
Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements 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.

For Arora Vohra & Co.
Chartered Accountants

Firm's ICAI Registration No.: 09487N

Prem C. Bansal
Partner
M. No. 083597



For DSP & Associates
Chartered Accountants

Firm's ICAI Registration No.: 006791N

Sanjay Jain
Partner
M. No. 08490



For Lodha & Co.
Chartered Accountants

Firm's ICAI Registration No.: 301051E

R. P. Singh
R P Singh
Partner
M. No. 052438



Place: New Delhi
Date: May 27, 2019



एन एच पी सी लिमिटेड

(भारत सरकार का उद्यम)

NHPC Limited

(A Government of India Enterprise)

फोन/Phone : _____

दिनांक/Date : _____

संदर्भ सं./Ref. No. _____

The following resolutions were passed by the shareholders in the Postal Ballot process held on 9th September, 2014.

ITEM NO. 1: Authorization to the Board of Directors for mortgaging and/or creating charge on all or any of the movable or immovable assets and / or immovable property of the Company for securing borrowings for the purpose of the Company.

"RESOLVED THAT in supersession of resolution passed by the shareholders in its Extraordinary General Meeting held on 17th December 1992 and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 read with relevant rules (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, consent of the Company be and is hereby accorded in favour of the Board of Directors of the Company for mortgaging and/or charging of all or any of the movable and/or immovable properties of the company, both present and future, or the whole or substantially the whole of the undertaking or the undertakings of the company for securing the borrowing on bonds or on term loans or in any other manner in the Indian Currency and in any Foreign Currency for the purpose of the business of the Company;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do or cause to be done all such acts, deeds and other things as may be required or considered necessary or incidental thereto for giving effect to this resolution."

ITEM NO. 2: Increase in Borrowing Powers up to Rs. 30,000 Crore.

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) and all other provisions of the Companies Act, 2013 read with relevant rules (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, consent of the Company be and is hereby accorded in favour of the Board of Directors of the Company for borrowing from time to time any sum or sums of money, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) shall not exceed in aggregate at any time of Rs. 30,000 crore (Rupees Thirty Thousand Crore)"

पंजीकृत कार्यालय : एन एच पी सी ऑफिस कॉम्प्लेक्स, सेक्टर-33, फरीदाबाद, हरियाणा-121 003 (भारत)

Regd. Office : NHPC Office Complex, Sector-33, Faridabad, Haryana-121 003 (India)

Website : www.nhpcindia.com; E-mail : webmaster@nhpc.nic.in; Fax : 0129-2277941; EPABX No. : 0129-2278421



एन एच पी सी लिमिटेड

(भारत सरकार का उद्यम)

NHPC Limited

(A Government of India Enterprise)

संदर्भ सं./Ref. No. _____

फोन/Phone : _____

दिनांक/Date : _____

irrespective of the fact that such aggregate amount of borrowing outstanding at any time may exceed the aggregate for the time being of the paid-up capital of the Company and free reserves, that is to say, reserves not set apart for any specific purpose;

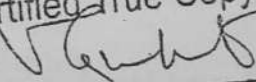
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do or cause to be done all such acts, deeds and other things as may be required or considered necessary or incidental thereto for giving effect to this resolution."

ITEM NO. 3: Issue of Secured / Unsecured Redeemable Non-Convertible Debentures / Bonds aggregating up to Rs. 2500 Crore through Private Placement.

"**RESOLVED THAT** pursuant to the provisions of Section 42, 71 and all other applicable provisions of the Companies Act, 2013 read with relevant rules (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the provisions of the Articles of Association of the Company, approval of the Members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for Secured / Unsecured Redeemable Non-Convertible Debentures / Bonds, in one or more series / tranches, aggregating up to Rupees 2,500 crore (Rupees Two Thousand Five Hundred Crore), on Private Placement, on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and in the beneficial interest of the Company including time, consideration for the issue, utilization of issue proceeds and all other matter connected with or incidental thereto;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do or cause to be done all such acts, deeds and other things as may be required or considered necessary or incidental thereto for giving effect to this resolution."

Certified True Copy


18/11/2014

विनीता गुप्ता
कंपनी सचिव
Company Secretary
एन एच पी सी लिमिटेड
NHPC Limited

पंजीकृत कार्यालय : एन एच पी सी ऑफिस कॉम्प्लेक्स, सेक्टर-33, फरीदाबाद, हरियाणा-121 003 (भारत)

Regd. Office : NHPC Office Complex, Sector-33, Faridabad, Haryana-121 003 (India)

Website : www.nhpcindia.com; E-mail : webmaster@nhpc.in; Fax : 0129-2277941; EPABX No. : 0129-2278421



एनएचपीसी लिमिटेड

(भारत सरकार का उद्यम)

NHPC Limited

(A Government of India Enterprise)

फोन/Phone : _____

दिनांक/Date : _____

संदर्भ सं./Ref. No. _____

CERTIFIED TRUE COPY OF RESOLUTIONS PASSED IN THE 427TH BOARD MEETING OF NHPC LIMITED HELD ON 17TH SEPTEMBER, 2019.

ITEM NO.

427.2.2: APPROVAL FOR THE ISSUANCE OF CORPORATE BONDS AND/OR RAISING OF TERM LOANS/INTER-CORPORATE LOAN/EXTERNAL COMMERCIAL BORROWINGS (ECB) AMOUNTING TO RS. 2,500 CRORE:

1. **RESOLVED THAT** Chairman & Managing Director and/or Director (Finance) be and are hereby authorized to raise Debt up to Rs. 2500 crore during the financial year 2019-20 through Secured, Redeemable, Taxable, Non-cumulative, Non-Convertible Taxable Corporate Bonds in one or more Series/Tranches on private placement basis and/or raising of Term loans/Inter-Corporate Loan/ External Commercial Borrowings (ECB) in suitable tranches. Chairman & Managing Director and/or Director (Finance) be and are hereby further authorized to decide all terms and conditions including coupon rate, tenor etc for Corporate Bonds/Term loans/Inter-corporate Loans/ External Commercial Borrowings (ECB).
2. **RESOLVED FURTHER THAT** out of Rs. 2500 crore, debt upto Rs. 2000 crore be raised in first tranche and balance debt of Rs. 500 crore be raised after the completion of exercise for recovery of dues from beneficiaries and monetization of under-utilised fixed assets.
3. **RESOLVED FURTHER THAT** Chairman & Managing Director / Director (Finance) / Chief General Manager (Finance) be and is hereby authorized to make allotment of the Corporate Bonds to be raised and for signing of the Loan Agreement for the Term loans/Inter-Corporate Loans/ External Commercial Borrowings

Certified True Copy

[Signature]
30/09/2019

पंजीकृत कार्यालय : एन एच पी सी ऑफिस कॉम्प्लेक्स, सेक्टर-33, फरीदाबाद - 121 003, हरियाणा

Regd. Office : NHPC Office Complex, Sector-33, Faridabad - 121 003, Haryana

CIN : L40101HR1975GOI032564; Website : www.nhpcindia.com

E-mail : webmaster@nhpc.nic.in; No. : 0129-2588110/2588500

बिजली से संबंधित शिकायतों के लिए 1912 डायल करें। Dial 1912 for Complaints on Electricity

(ECB) be availed during the financial year 2019-20 up to Rs. 2500 crore.

4. **RESOLVED FURTHER THAT** Director (Finance)/Chief General Manager (Finance) be and is hereby authorized to sign Declaration under Form PAS-4 required pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rule, 2014 for Corporate Bonds and approve offer letter in connection thereof.
5. **RESOLVED FURTHER THAT** Director (Finance) be and is hereby authorized to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue(s) of the Corporate Bonds/Term loans/Inter-corporate loan/ External Commercial Borrowings (ECB) including without limiting to the Arrangers, Registrar, Credit Rating Agency(ies), Trustee, Legal Firm, Consultant for Debenture Trust Deed, Custodian for Memorandum of Entry and any other agency required and to decide, settle the remuneration for all such intermediaries / agencies / persons, including by way of payment of commission, brokerage, fee, charges, etc.
6. **RESOLVED FURTHER THAT** Director (Finance) be and is hereby authorized to appoint Banker to the issue(s) and open Bank Account and settle the terms of appointment.
7. **RESOLVED FURTHER THAT** Director (Finance)/Chief General Manager (Finance) be and is hereby authorized to provide assets of the Company as security by way of hypothecation and/or mortgage on pari-passu basis, wherever required for raising of Corporate Bonds/Term loans/ Inter-Corporate Loan/ External Commercial Borrowings (ECB) and do all necessary acts/deeds, sign all necessary documents/contracts/agreements/deeds incidental to effect above resolutions.
8. **RESOLVED FURTHER THAT** Chief General Manager (Finance)/General Manager (Finance) be and is hereby authorized to execute Trust Deed/agreements for issuance of Corporate Bonds /Term loans/Inter Corporate Loan/ External

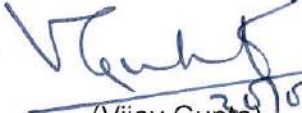
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30/06/2019

Commercial Borrowings (ECB) and pay stamp duty, court fee and any other related charges.

9. **RESOLVED FURTHER THAT** Company Secretary/Chief General Manager (Finance)/General Manager (Finance) be and is hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the Corporate Bonds in one or more Stock Exchange(s) to obtain ISIN/Filing Corporate action with NSDL/CDSL and make necessary fees to Stock Exchanges and NSDL/CDSL and all the compliances as may be required.
10. **RESOLVED FURTHER THAT** Company Secretary be and is hereby authorized to file with the Registrar of the Companies requisite form PAS 3, PAS 5 etc. and particulars of charges in connection with the said hypothecation and mortgage in favor of trustees/Banks by filing statutory return within the time limit as laid down in the Companies Act, 2013.
11. **RESOLVED FURTHER THAT** the Common seal as per the rules of the Company be affixed on all such documents/deeds as are required to be executed under the Common Seal of the Company, in terms of provisions of Articles of Association of the Company.

Certified True Copy


(Vijay Gupta) 30/06/2019
Company Secretary

VIJAY GUPTA
Company Secretary
NHPC Limited
(A Govt. of India Enterprises)
NHPC Office Complex, Sector-33
Faridabad, Haryana-121 003 (India)



ICRA

ICRA Limited

Ref: D/RAT/2019-20/N1/2

Date: September 27, 2019

Mr. Mahesh Kumar Mittal

Director (Finance)

NHPC Limited

NHPC office complex, Sector-33

Faridabad, Haryana- 121003

Dear Sir,

Re: ICRA Credit Rating for the Rs. 2,500.00 crore Bond Programme of NHPC Limited

Please refer to the Rating Agreement dated September 20, 2019 for carrying out the rating of the aforesaid Bond Programme. The Rating Committee of ICRA, after due consideration, has assigned a [ICRA] AAA (pronounced as ICRA triple A) rating to the captioned Bond Programme. Instruments with this rating indicate highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest risk. The Outlook on the long-term rating is Stable.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA] AAA(stable). We would request if you can sign the acknowledgement and send it to us latest by October 07, 2019 as acceptance on the assigned rating. In case you do not communicate your acceptance/non acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on '*Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)*' issued by the Securities and Exchange Board of India.

Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

Satyam Mehta

Shailendra

Building No. 8, 2nd Floor, Tower A
DLF Cyber City, Phase II
Gurugram - 122002, Haryana

Tel. : +91.124.4545300
CIN : L74999DL1991PLC042749

Website : www.icra.in
Email : info@icraindia.com
Helpdesk : +91.124.3341580

Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

RATING • RESEARCH • INFORMATION

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The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

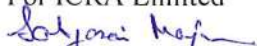
You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

Enclosed herewith is a copy of the rationale of the assigned rating for your reference. Please respond with your comments if any within the aforesaid timeline of October 07, 2019.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited

Sabyasachi Majumdar

Senior Vice President and Group Head

sabyasachi@icraindia.com


Shailendra Singh Baghel

Senior Analyst

shailendra.baghel@icraindia.com

Mr. Mahesh Kumar Mittal
Director – Finance
NHPC Limited
NHPC Office Complex,
Sector 33,
Faridabad -121003

September 23, 2019

Kind Attn: Mr. Mahesh Kumar Mittal, Director – Finance

Dear Sir,

Re: Rating Letter for NHPC Limited

India Ratings and Research (Ind-Ra) rates NHPC Limited's additional bonds as follows:

Instrument Type	Size of Issue (billion)	Rating/Outlook	Rating Action
Bonds	INR25	IND AAA/Stable	Assigned

NHPC plans to issue INR25 billion under its bond programme under different tranches. The first tranche would be for INR10 billion with a greenshoe option of additional INR7.5 billion. The balance would be raised in subsequent tranche/tranches.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in a India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

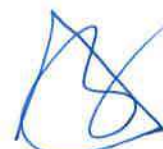
We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at 022 – 4000 1700.

Sincerely,

India Ratings



Rakesh Valecha
Senior Director



Abhishek Bhattacharya
Director

No. 7260-A/ITSL/OPR/CL/19-20/DEB/738

Date: 20th September, 2019**NHPC Limited**NHPC Office Complex,
Sector- 33, Faridabad- 121 003
Haryana**Kind Attn: Mr. Saroj Kumar Roy/ Mr. Umakant Rai**

Dear Sir,

Consent to act as Debenture Trustee for the proposed Private Placement issue of secured redeemable non-convertible "Y" Series Debentures by NHPC Limited aggregating upto Rs. 2500 crores in the financial year 2019-20.

This is with reference to your letter dated 20th September, 2019 bearing reference number NH/Fin/DFS/Y Series/2019-20/ regarding appointment of IDBI Trusteeship Services Limited as Debenture Trustee for the proposed Private Placement of secured redeemable non-convertible "Y" Series Debentures aggregating up to Rs. 2500 Crores in the financial year 2019-20. In this connection, we confirm our acceptance of the assignment.

We are agreeable for inclusion of our name as trustees in the Disclosure document/ listing application/ any other document to be filed with the Stock Exchange(s) subject to the following conditions.

- 1) The Company hereby agrees and undertakes to execute the Debenture Trust Deed / Debenture Trustee Agreement and other necessary documents on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document.
- 2) The Company hereby agree & undertake to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as mutually agreed for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.
- 3) The Company hereby agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009, the new Companies Act, 2013 and other applicable provisions and agree to furnish to Trustees such information in terms the same on regular basis.

Looking forward to a fruitful association with you and assuring you of our best services at all times.

Yours faithfully,

For IDBI Trusteeship Services Limited
Authorized Signatory**MOHD
FARUQUE**Digitally signed by
MOHD FARUQUE
Date: 2026.03.18
16:38:23 +05'30'