

September 07, 2011

Mr. R.K. Taneja,
Executive Director-Finance
NHPC Ltd
NHPC Office Complex,
Sector-33, Faridabad-121003
Haryana

Confidential

Dear Sir,

Credit Rating of Proposed Long term Bonds of Rs.1,500cr

Please refer to your request for rating of Proposed Long term Bond Issue of Rs 1,500cr of your company.

2. Our rating committee has assigned a '**CARE AAA**' [**Triple A**] rating to the Proposed Long term Bonds of your company. This rating is applicable for instruments having tenure of more than one year. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk
3. Our rating symbols for various ratings for long term facilities and explanatory notes thereon are given in Annexure I. The rationale for this rating will be communicated to you separately.
4. Please arrange to get the rating revalidated, in case the Proposed Long-term Bond issue is not made within **six months** from the date of our initial communication of rating to you (i.e. September 05, 2011)
5. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
6. Please inform us the details of issue [date of issue, name of investor, amount issued, interest-rate, date of payment of interest, date and amount of repayment etc.] as soon as the Bonds have been issued.



7. 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.
8. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension/withdrawal/revision in the assigned rating in any manner considered appropriate by it, without reference to you.
9. 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.

Thanking you,

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Sudhir".

[Sudhir Kumar]
Senior Manager

A handwritten signature in blue ink, appearing to read "Ajay".

[Ajay Kumar]
Manager

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 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.

Annexure I

A) Long /Medium -term instruments

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.