



NHPC LIMITED

(A Government of India Enterprise)
SECTOR-33, FARIDABAD, HARYANA - 121 003

CIN: L40101HR1975GOI032564

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2016

(₹ in Lacs)

PARTICULARS	Quarter Ended			Nine Month Ended	
	31.12.2016 Unaudited	30.09.2016 Unaudited	31.12.2015 Unaudited	31.12.2016 Unaudited	31.12.2015 Unaudited
1 Income from operations					
(a) Sales/ Income from operations *	1,29,835	2,35,167	1,34,417	5,81,606	5,65,765
(b) Other operating income	1,023	5,169	2,339	9,267	5,648
Total Income from operations	1,30,858	2,40,336	1,36,756	5,90,873	5,71,413
2 Expenses					
(a) Employee benefits	30,875	33,096	29,166	96,046	83,369
(b) Depreciation & amortization	35,513	34,216	34,536	1,03,569	1,01,587
(c) Water usage charges	9,292	26,420	14,809	61,510	64,595
(d) Other	28,247	24,866	22,788	79,267	72,428
Total expenses	1,03,927	1,18,598	1,01,299	3,40,392	3,21,979
3 Profit from operations before other income, finance costs and exceptional items (1-2)	26,931	1,21,738	35,457	2,50,481	2,49,434
4 Other Income	17,499	87,786	18,621	1,21,612	76,106
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	44,430	2,09,524	54,078	3,72,093	3,25,540
6 Finance Costs	26,883	27,941	26,526	82,331	81,133
7 Profit from ordinary activities after finance costs but before exceptional items (5-6)	17,547	1,81,583	27,552	2,89,762	2,44,407
8 Exceptional items	-	-	-	-	-
9 Profit from ordinary activities before rate regulated income and tax (7-8)	17,547	1,81,583	27,552	2,89,762	2,44,407
10 Rate Regulated Income/ (Expenditure)	13,402	10,845	13,191	38,041	40,118
11 Profit before tax from ordinary activities (9+10)	30,949	1,92,428	40,743	3,27,803	2,84,525
12 Tax expense					
a) Current Tax	6,431	38,188	11,021	70,479	60,171
b) Adjustments relating to earlier years	(598)	(66)	-	(7,880)	(2,375)
c) Deferred Tax	3,647	(1,160)	12,665	2,487	8,288
Total Tax expense (a+b+c)	9,480	36,962	23,686	65,086	66,084
13 Net Profit after tax from ordinary activities (11-12)	21,469	1,55,466	17,057	2,62,717	2,18,441
14 Extraordinary items (net of tax expense)	-	-	-	-	-
15 Net Profit for the period (13-14)	21,469	1,55,466	17,057	2,62,717	2,18,441
16 Other Comprehensive Income (Net of Tax)	(161)	1,240	1,760	1,921	(1,282)
17 Total Comprehensive Income (15+16)	21,308	1,56,706	18,817	2,64,638	2,17,159
18 Paid-up equity share capital (of Face Value ₹ 10/- per share)	11,07,067	11,07,067	11,07,067	11,07,067	11,07,067
19 Basic & Diluted EPS					
Earnings per share before Regulatory Income (in ₹) (Equity shares, face value of ₹ 10/- each) (not annualized):					
1. Basic (in ₹)	0.07	1.31	0.03	2.03	1.61
2. Diluted (in ₹)	0.07	1.31	0.03	2.03	1.61
Earnings per share after Regulatory Income (in ₹) (Equity shares, face value of ₹ 10/- each) (not annualized):					
1. Basic (in ₹)	0.19	1.41	0.15	2.37	1.97
2. Diluted (in ₹)	0.19	1.41	0.15	2.37	1.97

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

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Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company in their meetings held on 6th February, 2017 and 7th February, 2017 respectively. Joint Statutory Auditors of the Company have carried out Limited Review of the results for the current quarter & nine months and of the corresponding previous quarter & nine months.
- 2(a) The Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2016 and accordingly, these financial results have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015 as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules framed thereunder and the other accounting principles generally accepted in India. Consequently, results for the quarter/nine months ended 31st December 2015 have been restated to comply with Ind AS to make them comparable.
- In pursuance of SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016, the Company has presented financial results for the current quarter & nine months ended 31st December, 2016 and corresponding previous quarter & nine months ended 31st December, 2015. Accordingly these statements do not include figures for the previous year ended 31st March, 2016.
- 2(b) Reconciliation of the standalone financial results under Ind AS and as reported under previous Generally Accepted Accounting Principles (GAAP) for the quarter & nine months ended 31st December, 2015 are summarised as below:

Particulars	Ref. to Notes.	₹ in Lacs	
		Quarter ended 31.12.2015	Nine months ended 31.12.2015
(i) Net Profit after Tax as per previous Indian GAAP		38,802	233,606
(ii) Impact of arrangements/contracts containing a lease.	a	(6,931)	(2,391)
(iii) Net Gain/(Loss) on financial assets/ financial liabilities	b	(281)	(1,052)
(iv) Reclassification of actuarial gains/(losses) in respect of employee benefit schemes through OCI	c	(1,739)	(1,059)
(v) Impact of Prior Period expenses transferred to Opening reserves	d	142	(1,065)
(vi) Change in policy for recognition of Property, Plant & Equipment (PPE)	e	115	260
(vii) Tax adjustments		(13,051)	(9,858)
(viii) Net Profit after Tax as reported under Ind AS		17,057	218,441
Other Comprehensive Income (Net of Tax)		-	-
- Remeasurements of employees defined benefit plans	c	1,137	692
- Investment in Equity Instruments	f	827	(1,739)
- Investment in Debt Instruments	f	(204)	(235)
(viii) Total Other Comprehensive Income (Net of Tax)		1,760	(1,282)
(ix) Total Comprehensive Income (TCI)		18,817	217,159

Notes to reconciliation:

- a) Property, Plant and Equipment (PPE) containing a lease arrangement have been de-recognized and shown at fair value as lease receivable as per Ind AS 17- Leases.
- b) The Company has valued financial assets (other than investment in Subsidiaries and Joint Ventures which are accounted for at cost) and financial liabilities at fair value. Impact of fair value changes as on the date of transition, is recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss or Other Comprehensive Income, as the case may be.
- c) Under previous GAAP, actuarial gains/losses were recognised in Statement of Profit & Loss. Under Ind AS, the same is recognised in Other Comprehensive Income.
- d) Prior period errors in respect of items of income/expenditure relating to periods before the date of transition to Ind AS have been adjusted against opening reserves as per Ind AS 8- "Accounting Policies, Changes in Accounting Estimates & Errors."
- e) Impact of change in accounting policy for spares qualifying as asset as per Ind AS 16- 'Property, Plant & Equipment' on the date of transition has been recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss.
- f) Under previous GAAP, non current investments were stated at cost. Where applicable, provision was made to recognise the decline, other than temporary, in valuation of such investments. Under Ind AS 109- 'Financial Instruments', investments in equity instruments (other than investment in Subsidiaries and Joint Ventures which are accounted at cost) have been classified at Fair value through Other Comprehensive Income (FVTOCI) by way of an irrevocable election at the date of transition.
- 3 In view of seasonal nature of business, the financial results of the current quarter may not be comparable with previous quarter of current year.
- 4 During the quarter ended on 31.12.2016, Wind Power Project, Jaisalmer (50MW) has been put on commercial operation on 30.09.2016 (midnight).
- 5 Electricity generation is the principal business activity of the Company. Other operations viz., Contract, Project Management and Consultancy Works do not form a reportable segment as per Ind AS 108- 'Operating Segments' specified under Section 133 of the Companies Act, 2013. The operations of the Company are mainly carried out within the country and therefore Geographical Segments are not applicable.
- 6 Till FY 2015-16, the Company had recognized Regulatory Income in accordance with the Guidance Note on Rate Regulated Activities issued by the Institute of Chartered Accountants of India. With effect from FY 2016-17, such rate regulated items are to be accounted for as per Ind AS 114- 'Regulatory Deferral Accounts.' Ind AS 114 allows an entity to continue to apply previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances. Ind AS 114 further provides that for this purpose, Guidance Note of the ICAI on 'Accounting for Rate Regulated Activities' shall be considered to be the previous GAAP. Accordingly, Regulatory Income amounting to ₹ 13402 Lacs and ₹ 38041 Lacs for the quarter and nine months ended on 31.12.2016 (cumulative upto 31.12.2016 ₹ 255123 Lacs) have been recognized in respect of Subansiri Lower Project, where construction activities have been interrupted w.e.f. 16.12.2011 due to protest of anti-dam activists and case pending with National Green Tribunal (NGT).
- 7 Pending approval of tariff for the period 2014-19 by the Central Electricity Regulatory Commission (CERC) as per notification No.L-1/144/2013/CERC dt 21st February 2014, sales have been recognized provisionally as per tariff notified by CERC for the period 2009-14 in respect of Sewa-II, Chamera-III, Chutak, TLDP-III and Parbati-III Power stations. However, pending 'truing up' of the capital cost for the tariff period 2009-14, sales have been reduced by ₹ 860 Lacs and ₹ 7819 Lacs on estimated basis during the quarter and nine months ended on 31.12.2016 (corresponding previous quarter ₹ 2213 Lacs and previous nine months ₹ 9410 Lacs) as an abundant precaution.



- 8 CERC Regulations for the tariff period 2014-19 provides for recovery of income tax from the beneficiaries by way of grossing up of the Return on Equity with effective tax rate of the respective financial year i.e. actual tax paid during the year on the generating income. Accordingly, deferred tax assets created for the quarter and nine months ended on 31.12.2016 on generating income amounting to ₹ 2063 lacs and ₹ 10741 lacs respectively is accounted for as deferred tax adjustment against deferred tax liability as the same would get adjusted in effective tax rate in future period.
- 9 All non-convertible bonds of the Company are secured by way of first pari passu charge over certain immovable assets and movable assets of the Company. The available asset cover exceeds the required cover under terms of various issue offer documents.
- 10 Board of Directors in its meeting held on 12.01.2017 has declared an interim dividend @17% of the face value of ₹ 10 per share (₹ 1.70 per equity share) for the financial year 2016-17.
- 11 Board of Directors in its meeting held on 07.02.2017 has approved the proposal for Buyback of fully paid-up equity shares of the Company not exceeding 10% of paid up equity capital and free reserves of the company as on 31.03.2016.
- 12 Prior to transition to Ind AS, capital expenditure incurred for creation of facilities, over which the company does not have control but creation of which is essential principally for construction of the project, was being charged to 'Expenditure Attributable to Construction (EAC) as a part of Capital Work in Progress (CWIP) on the basis of attributability of such costs to the creation of major assets of the project. The said accounting treatment was objected to by the office of the C&AG as not being in line with the opinion of the EAC of the ICAI issued on the basis of pre-revised AS 10- "Fixed Assets" and an observation was issued during supplementary audit of the Financial Statements for F.Y. 2015-16. However, with the introduction of IND AS, the accounting treatment is covered under Para 9 of Ind AS-16, "Property, Plant & Equipment" which prescribes Unit of Measure approach under which management of an entity is competent to apply its judgment to recognition criteria based on its specific circumstances.
- 13 Other income for nine months ended on 31.12.2016 includes recovery of late payment surcharge amounting to ₹ 44032 Lacs from one of the beneficiaries.
- 14 CERC (Terms & Conditions of Tariff) Regulations provide for levy of late payment surcharge by generating company in case of delay in payment by beneficiaries beyond 60 days from the date of presentation of bill. An amount of ₹ 38725 lacs is due but not recognised on account of surcharge till 31.12.2016 due to significant uncertainties in the timing of its collection from the customers.
- 15 Statutory Auditors have included the following matters in Audit Report on the accounts for the year ended 31.03.2016 under "Emphasis of Matter" paragraph, without modifying their opinion in respect of these matters:
- (i) Stay from Hon'ble high court of Delhi against implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board level Executives,
 - (ii) Provisions against the expenditure incurred for conducting survey & investigation of projects or being carried forward pending clearances with various authorities,
 - (iii) Uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others,
 - (iv) Various balances which are subject to reconciliation/confirmation and respective consequential adjustments,
 - (v) Kollibhel-IA project, the fate of which is pending adjudication before the Hon'ble Supreme Court of India,
 - (vi) Capital expenditure incurred for creation of facilities i.e. enabling assets is charged to Expenditure Attributable to Construction (EAC).
- Matters referred under para (i) to (v) were included by the Statutory Auditors under " Emphasis of Matter" paragraph in the Audit Report for the year ended 31.03.2015 as well.
- The above points on which attention has been drawn by the auditors have been addressed as under:-
- (i) In view of the directions of the Hon'ble High Court, Personal Pay Adjustments to the employees is continued to be paid along with the Salary,
 - (ii) In the opinion of the management, the projects on which survey & investigation expenditure is incurred are still active and accordingly, the expenditure incurred is being carried forward. However, provision wherever considered necessary has been made in the books,
 - (iii) Management has assessed and provided for the probable outflow wherever required as per provisions of Ind AS.
 - (iv) In the opinion of the management, unconfirmed balances will not have any material impact,
 - (v) & (vi) are statements of fact.
- 16 Figures for the previous periods have been re-grouped/re-arranged wherever necessary.

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



(JAYANT KUMAR)
DIRECTOR (FINANCE)
DIN -03010235

Place : New Delhi
Date : 07.02.2017

