NHPC LIMITED
(A Government of India Enterprise)
Regd. Office: NHPC Office Complex, Sector-33, Faridabad-121003 (Haryana)
Tel: (0129) 2270603, 2278018, 2250 437 Fax (0129) 2270902, 2270603
Website: www.nhpcindia.com
Compliance Officer Mr Vijay Gupta, Company Secretary
E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com, nhpcbondsection@gmail.com
CIN No. L40101HR1975GOI032564

Registered Office and Corporate Office

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

(This is a Disclosure Document 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, as amended, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended, Securities and Exchange Board of India circular no. CIR/IMD/DF/18/2013 dated October 29, 2013 and as amended Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014., Form PAS-4 prescribed under section 42 and Rule, 14(1) of Companies (Offer Letter 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.)

DISCLOSURE DOCUMENT FOR PRIVATE PLACEMENT OF SECURED NON-CUMULATIVE NON CONVERTIBLE REDEEMABLE TAXABLE BONDS (S - SERIES) IN THE NATURE OF DEBENTURES TO BE ISSUED IN TWO SERIES S1 & S2.

S1 AT 8.49% p.a. of RS. 10.00 LAKHS EACH FOR CASH AT PAR AGGREGATING TO RS 365.00 CRORE INCLUDING GREEN SHOE OPTION TENOR OF 10 YEARS.

S2 AT 8.54% p.a. of RS. 12.00 LAKHS EACH FOR CASH AT PAR AGGREGATING TO RS 660.00 CRORE INCLUDING GREEN SHOE OPTION TENOR OF 15 YEARS.

ISSUE OPENS: At 9:00 Hrs on 26th Nov, 2014
ISSUE CLOSES: At 15:00 Hrs on 26th Nov, 2014
<u>LISTING</u>

The Bonds are proposed to be listed on WDM Segment of National 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 Foor,
Okhla Industrial Area Phase II, New Delhi - 110020.
Tel : 011 – 26387320, 26387321, 26387323
Fax : 011 - 26387322
E-mail: shares@rcmcdelhi.com

ARRANGERS TO THE ISSUE

Sl. No.	Name of Arranger	Sl. No.	Name of Arranger
1	Axis Bank	5	Darashaw
2	Trust Investment	6	Yes Bank
3	ICICI Bank	7	HDFC Bank
4	I-SECPD	8	Kotak Mahindra

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 Disclosure Document 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 document 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 Disclosure Document 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.

TABLE OF CONTENTS

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 S. N. Nanda & Co., New Delhi 2. M/s Ray and Ray, Kolkata, West Bengal 3. M/s Gupta Gupta and Associates, Jammu Tawi, Jammu & Kashmir 4 M/s S N Dhawan and Co., 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

Term	Description
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

Term	Description
Financial Year/Fiscal/FY	Period of 12 months ended March 31 of that particular year
GoI	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
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
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	SEBI (Disclosure and Investor Protection) Guidelines, 2000
Supreme Court	Supreme Court of India
US$ or USD or US Dollar	U.S Dollar
w.e.f.	With effect from
CARE	CREDIT ANALYSIS & RESEARCH LTD.

Technical and Industry-Related Terms

Term	Description
AFC	Annual Fixed Cost
Bonds	Secured Non Cumulative Non Convertible Redeemable Taxable Bonds (S Series) in the nature of Debentures to be issued in Two Series Namely S1 at 8.49% p.a. , S2 at _8.54% p.a.
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

Term	Description
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
Disclosure Document	Disclosure Document dated 20th Nov, 2014 for Private Placement of Secured Non Cumulative Non Convertible Redeemable Taxable Bonds (S Series) in the nature of Debentures to be issued in Two Series Namely S1 at 8.49% p.a., S2 at 8.54% p.a.
DPE	Department of Public Enterprises
DPR	Detailed Project Report
DRR	Debenture Redemption Reserve
Issuer/NHPC/Corporation /Company	NHPC LIMITED
MoEF	Ministry of Environment and Forest, Government of India
MU	Million Units
MW	Mega Watt
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 M/S **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	Private Placement of Secured Non Cumulative Non Convertible Redeemable Taxable Bonds (S Series) in the nature of Debentures to be issued in Two Series Namely S1 at 8.49% p.a., S2 at 8.54% p.a.
THDC	Tehri Hydro Development Corporation Limited
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 through postal ballot in accordance with the provisions of Section 110 of the Companies Act 2013, under Section 180(1)(a), 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and by the consent of Shareholders of the Company where the overall borrowing limit of NHPC was approved at Rs. 30,000 crore w.e.f. 26th September, 2014. It is in line of the resolutions passed by Board of Directors of NHPC in 374th meeting held on 07.07.2014. The proposed borrowing is within the overall borrowing limits of NHPC.

DISCLAIMERS

GENERAL DISCLAIMER

The Disclosure Document is neither a Offer Letter nor a Statement in lieu of Offer Letter and 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 (Offer Letter 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 Disclosure Document has not been filed with Securities & Exchange Board of India (SEBI). 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, filing of this document is not required with SEBI, however 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 ISSUER

The Issuer confirms that the information contained in this Disclosure Document 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 Disclosure Document 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 Disclosure Document 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 Disclosure Document has been submitted to the National Stock Exchange of India Ltd. (hereinafter referred to as "NSE") for hosting the same on its website. It is to be distinctly understood that such submission of the document with NSE 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 NSE; 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.

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

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. Radheshyam Mina,
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

Sl. No.	Name of Arranger	Sl. No.	Name of Arranger
1	Axis Bank	5	Darashaw
2	Trust Investment	6	Yes Bank
3	ICICI Bank	7	HDFC Bank
4	I-SECPD	8	Kotak Mahindra

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) India Ratings & Research Pvt Ltd (A Fitch Group Company)
Wockhardt Tower Level 4
West Wing Bandra Kurla Complex (E)
Mumbai 400051

b) CREDIT ANALYSIS & RESEARCH LTD.
B-47, 3rd Floor, Inner Circle
Connaught Place, New Delhi-110001
Tel. : +91 11 45333200, 23716199
Fax : + 91 11 45333238
Website : www.careratings.com

xi Auditors of the Issuer

The Joint Statutory Auditors of the Company are:

a) M/s S. N. Nanda & Co., New Delhi,
Chartered Accountants,
C-43, Pamposh Enclave,
Greater Kailash – I,
New Delhi – 110 048

b) M/s Ray and Ray,
Chartered Accountants,
6, Church Lane,
Kolkata – 700 001,
West Bengal

c) M/s Gupta Gupta and Associates,
Chartered Accountants,
142/3, Trikuta Nagar,
Jammu Tawi - 180012,
Jammu & Kashmir

d) M/s S N Dhawan and Co.,
Chartered Accountants,
C-37, Connaught Place,
New Delhi – 110 001

xiii. Banker of the Issue

State Bank of India
Capital Market Branch.(11777)
Videocon Heritage bldg,
Charanjit Rai Marg, Off D.N. Road,
Fort, Mumbai-400001

C) 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 6507 MW. We have commissioned 18 Hydroelectric power stations completely on standalone basis. Our current total generating capacity after taking into account the downgrade of capacity ratings of Tanakpur Power Station is 6481.2 MW. 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 in the states of Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Arunachal Pradesh, Assam, Manipur, Sikkim and West Bengal. Our Company and our Subsidiary company generated 18,386 MUs and

5711.89 MUs of electricity, respectively, in Fiscal 2014. In Fiscal 2014, our Company and our Subsidiary sold 15942 MUs and 5685.87 MUs of electricity, respectively.
We are presently engaged in the construction of 4 hydroelectric projects, which will increase our total installed capacity to 9797 MW. We are awaiting government sanction for a further five projects with an anticipated capacity of 5,115 MW. In addition, we are awaiting government sanction for certain joint venture and subsidiary projects with an anticipated capacity of 2186 MW. Survey and investigation works are being carried out to prepare project proposal reports for three additional projects, totaling 1,350 MW of anticipated capacity.

We are keen to harness the hydropower potential in the states through joint venture form alliances with state governments to undertake techno-economical feasible project developments. Pursuant to MoU with the government of Madhya Pradesh, we 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. The company has been actively pursuing business development and has entered into various arrangements for expanding the business portfolio. Four projects, totaling 2186 MW are to be implemented as Joint Ventures. Loktak Downstream Hydroelectric Corporation Limited, a Subsidiary Company, has been incorporated for executing the 66 MW Loktak Downstream Project in Manipur with 74% shareholding by NHPC and 26% by the Government of 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 2,120 MW in the Chenab River basin in Jammu and Kashmir for which DPR have been submitted for 2220 MW. NHPC has signed one more MOU for a joint venture with Orissa Hydro Power Corporation Ltd. and the Government of Orissa. Promoter agreement signed in 2013. JV Company formation is under discussion.

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 2012, 2013 and 2014, we generated total income (excluding exceptional items) of Rs. 6721.88 crores, Rs. 6299.42 crores and Rs. 6993.99 Crore respectively, and net profit of Rs. 2771.77 crores, Rs. 2348.22 crores and Rs. 978.79 crore respectively. In Fiscal 2014, our average selling price of electricity was Rs. 3.38 per unit (after adjustment of components of earlier year sales). In Fiscal 2014, we derived Rs. 5,335.11 crore or 76.28% of our audited total income from the sale of energy to SEBs and their successor entities, pursuant to long term power purchase agreements. In Fiscal 2015, based on Unaudited Financial Statements up to 30.09.2014,

the total income was Rs.4542.63 crores and the net profit for the period was Rs.1300.13 crores. In this period, we derived Rs.4119.89 crores or 90.69% of our total income from sale of energy.

Our operational efficiency has been reflected through high average capacity indices for our power stations, which are now currently measured by the Plant Availability Factor (PAF). The average capacity indices for our Company for Fiscals 2012, 2013 and 2014 were 83.30%, 85.30% and 77.70% respectively. For Fiscal 2015, the cumulative Plant Availability Factor (PAF) up to 30.09.2014 was 87.70%. These indices are higher than the cumulative capacity index levels, which are required under CERC regulations and our higher efficiency parameters, with pursuant to the tariff policy for Fiscal 2009-Fiscal 2014 and Fiscal 2014-Fiscal 2019 entitled us to certain incentive payments.

We have obtained OHSAS 18001:2007, ISO 9001:2008, ISO 14001:2004 certifications from the LMS Certification Private Limited, Lucknow all of which are valid until July 23, 2017.
In recognition of our performance and our consistent achievement of targets as negotiated under the MoUs that we enter into with the GoI 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. Performance rating for the Fiscal 2014 is awaited from GoI. 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 greater autonomy to undertake new projects without GoI approval, subject to an investment ceiling of Rs. 500 crore set by the GoI.

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 85.96% of the paid-up Equity Share capital of our Company.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Established track record in implementing hydroelectric projects

We have experience in the development and execution of hydroelectric projects. We have managed the development and implementation of 20 hydroelectric projects, including two through our Subsidiary, NHDC. We have completed projects that are located in the geo-technically sensitive Himalayan terrain and in inhospitable areas that are often difficult to access. We completed the Chamera-II and Dhauliganga-I power stations and the Indira Sagar and Omkareshwar projects ahead of schedule. We have worked with the GoI, various state governments, foreign governments and international companies to complete projects. We believe our proven execution capability is a key advantage for securing projects. We also believe that our execution model for projects benefits from our cost control and risk management expertise and that our experience and expertise in project implementation provide us with significant competitive advantages.

Long term power purchase agreements with our customers

Most of the output from our installed capacity is contracted for through long term PPAs. At the time we make investment decisions on new capacity or expansion of existing capacity, we typically have commitments for the purchase of the output.

In Fiscal 2014, we derived Rs. 5,335.11 crore or 76.28% of our total income from the sale of energy to SEBs and their successor entities, pursuant to long term power purchase agreements. These billings to state entities are currently secured through letters of credit generally entered into pursuant to tripartite agreements among the GoI, the RBI and respective state governments. In addition, we can secure payment by regulating the power supply to the defaulting entity or recovering payments directly from GoI Central Plan assistance funds that are given to the concerned state governments.

Strong operating performance

We measure our Power Station's efficiency in terms of Plant Availability Factor (PAF) (2009 onwards) and Generation achieved. PAF and Generation achieved is compared to Normative Annual PAF (NAPAF) and Design Energy (D.E.) of Power Station respectively.

In FY 2014-15 (up to 30.09.2014), our Company (excluding generation from subsidiaries) has achieved actual Generation of 15904 MU and the Cumulative PAF of 87.7 %. Both the parameters are well above the normative values (up to 30.09.2014) fixed by CERC. As such company is entitled for incentive as per CERC regulation.

We do conditioning monitoring of our plant equipments regularly for their preventive maintenance including required modernizations which increases the efficiency of our plants and equipment. We believe that our ongoing monitoring and maintenance techniques offer us a competitive advantage in an industry where reliability and maintenance costs are a significant determinant of profitability.

Competent and committed workforce

We have a competent and committed workforce. Our senior executives have experience in our industry and many of them have been with us for a significant portion of their careers. We believe that the skill, industry knowledge and operating experience of our senior executives provide us with a competitive advantage as we seek to expand in our existing markets and successfully enter new geographic areas. We invest significant resources in employee training and development and our uniform operational systems, processes and staff training procedures enables us to replicate our operating standards across all our projects and stations.

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. This team also takes need based support of international and domestic project consultants. Our Company has in-house engineers with expertise in a range of related engineering disciplines, viz. hydrology, electrical, civil and structural design, hydro-mechanical and geotechnical design. Our engineers have a rich experience in the design of underground caverns shaft & tunnels and are able to provide for variable and unpredictable geological conditions. Our engineers employ a variety of specialized analysis, design and computer aided design software applications.

Our Strategy

Our corporate vision is to become a world class, diversified and transnational organisation dedicated to sustainable development of power through conventional and non conventional sources with an environmental conscience. 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 demand for capacity expansion through hydroelectric generation. Presently we are engaged in the construction of 4 hydroelectric projects in the states of Jammu & Kashmir, Himachal Pradesh, Arunachal Pradesh and West Bengal, which is expected to increase our total installed capacity by 3290 MW. We are awaiting government sanction for a further five projects with an anticipated capacity of 5,115 MW. In addition, we are awaiting government sanction for certain joint venture projects with an anticipated capacity of 2186 MW. Survey and investigation works are being carried out to prepare project proposal reports for three additional projects, totaling 1350 MW of anticipated capacity. Further, Tripartite agreement amongst NHPC, North Eastern Electric Power Corporation Limited (NEEPCO) and Govt. of Arunachal Pradesh is under discussion for finalization for Siang Upper Stage-I (6000MW) & II (3250MW) HE Projects.

We are also prospecting for Thermal Power Projects through the joint ventures route in the state of Bihar where 1320 MW Pirpanti Tharmal Power Plant is presently with us.

As a part of new initiatives NHPC is diversifying in the field of renewable energy projects by entering into fields of wind as well as solar energy projects. A 50 MW Solar Power

Project in Jalaun, UP is being taken up under Joint Venture with Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA). This Project is expected to be commissioned towards middle 2016. In case of Kerela 82 MW wind power project and 50 MW solar projects is also being considered by NHPC. Expression of Interest has also been sent in Andhra Pradesh and Telangana for taking up solar power projects.

Promote and develop our consulting and advisory services

NHPC is providing consultancy services in the following fields of hydro power – 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. Our consultancy services are registered with the international financial agencies and the Central Water Commission as a Consultant in the area of hydro power.

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 Kuri Gongri H.E. Projects in Bhutan by the Ministry of Power. We have submitted the DPR & PFR of both the projects, wherein NHPC is successfully carrying out detailed design & engineering of the project.

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.

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.
Presently NHPC is engaged in 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 aim to conduct our business operations in a manner that promotes social responsibility, sustainable development and 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 2015 (Up to 30.09.2014)	Fiscal 2014	Fiscal 2013	Fiscal 2012
Sales (Net)	4119.89	5335.11	5049.13	5509.65
Revenue from Contracts, Project Management and Consultancy Works	32.95	86.39	116.27	145.04
Interest on Power Bonds	24.38	66.35	89.81	113.41
Other Income	365.41	1506.14	1044.21	953.78
Total	**4542.63**	**6993.99**	**6299.42**	**6721.88**

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:

(Rs. in crore)

Power Station	State	Installed Capacity (MW)	Year of Commissioning	Revenue Generated in Fiscal 2014 from Sale of Power (Rs. in Crore)
Baira Siul	Himachal Pradesh	180	1981	114.97
Loktak	Manipur	105	1983	126.03
Salal	Jammu & Kashmir	690	1987/1995	635.81

Tanakpur[1]	Uttarakhand	120	1992	87.47
Chamera I	Himachal Pradesh	540	1994	366.21
Uri I	Jammu & Kashmir	480	1997	553.35
Rangit	Sikkim	60	2000	95.52
Chamera II	Himachal Pradesh	300	2004	403.88
Dhauliganga I	Uttarakhand	280	2005	84.92
Dulhasti	Jammu & Kashmir	390	2007	1187.23
Teesta V	Sikkim	510	2008	559.95
Sewa II	Jammu & Kashmir	120	2010	243.70
Chamera III	Himachal Pradesh	231	2012	347.82
Chutak	Jammu & Kashmir	44	2013	114.91
TLDP-III	West Bengal	132	2013	113.91
Nimmo Bazgo	Jammu & Kashmir	45	2013	76.17
Uri II	Jammu & Kashmir	240	2014	168.59
Parbati-III	Himachal Pradesh	520	2014	4.50
Total		**4987**		**5284.94**
Add : AAD				**50.17**
Total Sales				**5335.11**
Completed Projects with NHDC				
Indira Sagar	Madhya Pradesh	1000	2005	928.54
Omkareshwar	Madhya Pradesh	520	2007	859.32
Total		**1520**		**1787.86**
Grand Total		**6507**		**7122.97**
Note : 1 Derating of Tanukpur 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:

Ongoing Projects & States	Installed Capacity (MW)	Price Level	CCEA Approved Cost (Rs. in Crore)	Price Level	Anticipated Cost (Rs. in Crore)
Teesta Low Dam IV (W.B.)	160	Mar’05	1,061.38	Aug’13	1929.15
Parbati II (H.P.)	800	Dec’01	3,919.59	Aug’11	5365.7
Subansiri Lower (Ar.Pradesh/ Assam)	2000	Dec’02	6,285.33	Dec’10	10667.09
Kishanganga (J&K)	330	Sep’07	3,642.04	July’13	5497.72
Total	**3290**		**14,908.34**		**23459.66**

Projects Awaiting Clearances

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

Projects	State	Proposed Installed Capacity (MW)
Kotli Bhel Stage IA[1]	Uttarakhand	195
Dibang[2]	Arunachal Pradesh	3,000
Teesta IV	Sikkim	520
Tawang I	Arunachal Pradesh	600
Tawang II	Arunachal Pradesh	800
Total (A)		**5,115**
Joint Venture Projects		
Loktak Downstream	Manipur	66
Pakal Dul and other hydroelectric projects in the Chenab River Basin(3)	Jammu & Kashmir	2,120
Total (B)		**2,186**
Grand Total (A + B)		**7,301**

1) MOEF vide letter dated 13.10.2011 accorded Forest Clearance to Kotlibhel -IA. All statutory clearances such as concurrence from CEA, Defense clearance, Environment clearance and Stage-I Forest clearance are available. PIB meeting held on 23.10.2013. Material for draft CCEA note has been sent to MOP on dated 12.12.2013. Hon'ble Supreme Court has put embargo on 24 Hydro Projects proposed in Alakhnanda and Bhagirathi rivers till further order. Kotlibhel IA is one of these 24 Projects.
2) Environmental and Forest clearances of the Project are under consideration of Ministry of Environment, Forest and Climate Changes. EAC has recommended Environment clearance in its meeting on 16.09.2014 and FAC has recommended for forest clearance (Stage-I) in its meeting on 22.09.2014 & FC (Stage-I) to be issued after the compliance of Forest Right Act (FRA), 2006.
3) All Statutory clearances including MOEF Clearances are available and have been transferred to JV.

Beside above projects under clearance, two projects namely Kotlibhel Stage IB (320 MW) and Kotlibhel Stage II (530 MW) in Uttrakhand were under clearance stage. CEA had concurred these schemes and PIB had also recommended the projects in 2007. However, Enviornmental clearance of Kotli Bhel – 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 Kotli Bhel – IB & II HE Project. NHPC has been taking up the issue of reconsideration of Forest clearance of these projects with MOEF/MOP/State.

Projects under Survey and Investigation

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

Project	State	Proposed Installed Capacity (MW)
Bursar	Jammu & Kashmir	1,020
Dhauliganga Intermediate	Uttarakhand	210
Goriganga IIIA	Uttarakhand	120
Total		**1,350**

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 certain 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

We act as an agency for the implementation of Rural Road Development and Rural Electrification Programs in India. These projects are usually undertaken on the request of the GoI for social welfare and development purposes. We earn fixed agency fees from these projects, as determined mutually by GoI and our Company.

Specialized government agency works we undertake include:

Client	Services Rendered
REC Limited	We implement rural electrification works under the Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY) in various states in India for fixed agency fees of 9-12% on the cost of the project. We have been allocated 27 districts in five states of West Bengal, Bihar, Jammu & Kashmir, Chhatisgarh and Odisha at an estimated cost of Rs. 2800 crores. The Revised scope of work includes electrification of 29192 villages (9310 unelectrified / de-electrified (UE/DE) and 19882 partially electrified (PE) villages) and providing service connections to 20.74 lakhs BPL households. NHPC is also executing 66 KV transmission line in the Leh and Kargil districts of Jammu and Kashmir under RGGVY. As on 30.09.2014, the cumulative achievements for UE/DE villages, PE villages and BPL connections was 9154, 18890 and 18.42 lakhs respectively.
Ministry of Rural Development, GoI	NHPC has signed a MOU with the Ministry of Rural Development, Government of India and the Government of Bihar for constructing rural roads under the Pradhan Mantri Gram Sadak Yojna (PMGSY). These roads in six districts of Bihar will also be maintained by NHPC for 5 years. Under this scheme, 758 roads of 3228.82 km with a awarded cost for Rs. 1725.65 Crore are under implementation out of which 735 roads of 3109.16 Km (full length) with a awarded cost of Rs. 1668.16 Crore have so far been completed as on 31.08.2014.

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:

Developing detailed site plans, including the civil works layouts as well as detailed design & engineering of projects.

Reviewing hydrological data available and supervising field investigations and hydrological studies.

Assessing the impact of soil erosion and sediment on the proposed hydroelectric projects.

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 project and includes:

Evolving optimized designs for electromechanical works of projects under planning and execution.
Providing technical data and cost estimates on electrical and mechanical equipment.
Preparing operation and maintenance manuals for electromechanical works.

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.

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, Parbati-III, Chutak and Nimoo Bazgo power stations are equipped with advanced distributed control systems / SCADA systems. We are in process of implementing DCS/ SCADA systems at Baira Siul, Loktak, Tanakpur, Rangit and Chamera I 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 where as 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 PPA is valid until it is extended, renewed or replaced by another agreement on such terms and for such further period of time as the parties agree.

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. As per the guidelines of MoP, GoI, we are not permitted to offer this contracted capacity to any third person for the duration of such MoUs.

The term of validity of the PPA is generally for five years (now in some cases it have been changed to life of the project i.e. 35 years) from the date of the commercial operation of the last unit of the project, 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.

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 events such as riot, strike, lock out, fire, explosion, flood, drought, earthquake, war or other forces, accidents or force majeure events and are 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 and any statutory modifications thereto, in the event such differences cannot be settled through conciliation prior to arbitration.

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

NHPC has 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 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 l, 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.

Research and Development

Research and development is key to our continued success in engineering and construction. Our research and development activities are focused on anticipating our future needs and those of our agency clients and making us more competitive. We also seek to implement the latest technological advances and developments at our project sites. Our research and development activities are concentrated primarily on studies for elongation of operating life of underwater components, such as turbines, by mitigating silt erosion.

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 the carbon project would not have happened 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 that are required to meet their green house gas emission reduction targets under the terms of the Kyoto Protocol Treaty of 2005.

Nimoo 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 Nimoo Bazgo and Chutak projects shall annually reduce emissions of approximately 187,893 metric tonne CO2 equivalent and 166,831 metric tonne CO2 equivalent. 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 regards tendering process for the hiring of consultant for the revision of CDM methodology and verification issuance and sale of CER's for Nimmo Bazgo and Chutak Power Station is under progress.

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 of October 2009 to May 2012 has been completed. Approximately 2 Crores VER is expected to be issued within a period of 10 years. Crediting period shall be renewed for another 10 years. Sale of VER is under process. Teesta- V power station is certified to get 29.7 lakh VER's for the period of April'08 to Sep'09 and 50.82 lakh VER's for the period of Oct'2009 to May 2012. Till now, NHPC has sold 15.53 lakh VER's and realized revenue of Rs. 2.78 Crore.

We are pursuing CDM registration for additional projects and are investigating other carbon trading initiatives such as voluntary emission reduction for our projects.

IT and Communications

We make use of information and communication technologies 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. We have successfully implemented an Enterprises Resource Planning (ERP) software solution to help in managing optimum utilization of generating assets, accelerated development of construction projects thereby improving quality, productivity and profitability of the organization. The key Modules of ERP are live in all over 54 locations which include all regional offices, construction projects generating power stations and corporate office as well as other locations.

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 9,561 employees as of 30.09.2014. Out of this, 5,619 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 and remunerating our employees at levels that will encourage them to perform to their best 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 that we have 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 following - All India NHPC Employees' & Workers' Council, All India Workers' & Employees' Federation, NHPC Karamchari Mahasangh, NHPC Employees' Front and National Cordination 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 sincerely.

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 Division comprising of qualified environment professionals is existent in NHPC, whose role and responsibility is to ensure sustainable of hydropower in letter and spirit.

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 and the R&R benefits were given to PAFs as per NRRP-2007, NHPC R&R Policy-2007 and policies of respective State Govt. However, with the enactment of new R&R Act "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013" with effect from 01.01.2014 the R&R policy and benefits for the PAFs of new projects are being governed by this new 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, career guidance and vocational training programs, 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

Corporate Social Responsibility (CSR) has always been one of the important activities of NHPC with its efforts and contribution to the economic development and improving the quality of life with special focus on rural India as most of the Projects and Power Stations are in Himalayan region of India where life is comparatively difficult in terms of facilities. NHPC's CSR & Sustainability Policy aims at facilitating long-term environmental, social and economic development issues of the company and its stakeholders.

CSR & Sustainability Policy of NHPC, has been framed in accordance with the guidelines of Department of Public Enterprises, (DPE) with the approval of NHPC Board and amended to comply with the Companies Act, 2013 having specific provisions for CSR under section 135 and the companies (Corporate Social Responsibility Policy) Rules, 2014 issued by Ministry of Corporate Affairs.

As per new Companies (Corporate Social Responsibility Policy) Rules w.e.f. 01.04.2014, CSR & SD activities have been grouped in several sectors viz. Health care, Education, Women empowerment/ Senior citizen, Environment, Art & Culture etc. NHPC while fulfilling its CSR obligation has taken up following initiatives:-

Education:- Scholarship to a large number of SC/ST & Girl students studying in Govt. schools of nearby area of NHPC Project/Power Stations/Townships have been provided to continue their study with the vision to turn their dreams into realities. For broader coverage handicapped students, students from economically weaker section, meritorious students and outstanding sports students have also been included for the purpose of scholarship. In addition for pursuing higher studies for economically backward students scholarships are also being provided by the Corporation. Computer peripherals, training assistance etc is being provided to children studying in nearby schools of NHPC Projects and Power Stations.

Skill Development:- NHPC is contributing to improve various skill development programs for enhancing employability to the people specially youth and women in the periphery of its Projects/Power Stations. Facilities in terms of course module, faculty development, training and infrastructural development and improvement in existing building and laboratory in 13 nos. of ITIs have already been created by adopting ITIs(7 in J&K, 4 in Uttarakhand and 2 in Arunachal Pradesh) through Public Private Partnership (PPP)/ Vocational Training Improvement Program (VTIP)/ Centre of Excellence (COE) Scheme. In addition, Skill Development Training Programs for unemployed youth and Vocational Training to women on sewing and knitting to generate self employment are also being undertaken.

Health:- Priortising the good health of Community under CSR is one of the topmost commitments of NHPC. A large number of immunization programs, heart checkup, diabetic camp, eye care camps with free distribution of medicines to the patients have been organized for common man of society and children studying in nearby schools of NHPC Projects and Power Stations besides regular follow up treatment of women, children, disabled and old age persons in the nearby areas of NHPC establishments all across the country.

Peripheral Development: - Initiatives towards potable water/sanitation/training facilities in modern techniques of farming, organic farming facilities in partnership with the concerned govt. agencies and the local community in J&K, Himachal Pradesh and North East states of the country have also got important priority in NHPC’s CSR agenda. A large number of toilets have been constructed particularly for women in remote villages with special training program on hygiene and sanitation for them.

Conservation of natural resources: - Sustainability principles are translated into strategy and action by NHPC in all its operation so that corporate excellence is blended with inclusive growth and environment friendly power development. As a part of sustainable development activities voluntary afforestation of saplings, Rainwater Harvesting Scheme (RWHS) at NHPC Projects and Power Stations are being carried out. In addition to boost horticulture crop production and overall productivity of the farming community leaf & soil diagnostic Van and other equipment were provided to horticulture Deptt. Also in a measure to reduce carbon footprint solar lanterns has been distributed in Uttarakhand.

Others: NHPC has been carrying out regular meetings with the key stakeholders to obtin feedback on CSR & Sd initiatives undertaken, in accordance with Corporate Communication Strategy for CSR and Sustainability. NHPC employees have time and again came forward to help victims of natural calamities and contributing to relief and rehabilitation measures. Relief and rehabilitation works were undertaken in the areas devastated by heavy rain in Uttarakhand, cloudburst at Leh-Ladakh (J&K), devastating earthquake in the state of Sikkim. Flood relief operations were carried out in the flood affected areas of Assam. NHPC is promoting rural culture and sports by providing financial assistance/equipments and other facilities.

Competition

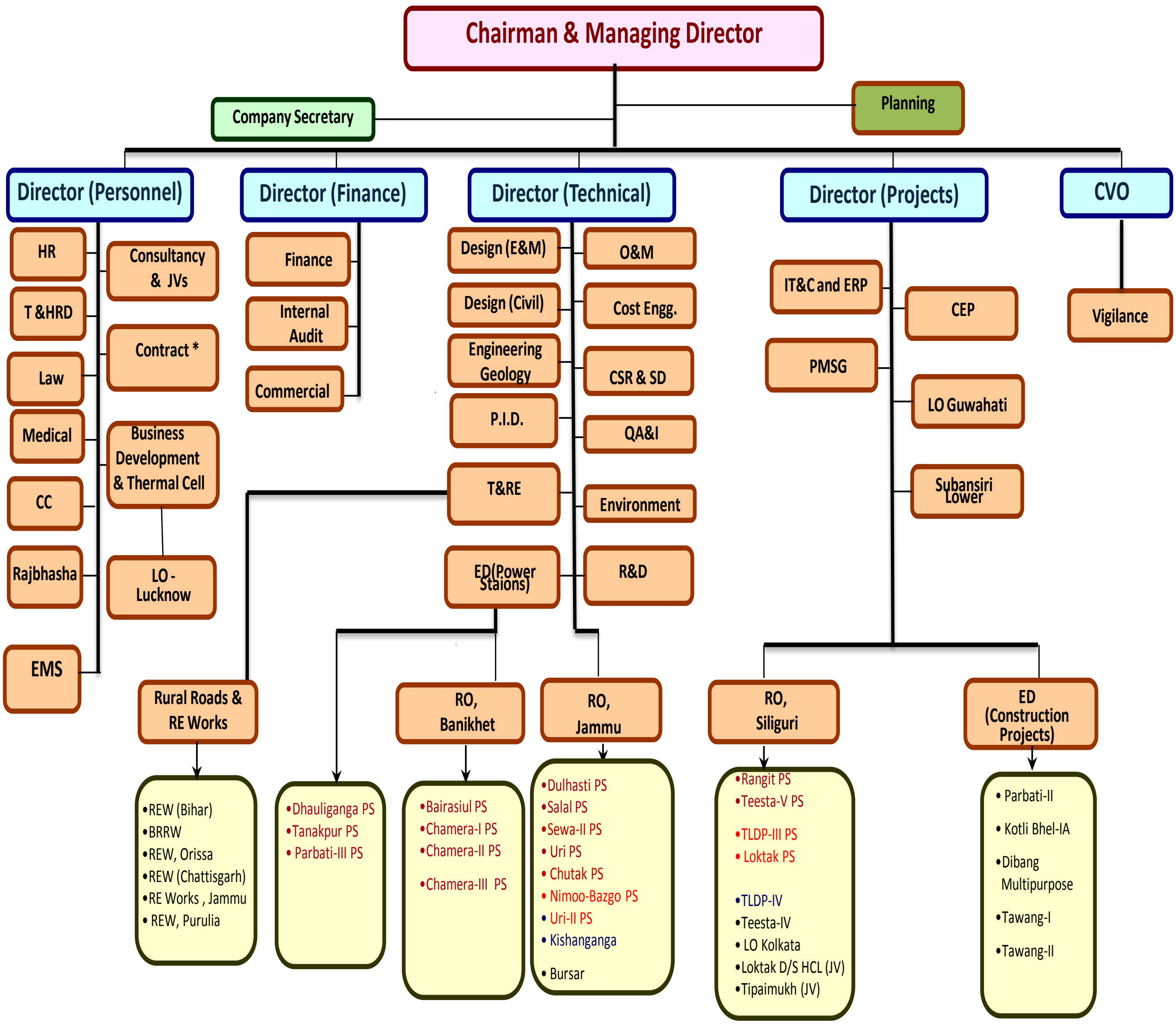
As of September 30, 2014, total installed capacity of hydroelectric projects in India was approximately 40798.76 MW. Our Company, with an installed capacity of 4987 MW, represents approximately 12.22% of the capacity share. Combined with NHDC's installed capacity of 1,520 MW, we represent a capacity share of 6507 MW approximately 15.95%. In Fiscal 2015 (up to 30.09.2014), our Company generated 15903.50 MUs of electricity. 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) Organisation Structure & Management of the Company

i) Organisation Structure

ORGANIZATION STRUCTURE



Note: (i) Regional EDs report to Director (Technical) for Power Stations and Survey &Investigation Projects and to Director (Projects) for Construction Projects.

** Administrative reporting to Director(Personnel) . Functional reporting to Director (Technical) for Pre-award issues and Director (Projects) for Post -award issues except Power Stations.*

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 31st March, 2014, there were Fourteen Directors, of which Five were Functional Directors including Chairman and Managing Director, two Government Nominee Directors and seven Independent Directors. Shri G. Sai Prasad, Joint Secretary (Thermal), Ministry of Power was holding additional charge of Chairman and Managing Director till 7th June, 2014. Further, Ministry of Power vide letter no. 9/2/2013-NHPC dated 6th June, 2014 entrusted the additional charge for the post of Chairman & Managing Director, NHPC to Shri R. S. T. Sai, Chairman & Managing Director, THDC India Limited from the date of taking over the charge of Chairman & Managing Director, NHPC. Shri R. S. T. Sai assumed the additional charge of Chairman & Managing Director, NHPC w.e.f. 8th June, 2014. The composition of the Board of Directors as on 31st March, 2014 is given in Table 1.

Table 1: Composition of the Board of Directors as on 31st March, 2014

Particulars	Board structure	Actual strength as on 31.03.2014
Chairman and Managing Director	1	1
Functional Directors	4	4
Government Nominee Directors	2	2
Independent Directors	7	7
Total	**14**	**14**

Shareholders in the 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. The composition of Board of Directors as on 30.09.2014 is as under:

Name, Designation & DIN	Age	Director of the Company since	Address	Details of Other Directorship
Mr. R. S. T. Sai Designation: Chairman and Managing Director, Occupation: Service Nationality: Indian DIN: 00171920	57	June 8,2014	Bunglow 4/2, THDC Colony, Pragati Puram, Rishikesh - 249201	• THDC India Limited • UP Jal Vidyut Nigam Ltd. • NHDC Ltd. • Loktak Downstream Hydoelectric Corporation Ltd.
Mr. D.P. Bhargava Designation: Director (Technical)	58	March 26, 2009	H.No.-176, Sector-30 Faridabad-121003	• Chenab Valley Power Projects Private Limited • PTC India

Occupation: Service Nationality: Indian DIN: 01277269				
Mr. J.K. Sharma Designation: Director (Projects) Occupation: Service Nationality: Indian DIN: 00387785	56	April 10, 2009	H.No.-915, Sector-28, Faridabad-121002	• Chenab Valley Power Projects Private Limited
Mr. Radheshyam Mina Designation: Director (Personnel) and additional Charge of Director (Finance) Occupation: Service Nationality: Indian DIN: 00149956	57	April 28, 2009	Flat No.-6081/1 Sec-D-6 Vasant Kunj New Delhi-110070	• NHDC Limited
Mr. Arun Kumar Mago Designation: Independent Director Occupation: Retired IAS Nationality: Indian DIN No. 01624833	69	November 9, 2011	40, Puspanjali Vikas Marg Extension Delhi-110092 E-7, Nizamudin West, New Delhi-110013	• Yes Securities Limited
Mr. R. Jeyaseelan Designation: Independent Director Occupation: Ex-Chairman CWC Nationality: Indian DIN No.:	68	November 12, 2011	5 Senior Doctors Residence Holy Family Hospital Okhla Road New Delhi-110025	NIL

02143850				
Mr. G.S. Vedi Designation: Independent Director Occupation: Ex-CMD, Punjab & Sindh Bank Nationality: Indian DIN No.: 02286126	64	November 8, 2011	A-287, Vikaspuri New Delhi-110018	• NHDC Limited
Mr. Ashoke Kumar Dutta Designation: Independent Director Nationality: Indian DIN: 00045170	67	March 30, 2012	50 Jatin Das Road Flat GB Kolkata-700029	• All India Technologies Limited • Khadim India Limited • ABC India Limited • Batchmates.Com Private Limited
Mr. Atul Kumar Garg Designation: Independent Director Occupation: Retired IAS Nationality: Indian DIN: 02281287	64	March 30, 2012	N-7 N-8 Adinath Nagar JLN Marg Opposite World Trade Park Jaipur-302015	Nil
Mr. K.N Garg Designation: Part-time Government Director Occupation: Service Nationality: Indian DIN: 06707847	59	October 7, 2013	KJ -38, Kavi Nagar, Ghaziabad, -201022	Nil
Mr. Mukesh Jain, Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN No. 06733536	52	November 11,2013	B-5 Tower-10 New Moti Bagh New Delhi 110021	SJVN Ltd.

* Company to disclose 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 30.09.2014

Name, Designation & DIN	Date of Appointment / Cessation*	Director of the Company since	Remarks
Mr. A.B.L. Srivastava Designation: Director (Finance) Occupation: Service Nationality: Indian DIN: 01601682	September 15, 2014	February 11, 2008	Cessation
Mr. R. S. T. Sai Designation: Chairman and Managing Director, Occupation: Service Nationality: Indian DIN: 00171920	June 8,2014	-	Appointment
Mr. G. Sai Prasad Designation: Government Nominee holding additional charge of Chairman and Managing Director since July 24 2012 DIN No.: 00325308	June 8, 2014	December 20, 2011	Cessation
Mr. Mukesh Jain Designation: Government Nominee DIN No.: 06733536	November 11,2013	-	Appointment
Mr. K.N. Garg Designation: Government Nominee DIN No.: 06707847	October 7, 2013	-	Appointment
Mr. A.S. Bakshi Designation:	July 31, 2013	January 17, 2012	Cessation

Government Nominee DIN No.: 05175439			
Mr. A. Gopalakrishnan Designation: Independent Director DIN No.: 02880344	September 26, 2014	March 10, 2013	Appointment/Cessation
Mr. A. Gopalakrishnan Designation: Independent Director DIN No.: 02880344	December 3, 2012	December 15, 2009	Cessation
Mr. Ashoke Kumar Dutta Designation: Independent Director DIN No. 00045170	March 30, 2012	-	Appointment
Mr. Atul Kumar Garg Designation: Independent Director DIN No.: 02281287	March 30, 2012	-	Appointment
Mr. Shantikam Hazarika Designation: Independent Director DIN No.: 00523656	September 26, 2014	May 24, 2012	Appointment/Cessation
Mr. Rakesh Jain Designation: Government Nominee DIN No.: 02682574	January 3, 2012	September 29, 2009	Cessation
Mr. Sudhir Kumar Designation: Government Nominee DIN No.: 02669103	December 1, 2011	October 21, 2009	Cessation
Mr. Arun Kumar	November 9, 2011	-	Re-Appointment

Mago Designation: Independent Director DIN No. 01624833			
Mr. R. Jeyaseelan Designation: Independent Director DIN No.: 02143850	November 12, 2011	-	Re-Appointment
Mr. G.S. Vedi Designation: Independent Director DIN No.: 02286126	November 8, 2011	-	Re-Appointment

**** No Director has resigned from the office during the last three year. The dates mentioned are the date of Cessation.***

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 March 31, 2014, were Rs. 9,356.86 crore. The details are as follows:

(Rs. in crore)

Particulars	Amount
Claims against our Company not acknowledged as debts in respect of:	
Capital Works	8,598.01
Land Compensation Cases	11.65
Disputed Income Tax, Sales Tax and Service Tax Demands	329.73
Others	417.47
Total	**9,356.86**

"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, NHDC pending at different levels of adjudication before various courts, tribunals, authorities and appellate bodies in India. 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 NHDC. 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 subsidiary, NHDC, 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 subsidiary, NHDC 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 techo-feasbility 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. The Lachen Hydroelectric Project of our Company falls within this area.

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 may result 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, under the mega power policy, the developers of mega power projects receive a number of incentives, including duty-free import of capital equipment. Currently, the developers of power projects also receive a ten year income tax holiday on all projects. The State governments have also been requested to exempt supplies made to mega power plants from sales tax and local levies.

We cannot assure you that we would continue to be eligible for such tax benefits or any other benefits. In addition, it is possible that the draft Direct Tax Code, when notified, could significantly alter the taxation regime, including incentives and benefits, applicable to us or other infrastructure development activities. 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 2015, GoI approved a budget estimate of Rs. 3224.26 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. In particular, our financing activities were impacted in Fiscal 2014 by delays beyond our control in obtaining clearance from state governments prior to using land that was previously government land, but which has been transferred to us, as security for loans, as required under the Transfer of Property Act, 1882. 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 2014 we derived Rs. 5284.94 crore or 75.56% 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 2016, 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 will continue. 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 Escrow Arrangement as a back to amount of the LC shall be provided. Under this arrangement an 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 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 into with state electricity entities, typically for a period of five years. The provisions of our PPAs continue to operate until such agreements are formally renewed or replaced. However, recently most of the PPAs are being signed for 35 (thirty five) years from the date of commercial operation of the last unit or balance normative life of power station whichever is earlier. 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. We have also self insurance fund to take care of those losses which are under excess clause of Mega and CPM Policy. 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 partial 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 that KHEP constitutes a run of river plant, and India may accordingly divert water from the Kishanganga/ Neelam River for power generation by the KHEP under an obligation to maintain a minimum flow of water in Kishanganga/ Neelam River at a rate to be determined by the court in a final Award, which is yet to be issued.

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 September 30, 2014, our total borrowings aggregated to Rs. 19,636.86 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, we have signed an MoU for the formation of a joint venture with the government of Manipur in respect of the development of the 66 MW Loktak Downstream project. Further, we have also entered into a MoU with the government of J&K, JKSPDC and PTC for a formation of a joint venture to harness the hydroelectric potential of Pakal Dul and other hydroelectric projects with an aggregate installed capacity of 2,120 MW in the Chenab river basin.

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 are also prospecting for Thermal Power Projects through the joint ventures route in the states of Bihar where 1320 MW Pirpanti Tharmal Power Plant is presently with us.

As a part of new initiatives NHPC is diversifying in the field of renewable energy projects by entering into fields of wind as well as solar energy projects. A 50 MW Solar Power Project in Jalaun, UP is being taken up under Joint Venture with UPNEDA. This Project is expected to be commissioned towards middle 2016. In case of Kerela 82 MW wind power project and 50 MW solar project is also being considered by NHPC. Expression of Interest has also been sent in Andhra Pradesh and Telangana for taking up solar power projects.

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 9,561 employees as of Sept. 30, 2014. 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 September 30, 2014, our Company had Rs. 1,968.84 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. In line with the opinion of Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), for the Current half year the borrowing cost of Rs.204.53 crore (previous half year Rs.NIL & previous financial year Rs.766.90 crore) and administration and other cost of Rs.75.08 crore (previous half year Rs.NIL & previous financial year Rs.341.54 crore) have been charged to the Statement of Profit & Loss during respective periods.

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 GoI 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.

GoI 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 GoI'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, recent cloud burst and high flood in Uttrakhand, 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 NSE, 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 NSE 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, without interest, 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, specified 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 under the Issue have been rated IND AAA by IRRPL and CARE AAA (Triple A) by CARE through letters dated November 19, 2014 and November 21, 2014 respectively. 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 GoI 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) 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 INDICATIVE TERM SHEET

Term sheet for S1 Series

Issuer	NHPC LIMITED
Type of Instrument	Secured Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (S Series) in the nature of Debentures
Nature of Instrument	Secured
Seniority	Senior and Unsubordinated
Mode of Issue	Private Placement through Biding route
Eligible Investors	**Qualified Institutional Buyers ("QIBs"):** a) Mutual Funds, b) Public Financial Institutions specified in Section 2(72) of the Companies Act 2013; c) Scheduled Commercial Banks; d) State Industrial Development Corporations; e) Insurance Companies registered with the Insurance Regulatory and Development Authority; f) Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore; g) 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; h) Insurance funds set up and managed by army, navy or air force of the Union of 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)	Proposed on the Wholesale Debt Market (WDM) Segment of National Stock Exchange (NSE)
Rating of the Instrument	1. IND AAA by India Ratings & Research Pvt. Ltd.(A Fitch Group Company) . 2. 'CARE AAA' [Triple A] BY CREDIT ANALYSIS RESEARCH LTD.
Issue Size	Rs 100.00 Crores
Option to retain oversubscription (Amount)	Rs 265.00 Crores
Objects of the Issue	To meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Details of the utilization of the Proceeds	Nimoo Bazgo (J&K) Uri II (J&K) Parbati III (H.P.) Teesta Low Dam IV (W.B.) Parbati II (H.P.) Kishanganga (J&K)
Coupon Rate	8.49% p.a.
Step Up / Step Down Coupon Rate	None
Coupon Payment Frequency	Annual
Coupon payment dates	Anniversary date of the date of 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 of Face value of Rs 10.00 Lac each (Bonds are redeemable at par in 10 equal annual installments starting at the end of 1st year. Each bond will comprise of 10 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1st, 2nd,3rd,4th, 5th, 6th, 7th, 8th, 9th and 10th year respectively.)
Redemption Date	Anniversary date of the date of allotment (Bonds are redeemable at par in 10 equal annual installments starting at the end of 1st year. Each bond will comprise of 10 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1st, 2nd,3rd,4th, 5th, 6th, 7th, 8th, 9th and 10th year respectively.)
Redemption Amount	At Par Rs 10.00 Lac each (Bonds are redeemable at par in 10 equal annual installments of Rs 1.00 Lac each starting at the end of 1st year. Each bond will comprise of 10 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1st, 2nd,3rd,4th, 5th, 6th, 7th, 8th, 9th and 10th year respectively.)
Redemption Premium / Discount	Nil

Issue Price	At Face value of Rs 10.00 Lac each (Bonds are redeemable at par in 10 equal annual installments starting at the end of 1st year. Each bond will comprise of 10 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs).
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. 10 lakhs per Bond and Rs.1 lakhs per STRPP
Minimum Application	Rs. 10 Crore thereafter in multiple of Rs.10 lakhs
Issue Timing Issue Opening Date	At 9.00 Hrs on 26th Nov 2014, Wednesday
Issue Closing Date	At 15.00 Hrs on 26th Nov,2014 , Wednesday
Pay-in Date	26th Nov,2014 , Wednesday
Deemed Date of Allotment	26th Nov,2014 , Wednesday
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 Delhi. Should any of dates defined above or elsewhere in the Disclosure Document, excepting the Date of Allotment, fall on a Sunday or a Public Holiday in Delhi, payment shall be done on the immediate preceding working day in Delhi with Interest up to the day preceding the actual date of payment (Kindly see "Effect of Holidays" on page no. 90-92).
Record Date	15 calendar days prior to each Coupon Payment Date and redemption date.

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 Parbati –III H.E Project in Himachal Pradesh 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 ICRA; 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 **NSE** for seeking its in-principle approval for listing of Bonds; 9. Listing Agreement with **NSE**; 10. Letters appointing Arrangers to the Issue.
Conditions Precedent to Disbursement	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: 1. Rating letter(s) from the aforesaid rating agency(ies) not being more than one month old from the issue opening date; 2. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); 3. 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 mentioned elsewhere in this Disclosure Document: 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. Making application to NSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment in terms of sub-section (1) of Section 73 of the Companies Act, 1956(1 of 1956); 3. Execution of Debenture Trust Deed for creation of security within time frame prescribed in the relevant regulations/ act/ rules etc. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.
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 Disclosure Document, 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	1. **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). 2. **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. 3. **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.

Term sheet for S2 Series

Issuer	NHPC LIMITED
Type of Instrument	Secured Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (S Series) in the nature of Debentures
Nature of Instrument	Secured
Seniority	Senior and Unsubordinated
Mode of Issue	Private Placement through Biding route
Eligible Investors	**Qualified Institutional Buyers ("QIBs"):** a. Mutual Funds, b. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013; c. Scheduled Commercial Banks; d. State Industrial Development Corporations; e. Insurance Companies registered with the Insurance Regulatory and Development Authority; f. Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore; g. 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; h. Insurance funds set up and managed by army, navy or air force of the Union of 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)	Proposed on the Wholesale Debt Market (WDM) Segment of National Stock Exchange (NSE).
Rating of the Instrument	1. IND AAA by India Ratings & Research Pvt. Ltd. (A Fitch Group Company). 2. 'CARE AAA' [Triple A] BY CREDIT ANALYSIS RESEARCH LTD.
Issue Size	Rs 100 Crores
Option to retain oversubscription (Amount)	Rs 560 Crores
Objects of the Issue	To meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Details of the utilization of the Proceeds	Nimoo Bazgo (J&K) Uri II (J&K) Parbati III (H.P.) Teesta Low Dam IV (W.B.) Parbati II (H.P.)

	Kishanganga (J&K)
Coupon Rate	8.54% p.a.
Step Up / Step Down Coupon Rate	None
Coupon Payment Frequency	Annual
Coupon payment dates	Anniversary date of the date of 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	15 years of Face value of Rs 12.00 Lac each (Bonds are redeemable at par in 12 equal annual installments starting at the end of 4th year. Each bond will comprise of 12 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs)

	redeemable at par at the end of end of 4^{th}, 5^{th}, 6th, 7^{th}, 8^{th}, 9^{th}, 10^{th}, 11^{th} 12^{th}, 13^{th}, 14^{th} & 15^{th} year respectively.)
Redemption Date	Anniversary date of the date of allotment (Bonds are redeemable at par in 12 equal annual installments starting at the end of 4th year. Each bond will comprise of 12 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 4^{th}, 5^{th}, 6th, 7^{th}, 8^{th}, 9^{th}, 10^{th}, 11^{th} 12^{th}, 13^{th}, 14^{th} & 15^{th} year respectively.)
Redemption Amount	At Par Rs 12.00 Lac each (Bonds are redeemable at par in 12 equal annual installments of Rs 1.00 Lac each starting at the end of 4^{th} year. Each bond will comprise of 12 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 4^{th}, 5^{th}, 6th, 7^{th}, 8^{th}, 9^{th}, 10^{th}, 11^{th} 12^{th}, 13^{th}, 14^{th} & 15^{th} year respectively.)
Redemption Premium / Discount	Nil
Issue Price	At Face value of Rs 12.00 Lac each (Bonds are redeemable at par in 12 equal annual installments starting at the end of 4th year. Each bond will comprise of 12 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs)
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.12 lakhs per Bond and Rs.1 lakhs per STRPP
Minimum Application	Rs 12 Crore thereafter in multiple of Rs.12 lakhs
Issue Timing Issue Opening Date	At 9.00 Hrs on 26th Nov 2014, Wednesday

Issue Closing Date	At 15.00 Hrs on 26th Nov,2014 , Wednesday
Pay-in Date	26th Nov,2014 , Wednesday
Deemed Date of Allotment	26th Nov,2014 , Wednesday
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 Delhi. Should any of dates defined above or elsewhere in the Disclosure Document, excepting the Date of Allotment, fall on a Sunday or a Public Holiday in Delhi, payment shall be done on the immediate preceding working day in Delhi with Interest up to the day preceding the actual date of payment (Kindly see "Effect of Holidays" on page no. 90-92).
Record Date	15 calendar days prior to each Coupon Payment Date and redemption date.
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 Parbati –III H.E Project in Himachal Pradesh 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 ICRA; 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 NSE for seeking its in-principle approval for listing of Bonds; 9. Listing Agreement with NSE; 10. Letters appointing Arrangers to the Issue.
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 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 mentioned elsewhere in this Disclosure Document: 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. Making application to NSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment in terms of sub-section (1) of Section 73 of the Companies Act, 1956(1 of 1956); 3. Execution of Debenture Trust Deed for

	creation of security within time frame prescribed in the relevant regulations/ act/ rules etc. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.
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 Disclosure Document, 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 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 30.09.2014

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 the latest quarter end on 30.09.2014

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, GoI.	9516209722	9516209722	85.958771	Nil	-

VII Contribution made by Promoters or Directors

NIL

VIII Abridged version of Audited Consolidated (wherever available) and 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-141-144

IX Abridged version of Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information (like Profit & Loss Statement and Balance Sheet) and auditor qualifications, if any.-Enclosed

X 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.

XI IDBI Trusteeship Services Ltd., has been appointed as debenture trustee (s) has given his consent to the issuer for his appointment under regulation 4 (4) and in all the subsequent periodical communications sent to the holders of debt securities.

XII 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) IND AAA India Ratings & Research Pvt. Ltd. Obtained and Enclosed
ii) second rating by CARE is under issuance and Enclosed

XIII 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.

XIV Copy of consent letter from the Debenture Trustee shall be disclosed. Enclosed

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

XVI **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 3lst 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,
b) Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;
c) Scheduled Commercial Banks;
d) State Industrial Development Corporations;
e) Insurance Companies registered with the Insurance Regulatory and Development Authority;
f) Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore;
g) 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;
h) Insurance funds set up and managed by army, navy or air force of the Union of 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. 34400275300 with (State Bank of India, Capital Market Branch.(11777), Videocon Heritage bldg, Charanjit Rai Marg, Off D.N. Road, Fort, Mumbai-400001) (IFSC Code SBIN0011777) on account of Application Money for NHPC S-Series Bonds.

The application duly filled may be deposited to Chief (Finance) - Treasury, 4th Floor, NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad – 121 003 (Haryana) or through person.

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, 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 by 12.00 p.m. on pay in date.

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 NSE is proposed to be 1 STRPP of the value of Rs. 1.00 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

On receipt of the Allocation Advice, completed Applications along with details of deposit through RTGS for the requisite amount & other necessary documents at NHPC LIMITED, NHPC Office Complex, Sector - 33, Faridabad - 121 003, Haryana, India on or before 26th Nov, 2014 , Wednesday NHPC made Allotment.

Denomination of Bonds

S1:- 10 years of Face value of Rs 10.00 Lac each (Bonds are redeemable at par in 10 equal annual installments starting at the end of 1st year. Each bond will comprise of 10 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1st, 2nd , 3rd , 4th ,5th , 6th, 7th , 8th , 9th, and 10th year respectively)

S2:- 15 years of Face value of Rs 12.00 Lac each (Bonds are redeemable at par in 12 equal annual installments starting at the end of 4th year. Each bond will comprise of 12 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 4th, 5th, 6th, 7th , 8th , 9th, 10th, 11th, 12th , 13th, 14th and 15th year respectively.)

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, Corporate Office - B-25/1, First Floor, Okhla Industrial Area Phase II, New Delhi – 110020 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 Certificate(s)

Subject to the completion of all statutory formalities within 60 days 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 not more than 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.

Wherever the signature(s) of such transferor(s) in the intimation sent to the Corporation is/are not in accordance with the specimen signature(s) of such transferor(s) available on the records of the Corporation, all payments on such Bond(s) will be kept at abeyance by the Corporation till such time as the Corporation is satisfied in this regard.

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.

Refer illustration given below:

FACE VALUE	***1000000***
COUPON RATE (INDICATIVE)	***8.50%***
DATE OF ALLOTMENT	***26th November,2014***

REDEMPTION ***26th November,2024***

CALCULATION OF INTEREST FOR 1 BOND OF S1 SERIES				
CASH FLOWS	**DATE**	**NO. OF DAYS IN COUPON PERIOD**	**AMOUNT(in RS.)**	
			Interest	Principal
1st Yr.	Thursday, 26th November 2015	365	85000	100000
2nd Yr.	Saturday, 26th November 2016*	366	76500	100000
3rd Yr.	Saturday, 25th November 2017	364	8477	100000
3rd Yr.	Monday, 27th November 2017	366	59663	
4th Yr.	Monday, 26th November 2018	364	59337	100000
5th Yr.	Tuesday, 26th November 2019	365	51000	100000
6th Yr.	Thursday, 26th November 2020*	366	42500	100000
7th Yr.	Friday, 26th November 2021	365	34000	100000
8th Yr.	Saturday, 26th November 2022	365	25500	100000
9th Yr.	Saturday, 25th November 2023	364	8477	100000
9th Yr.	Monday, 27th November 2023	366	8523	
10th Yr.	Tuesday, 26th November 2024*	365	8477	100000

*Leap Years

FACE VALUE	***1200000***
COUPON RATE (INDICATIVE)	***8.50%***
DATE OF ALLOTMENT	***26th November,2014***
REDEMPTION	***26th November,2029***

CALCULATION OF INTEREST FOR 1 BOND OF S2 SERIES				
CASH FLOWS	**DATE**	**NO. OF DAYS IN COUPON PERIOD**	**AMOUNT(IN RS.)**	
			Interest	Principal
1st Yr.	Thursday, 26th November 2015	365	102000	
2nd Yr.	Saturday, 26th November 2016*	366	102000	
3rd Yr.	Monday, 27th November 2017	366	102279	
4th Yr.	Monday, 26th November 2018	364	101721	100000

5th Yr.	Tuesday, 26th November 2019	365	93500	100000
6th Yr.	Thursday, 26th November 2020*	366	85000	100000
7th Yr.	Friday, 26th November 2021	365	76500	100000
8th Yr.	Saturday, 26th November 2022	365	68000	100000
9th Yr.	Saturday, 25th November 2023	364	8477	100000
9th Yr.	Monday, 27th November 2023	366	51140	
10th Yr.	Tuesday, 26th November 2024*	365	50861	100000
11th Yr.	Wednesday, 26th November 2025	365	42500	100000
12th Yr.	Thursday, 26th November 2026	365	34000	100000
13th Yr.	Friday, 26th November 2027	365	25500	100000
14th Yr.	Saturday, 25th November 2028*	365	8477	100000
14th Yr.	Monday, 27th November 2028*	367	8523	
15th Yr.	Monday, 26th November 2029	364	8477	100000

*Leap Years

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 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 – **M/s RCMC Share Registry Pvt. Ltd., Corporate Office - B-25/1, First Floor, Okhla Industrial Area Phase II, New Delhi – 110020** 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 proposes to provide coverage in its existing assets i.e. Parbati-III HE Projects Himachal Pradesh on pari-passu basis.
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 60 days from the deemed date of allotment 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 Ltd. 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 60 days from the Deemed Date of Allotment. 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 tanto* to 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.

For Half Year Ended on 30.09.2014:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Arrears Performance Related Pay (PRP) for the F/Y 2012-13**	Total
Mr. A. B. L. Srivastava	Director (Finance)	1203539	407637	473434	2084610
Mr. D. P. Bhargava	Director (Technical)	1249881	362352	0	1612233
Mr. J. K. Sharma	Director (Projects)	1247763	1142663	0	2390426
Mr. R. S. Mina	Director (Personnel)	1388498	305067	141624	1835189

*Benefits include medical reimbursement, leave encashment, lease rent, EPF & SSS (MC), pension fund (MC) including arrear for F/Y 2013-14 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 2013-14:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) including arrears**	Total
Mr. A. B. L. Srivastava	Director (Finance)	27,25,186	9,61,268	11,50,159	48,36,613
Mr. D. P. Bhargava	Director (Technical)	23,59,747	25,79,527	15,74,622	65,13,896
Mr. J. K. Sharma	Director (Projects)	23,52,555	15,05,122	9,16,644	47,74,321
Mr. R. S. Mina	Director (Personnel)	26,34,927	4,49,154	15,70,692	46,54,773

*Benefits include medical reimbursement, leave encashment, perquisites, lease rent, EPF (MC) and pension fund.
**Performance Related Pay (PRP) paid to Functional Directors is based on the incentive scheme of the Company as per DPE Guidelines.
The Company had not issued any Stock Options during the year 2013-14.

Financial Year 2012-13:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) including arrears**	Total
Mr. A. B. L. Srivastava	Director (Finance)	24,56,350	16,51,405	25,92,567	67,00,322
Mr. D. P. Bhargava	Director (Technical)	21,56,280	24,28,139	18,13,750	63,98,169
Mr. J. K. Sharma	Director (Projects)	21,05,820	12,62,172	16,99,699	50,67,691
Mr. R. S. Mina	Director (Personnel)	23,77,836	10,27,647	16,49,941	50,55,424

The Performance Related Pay (PRP) paid to Functional Directors is based on the Incentive Scheme of the Company. The Company did not issue any Stock Options during the year 2012-13.

Note: * Benefits include Medical Reimbursement, Leave Encashment, Perquisites, Lease Rent, EPF (MC), Pension Fund.
** PRP including arrears pertains to Financial Year 2007-08, 2008-09, 2009-10 and 2010-11.

Financial Year 2011-12:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance linked incentives	Total
Mr. A. B. L. Srivastava	Director (Finance)	22,88,036	3,26,996	97,523	27,12,555
Mr. D. P. Bhargava	Director (Technical)	20,08,405	2,83,399	94,700	23,86,504
Mr. J. K. Sharma	Director (Projects)	20,25,745	8,77,486	94,464	29,97,695
Mr. R. S. Mina	Director (Personnel)	22,15,696	2,66,446	94,464	25,76,606

Note: * Benefits include Medical, LTC, lease rent, EPF (MC), pension fund.

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 setting 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.

For Half Year Ended on 30.09.2014:

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Mr. G. S. Vedi	1,10,000	1,05,000	215,000
Mr. A. K. Mago	1,10,000	1,20,000	230,000
Mr. R. Jeyaseelan	1,10,000	35,000	145,000
Mr. Ashoke K. Dutta	40,000	-	40,000
Mr. Atul Kumar Garg	75,000	1,35,000	210,000
Mr. Shantikam Hazarika	1,10,000	65,000	175,000
Mr. A. Gopalakrishnan	75,000	85,000	160,000

* Shri G. S. Vedi is also an Independent Director on the Board of NHDC Limited i.e. subsidiary of NHPC Limited. The mentioned amount excludes sitting fee paid by NHDC Limited.

Financial Year 2013-14:

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Mr. G. S. Vedi	2,10,000	1,35,000	3,45,000*
Mr. A. K. Mago	2,25,000	1,80,000	4,05,000
Mr. R. Jeyaseelan	1,80,000	90,000	2,70,000
Mr. Ashoke K. Dutta	45,000	45,000	90,000
Mr. Atul Kumar Garg	2,10,000	2,55,000	4,65,000
Mr. Shantikam Hazarika	1,80,000	1,35,000	3,15,000
Mr. A. Gopalakrishnan	1,35,000	60,000	1,95,000

* Shri G. S. Vedi is also an Independent Director on the Board of NHDC Limited i.e. subsidiary of NHPC Limited. The mentioned amount excludes sitting fee paid by NHDC Limited.

Financial Year 2012-13:

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Mr. G. S. Vedi	1,80,000	2,85,000	4,65,000
Mr. A. K. Mago	1,80,000	3,30,000	5,10,000
Mr. R. Jeyaseelan	1,65,000	2,10,000	3,75,000
Mr. Ashoke K. Dutta	1,05,000	75,000	1,80,000
Mr. Atul Kumar Garg	1,80,000	1,50,000	3,30,000
Mr. Shantikam Hazarika	1,20,000	1,50,000	2,70,000
Mr. A. Gopalakrishnan	1,20,000	2,10,000	3,30,000

Note: * The sitting Fees include fees for all committees constituted by the Board of Directors.

Financial Year 2011-12:

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Dr. K. Mamkoottam	30,000	30,000	60,000
Shri K. Dharmarajan	75,000	75,000	1,50,000
Shri A. Gopalakrishnan	1,65,000	1,80,000	3,45,000

Shri R. Jeyaseelan	75,000	90,000	1,65,000
Shri A. K. Mago	1,05,000	75,000	1,80,000
Shri G. S. Vedi	1,05,000	90,000	1,95,000

Note: * The sitting fees include fees for all committees constituted by the Board of Directors.

3(iv) NHPC: RELATED PARTY TRANSACTIONS

(FY 2013-2014)

RELATED PARTY DISCLOSURES:

a) Lists of Related Parties:

(1) <u>Joint Venture Companies</u>

- National Power Exchange Ltd.*

*NPEX was incorporated on 11.12.2008 as a Joint Venture Company of NHPC, NTPC, Power Finance Corporation and Tata Consultancy Services under the name 'National Power Exchange Limited' to operate a Power Exchange at National level. NHPC is having 16.67% of equity participation in the said JV. However, the Company has decided to come out of this Joint Venture.

(2) Key Management Personnel

Shri G. Sai Prasad	Joint Secretary, Ministry of Power, Government of India. Assigned additional charge of CMD of the Company w.e.f. 24.07.2012.
Shri A. B. L. Srivastava	Director (Finance) Additional charge of CMD upto 23.07.2012
Shri D. P. Bhargava	Director (Technical)
Shri J. K. Sharma	Director (Projects)
Shri R. S. Mina	Director (Personnel)

Remuneration to key management personnel (excluding CMD) for the current year is Rs. 2.08 Crore (Previous year Rs. 3.01 Crore).

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

(FY 2012-2013)
RELATED PARTY DISCLOSURES:

a) Lists of Related Parties:

(1) Joint Venture Companies

- National Power Exchange Ltd.

(2) Key Management Personnel

Shri G. Sai Prasad	Joint Secretary, Ministry of Power, Government of India. Assigned additional charge of CMD of the Company w.e.f. 24.07.2012.
Shri A. B. L. Srivastava	Director (Finance).
Shri D. P. Bhargava	Director (Technical)
Shri J. K. Sharma	Director (Projects)
Shri R. S. Mina	Director (Personnel)

Remuneration to key management personnel for the current year is Rs. 3.01 Crore (Previous year Rs. 1.08 Crore), which is inclusive of arrears of Rs.1.59 Crore to Existing as well as retired directors.

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

(FY 2011-2012)
RELATED PARTY DISCLOSURES:

a) Lists of Related Parties:

(1) Joint Venture Companies

- National Power Exchange Ltd.

(2) Key Management Personnel

Shri A. B. L. Srivastava	Director (Finance) with additional Charge of CMD w.e.f. 01.01.2011.
Shri D. P. Bhargava	Director (Technical)
Shri J. K. Sharma	Director (Projects)
Shri R. S. Mina	Director (Personnel)

Remuneration to key management personnel for the current year is Rs. 1.08 Crore (Previous year Rs. 2.47 Crore), amount of dues outstanding to the Company as on 31.03.2012 is Rs. 0.03 Crore (Previous year Rs. 0.04 Crore).

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

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

INDEPENDENT AUDITORS' REPORT (2013-14)

To the Members,
NHPC Limited

Auditors' Comment	Management's Reply
Report on the Financial Statements We issued our audit report dated 30th May 2014 on the Financial Statements of NHPC LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements were revised by the Board of Directors on 7th July 2014 before circulation to members. We draw attention to note no. 29 para 28 to the financial statements which results in amendment of financial statements due to declaration of proposed dividend amounting to Rs. 332.12 crore and dividend distribution tax thereon amounting to Rs. 56.44 crore. Our audit procedure on subsequent events are restricted solely to the amendment of the financial statements as referred in note no. 29 para 28 to the financial statements. We report on revised Financial Statement of Accounts as under: We have audited the accompanying financial statements of NHPC LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. **Management's Responsibility for the Financial Statements** Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Financial statements that are free from material misstatement, whether due to fraud or error. **Auditor's Responsibility** Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.	

Opinion In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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: (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014; (b) in the case of the Statement of Profit & Loss, of the profit of the Company for the year ended on that date; and (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date. **Emphasis of Matter** We draw attention to:	
a) Note No. 7 para 1 to financial statements, which describes about the reversal of excess pay drawn from the month of February and March 2014 to be recovered from below Board level Executives giving effect to the approval of Competent Authority that the pay scales shall be fitted w.e.f. 01.01.2007 after correcting the aberrations in pay scales fixed w.e.f. 01.01.1997. The confirmation of action of having implemented the directions of Competent Authority effecting recoveries w.e.f. 01.02.2014 is pending with the Ministry of Power (MoP).	The confirmation of action of having implemented the directions of Competent Authority effecting recoveries w.e.f. 01.02.2014 has been sought from Ministry of Power (MoP), Govt. of India. In the meanwhile, NHPC Officers Association has got a stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (PA) recovery. In view of the directions of the Hon'ble High Court, PA to the employees is continued to be paid to the employees along with the Salary.
b) Note No. 11 para 2 to financial statements read with Note No. 29 paras 9 and 14, 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/ financial assistance with various authorities.	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.

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. Our opinion is not qualified in respect of these matters. **Report on Other Legal and Regulatory Requirements** 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order. 2. As required under provisions of section 227(3) of the Companies Act, 1956, we report that: a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit; b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books; c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account; d. In our opinion the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; e. The Department of Company Affairs, Ministry of Finance vides Notification No. F.No.8/5/2001-CL.V dated 21st October, 2003 has notified that the provisions of clause (g) of sub-section (1) of section 274 of Companies Act, 1956, shall not apply to a	Company is required to disclose the uncertainty relating to any outflow in respect of Contingent Liability in terms of Para 68 of the Accounting Standard 29, as such the same has been disclosed.

Government Company. f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.	

For S. N. Nanda & Co.	For Singhi & Co.	For Gupta Gupta & Associates	For Tiwari & Associates
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
(FR No: 000685N)	(FR No: 302049E)	(FR No: 001728N)	(FR No: 002870N)
(CA Bhavna Nanda)	**(CA B. L. Choraria)**	**(CA Ram Kumar Gupta)**	**(CA Devender Magoo)**
Partner	Partner	Partner	Partner
M. No. 095275	M. No. 0022973	M. No. 097382	M. No. 085739

Place :- New Delhi
Date :- 7th day of July, 2014

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

1. In respect of its fixed assets:
   a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b) All the fixed assets have been physically verified by the management/outside agencies during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of the 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) The Company has not disposed off substantial part of fixed assets during the year.
2. 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 verification is reasonable.
   b) In our opinion and according to the information and explanation given to us, the procedure of verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
   c) The company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories have been properly dealt with in the books of account.
3. In respect of loans granted/taken to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
   a) The company has not granted any loans, secured or unsecured, to/from companies, firms or other parties during the year covered in the register maintained under section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.

b) As per explanations & information, the Company has not taken any loans from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.

4. In our opinion, the internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of the inventory, fixed assets and sale of power & services. System audit has suggested improvements to further strengthen the system.
5. In respect of transactions with companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
   a) According to the information and explanations given to us, during the year under audit there have been no contracts & arrangements entered by the company which needs to be entered in the register maintained under section 301 of the Companies Act.
   b) In view of sub clause (a) above, the sub-clause (4) (iii) (b) is not applicable.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act 1956 and the rules framed there under.
7. Company is having internal audit department/Outside agencies responsible for carrying out the Internal Audit of various sections at head office and at project offices at periodical intervals as per the approved audit plan. The internal audit system adopted by the internal audit department and the outside agency commensurate with the size and nature of the business of the company but frequency of internal audit needs to be improved.
8. The Company has maintained proper books of account relating to material, labour and items of cost incurred by it pursuant to the rule made by the Central Government for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
   However, we have not made a detailed examination of these accounts with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
   (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess & other material statutory dues, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's 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 the aforesaid statutory dues were in arrears, as at 31st March 2014 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 dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of disputes:-

(Rs. in Crores)

Name of the Statute	Nature of the Dues	Amount	Year to which it pertains	Forum
Income Tax Act, 1961	Income tax	0.07	A.Y. 2011-12	ITO(TDS), Srinagar
	Income tax	0.10	AY 2008-09 &	Kotli Bhel 1-A

			2009-10	
	Total	**0.17**		
Sales Tax Act of various states	Sales Tax	235.02	1994-95	Sales Tax Appellate Tribunal, Srinagar
	Sales Tax	48.76	1995-96	Sales Tax Appellate Tribunal, Srinagar
	Sales Tax	2.99	1996-97	Sales Tax Appellate Tribunal, Srinagar
	Sales Tax	0.54	2008-09	AETC Kullu
		0.29	2009-10	
	Entry tax	0.91	2013-14	Assessing Offi cer, Lakhanpur
	Immovable Property tax	0.19	1991-92 to 2000-01	Dy. Commissioner, Commercial Taxes (Appeal)
	VAT	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	
	Total	**290.25**		
Customs Act,1962	Custom Duty	0.06	1999-00	Custom Department, Mumbai
Finance Act,1994	Service tax	13.97	2010-11	Commercial Taxes Officer, Faridabad
	Service tax	0.04	2005-06 to 2008-09	Kolkata
	Grand Total	**304.49**		

10. The company has no accumulated losses as at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company based on the security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.

15. In our opinion and as per the information and explanation given to us, the company has not given guarantees for loans taken by the others from banks or financial institutions during the year.
16. As per information & explanations given to us by the management, the term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. Proper security has been created in respect of tax free bonds issued by the company during the year.
20. During the year the company has issued tax free, secured, redeemable, non-convertible bonds in the nature of debenture and has disclosed the end use of the same in the financial statement and the same has been utilised for the purpose stated.
21. During the 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 Singhi & Co.** Chartered Accountants (FR No. 302049E)	**For Gupta Gupta & Associates** Chartered Accountants (FR No. 001728N)	**For Tiwari & Associates** Chartered Accountants (FR No. 002870N)
(CA Bhavna Nanda) Partner M. No. 095275	**(CA B. L. Choraria)** Partner M. No. 0022973	**(CA Ram Kumar Gupta)** Partner M. No. 097382	**(CA Devender Magoo)** Partner M. No. 085739

Place :- New Delhi
Date :- 7th day of July, 2014

INDEPENDENT AUDITORS' REPORT (2012-13)

To the Members of NHPC Limited

Auditors' Comment	Management's Reply
Report on the Financial Statements We have audited the accompanying financial statements of NHPC LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.	

Management's Responsibility for the Financial Statements Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Financial statements that are free from material misstatement, whether due to fraud or error. **Auditor's Responsibility** Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.	

Basis for Qualified Opinion Capital Work in Progress carried in the Balance Sheet amounting to Rs. 19,709.04 crores. Management has included Borrowing Cost of Rs. 386.88 crores and Administrative & Other Cost of Rs. 139.69 crores incurred on Subansiri Lower H.E. Project, wherein active development of project is interrupted. Accounting Standards require these expenditure incurred during interruption period be charged to Statement of Profit & Loss. This constitutes departure from the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956. Accordingly, 'Finance Cost' would have increased by Rs. 386.88 crores and 'Generation, Administration and Other Expenses' would have increased by Rs. 139.69 crores and 'Net Profit before Tax', 'Capital Work in Progress' would have reduced by Rs. 526.57 crores and Shareholders' Fund (Net of Taxes) would have reduced by Rs. 421.22 crores. **Qualified Opinion** In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for Qualified Opinion paragraph, the 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: (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; (b) In the case of the statement of Profit & Loss, of the profit for the year ended on that date; and (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.	In the opinion of Management, since technical and administration and other general overheads including borrowing cost have been capitalized with adequate disclosure in the financial statements. Management is reasonable confident that based on past experience, administration and other general overheads including borrowing cost, which have been capitalized, will be allowed to be included in the capital cost of the Project and consequently recoverable through tariff. Further in terms of advice letter no. Mab-III/Rep/01-22/Acs-NHPC/ 2013-14/461 dated 17.07.2013 of CAG, the matter is going to be referred to EAC of ICAI for their opinion in the matter.

Emphasis of Matter We draw attention to: a) Note No. 12 para 3 to financial statements, which describes uncertainty about the outcome of the Project 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 with various authorities.	In the opinion of management, the projects on which survey & investigation expenditure is incurred are still active, therefore the cost incurred on survey & investigation is being carried forward.
b) Note No. 30 para 1 to financial statements which describes uncertainty related to the outcome of the claims/arbitration proceedings and lawsuit filed by/against the Company on/by contractors and others.	Company is required to disclosed the uncertainty relating to any outflow in respect of contingent liability in term of para 68 of the Accounting Standard 29, as such the same has been disclosed.
c) Note No. 30 para 6 to the financial statements, which describes treatment of expenditure incurred on creation of assets not within the control of the company (Enabling Assets) which has been referred to the Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI). Our opinion is not qualified in respect of these matters.	The opinion of ECA is awaited, pending which the same accounting treatment as was followed during the financial year 2011-12 is continued.
Report on Other Legal and Regulatory Requirements 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order. 2. As required under provisions of section 227(3) of the Companies Act, 1956, we report that: a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit; b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books; c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;	
d) except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion the	As above.

Balance Sheet, Statement of Profit and Loss and Cash flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act; e) The Department of Company Affairs, Ministry of Finance vides Notification No. F.No.8/5/2001-CL.V dated 21st October, 2003 has notified that the provisions of clause (g) of sub-section (1) of section 274 of Companies Act, 1956, shall not apply to a Government Company. f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company. g) This report supersedes our report dated May 28, 2013 given by us on the financial statements of the company for the financial year ending on March 31, 2013.	

For S.N. Nanda & Co. (Chartered Accountants) FRN No. 000685N	**For Singhi & Co.** (Chartered Accountants) FRN No. 302049E	**For Baweja & Kaul** (Chartered Accountants) FRN No. 005834N	**For Tiwari & Associates** (Chartered Accountants) FRN No. 002870N
(CA S. N. Nanda) Partner M. No. 005909	**(CA P. K. Singhi)** Partner M. No. 050773	**(CA Dalip K. Kaul)** Partner M. No. 083066	**(CA Krishan Kumar)** Partner M. No. 085415
Dated: 01/07/2013 Place: New Delhi	Dated: 27/06/2013 Place: Kolkata	Dated: 02/07/2013 Place: Jammu	Dated: 01/07/2013 Place: New Delhi

Annexure referred to in paragraph 1 under the heading "Report on the other legal and regulatory requirements of our report of even date

1. In respect of its fixed assets:
   a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b) All the fixed assets have been physically verified by the management/outside agencies during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of the 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) The Company has not disposed off substantial part of fixed assets during the year.

2. 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 verification is reasonable.
    b) In our opinion and according to the information and explanation given to us, the procedures of verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
    c) The company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories have been properly dealt with in the books of account.
3. In respect of loans granted/taken to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
    a) The company has not granted any loans, secured or unsecured, to/from companies, firms or other parties during the year covered in the register maintained under section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.
    b) As per explanations & information the Company has not taken any loans from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of the inventory, fixed assets and sale of power & services.
5. In respect of transactions with companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
    a) According to the information and explanations given to us, during the year under audit there have been no contracts & arrangements entered by the Company which needs to be entered in the register maintained under section 301 of the Companies Act.
    b) In view of sub clause (a) above, the sub-clause (4) (iii)) (b) is not applicable.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act 1956 and the rules framed there under.
7. Company is having internal audit department/Outside agencies responsible for carrying out the Internal Audit of various sections at head office and at project offices at periodical intervals as per the approved audit plan. The internal audit system adopted by the internal audit department and the outside agency commensurate with the size and nature of the business of the company.
8. The Company has maintained proper books of account relating to material, labour and items of cost incurred by it pursuant to the rule made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. However, we have not made a detailed examination of these accounts with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
    (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess & other material statutory dues, have

generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed payable in respect of the aforesaid statutory dues were in arrears, as at 31.03.2013 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 dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute.

(Rs. in Crores)

Statute	Nature	Amount	Year to which it pertains	Forum
Income Tax Act, 1961	Income tax	24.08	A.Y. 2010-11	ACIT, Faridabad
		0.24	A.Y 2009-10	ITO(TDS) Srinagar
		0.03	A.Y. 2008-09	
		0.03	A.Y. 2008-09	Income Tax Office, Guwahati
		24.41		**Total**
Sales Tax Act of various states	Sales Tax	224.44	1994-95	Sales Tax Appellate, Srinagar
		46.22	1995-96	Sales Tax Appellate, Srinagar
		2.84	1996-97	Sales Tax Appellate, Srinagar
		0.54	2008-09	AETC, Kullu
		0.29	2009-10	AETC, Kullu
		0.19	2007-08	Commercial Tax Officer, Baramulla
		274.72		**Total**
Customs Act,1962	Custom Duty	0.06	1999-2000	Custom Department, Mumbai
Finance Act,1994	Service tax	29.22	2010-11	Commercial Tax Officer, Faridabad
		328.41		**Grand Total**

10 The company has no accumulated losses as at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.

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

12 In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of the security by way of pledge of shares, debentures and other securities.

13 The provisions of any special statute applicable to chit fund/ nidhi /mutual benefit fund/ societies are not applicable to the company.

14 In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
15 In our opinion and as per the information and explanation given to us, the company has not given guarantees for loans taken by the others from banks or financial institutions during the year.
16 As per information & explanations given to us by the management, the term loans have been applied for the purpose for which they were obtained.
17 According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18 The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19 The company has not issued any debentures during the year and there is no debenture outstanding at the year end.
20 The Corporation has not raised money by Public Issue during the year.
21 During the course of our examination of the books and records of the company, carried out in accordance with 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) FRN No. 000685N	**For Singhi & Co.** (Chartered Accountants) FRN No. 302049E	**For Baweja & Kaul** (Chartered Accountants) FRN No. 005834N	**For Tiwari & Associates** (Chartered Accountants) FRN No. 002870N
(CA S. N. Nanda) Partner M. No. 005909	**(CA P. K. Singhi)** Partner M. No. 050773	**(CA Dalip K. Kaul)** Partner M. No. 083066	**(CA Krishan Kumar)** Partner M. No. 085415

AUDITORS' REPORT (2011-12)

To The Members of NHPC Limited

1. We have audited the attached Balance Sheet of M/s NHPC Limited as at March 31, 2012 and the Statement of Profit & Loss account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and

disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Para 3 above, without qualifying our report, we draw attention to: (i) Note 14.1 Para 3 regarding Survey & Investigation projects being carried over as explained that the projects are still active.; and (ii) Note 35 Para 5 regarding issue of capitalisation of expenditure incurred for creation of assets (enabling assets) not within the control of the company, which has been referred to Expert Advisory Committee of the Institute of Chartered Accountants of India;

we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
(ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
(iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
(iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956;
(v) The Department of Companies Affairs, Ministry of Finance vide Notification No. F.No.8/5/2001-CL.V dated 21st October 2003 have notified that the provisions of clause (g) of sub-section (1) of section 274 of Companies Act, 1956, shall not apply to a Government Company.
(vi) In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts read together with other notes thereon in Note No. 35 and significant accounting policies in Note No. 1, thereon give the information required under the Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:
   1. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
   2. In the case of the Profit and Loss account, of the Profit for the year ended on that date;
   3. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.N. Nanda & Co.	For Singhi & Co.	For Baweja & Kaul	For Tiwari & Associates
(Chartered Accountants)	(Chartered Accountants)	(Chartered Accountants)	(Chartered Accountants)
FRN No. 000685N	FRN No. 302049E	FRN No. 005834N	FRN No. 002870N
(CA Gaurav Nanda)	**(CA B. K. Sipani)**	**(CA Sakshi Kaul Dhar)**	**(CA Sandeep Sandill)**
Partner	Partner	Partner	Partner
M. No. 500417	M. No. 088926	M. No. 514325	M. No. 085747

Place: New Delhi
Dated: 25.05.2012

Annexure to the Auditor's Report

(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets:
   a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b) All the fixed assets have been physically verified by the management/outside agencies during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of the 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) The Company has not disposed off substantial part of fixed assets during the year.
2. 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 verification is reasonable.
   b) In our opinion and according to the information and explanation given to us, the procedures of verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
   c) The company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories have been properly dealt with in the books of account.
3. In respect of loans granted/taken to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
   a) The company has not granted any loans, secured or unsecured, to/from companies, firms or other parties during the year covered in the register maintained under section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.
   b) As per explanations & information the Company has not taken any loans from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of the inventory, fixed assets and sale of power & services.
5. In respect of transactions with companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

a) According to the information and explanations given to us, during the year under audit there have been no contracts & arrangements entered by the Company which needs to be entered in the register maintained under section 301 of the Companies Act.

b) In view of sub clause (a) above, the sub-clause (4) (iii)) (b) is not applicable.

6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act 1956 and the rules framed there under.

7. The company is having internal audit department/Outside agencies responsible for carrying out the Internal Audit of various sections at head office and at project offices at periodical intervals as per the approved audit plan. The internal audit system adopted by the internal audit department and the outside agency commensurate with the size and nature of the business of the company.

8. The Company has maintained proper books of account relating to material, labour and items of cost incurred by it pursuant to the rule made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. However, we have not made a detailed examination of these accounts with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:

(a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess & other material statutory dues, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed payable in respect of the aforesaid statutory dues were in arrears, as at 31.03.2012 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 dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute amounting to Rs. 303.86 Cr.

(Rs. in Crores)

Statute	Nature	Forum	Amount
Income Tax Act, 1961	Income tax	ACIT(Range II), Faridabad	9.33
		CIT(Appeal), Dehradun	0.33
		ITO(TDS), Srinagar	0.40
		ITO(TDS), Palampur	0.01
		ACIT(TDS), Chandigarh	0.31
		CIT, Tezpur	0.19
		Total	10.57
Sales Tax Act of various states	Sales Tax	Sales Tax Appellate, J&K	260.62
		Sales Tax Assessing Authority, Chamba	3.38
		Dy. Commissioner (Appeal) Sales Tax, Srinagar (J&K)	0.01

		Total	264.01
Customs Act,1962	Custom Duty	Dy. Commissioner of Customs, Contract Cell	0.06
Finance Act,1994	Service tax	Service tax Commissioner, Delhi	29.22
		Grand Total	303.86

10 The company has no accumulated losses as at the end of the Financial year. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.

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

12 In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of the security by way of pledge of shares, debentures and other securities.

13 The provisions of any special statute applicable to chit fund/ nidhi /mutual benefit fund/ societies are not applicable to the company.

14 In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.

15 In our opinion and as per the information and explanation given to us, the company has not given guarantees for loans taken by the others from banks or financial institutions during the year.

16 As per information & explanations given to us by the management, the term loans have been applied for the purpose for which they were obtained.

17 According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.

18 The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.

19 The company has not issued any debentures during the year and there is no debenture outstanding at the year end.

20 The Corporation has not raised money by Public Issue during the year.

21 During the course of our examination of the books and records of the company, carried out in accordance with 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.	For Singhi & Co.	For Baweja & Kaul	For Tiwari & Associates
(Chartered Accountants)	(Chartered Accountants)	(Chartered Accountants)	(Chartered Accountants)
FRN No. 000685N	FRN No. 302049E	FRN No. 005834N	FRN No. 002870N
(CA Gaurav Nanda)	**(CA B. K. Sipani)**	**(CA Sakshi Kaul Dhar)**	**(CA Sandeep Sandill)**
Partner	Partner	Partner	Partner
M. No. 500417	M. No. 088926	M. No. 514325	M. No. 085747

Place: New Delhi
Dated: 25.05.2012

AUDITORS' REPORT (2010-11)

To The Members of
NHPC Limited

1. We have audited the attached REVISED Balance Sheet of M/s NHPC Limited as at March 31, 2011 and the REVISED Profit & Loss account, REVISED Statement of expenditure during construction and REVISED Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Reference is invited to Auditors' Report dated 27.05.2011 given by us on the Financial Statements of NHPC Limited for the financial year ended as at 31.03.2011.
3. The Company has amended its aforesaid financial statements covered by the above referred Auditor's Report so as to incorporate the provision for dividend and dividend distribution tax thereon in the books, which has been recommended by the Board of NHPC Limited. Accordingly, the Balance Sheet as at 31.03.2011 and Profit & Loss Account for the period ended on even date, audited by us (covered by our above referred Auditors Report) has been amended by the Company (refer Note No. 33 of Schedule 24).
4. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement.
An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
5. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters in paragraph 4 and 5 of the said Order.
6. Further to our comments in the Annexure referred to in Para 3 above, without qualifying our report, we draw attention to (a) Note No. 5 (Schedule 24 – Notes to Accounts) in respect of accounting of sales on provisional basis pending determination of tariff by the Central Electricity Regulatory Commission and Prior Period sales, (b) Note No. 7 (Schedule 24 – Notes to Accounts) regarding capitalisation of Corporate Office Expenses, Regional Office Expenses, Survey & Investigation and administration & other general overhead expenses of construction projects

and (c) Note No. 12 (Schedule 24 – Notes to Accounts) regarding having referred the issue of capitalisation of expenditure incurred for creation of assets (enabling assets) not within the control of the company, to Expert Advisory Committee of the Institute of Chartered Accountants of India, we report that:

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) The allocation of work amongst the auditors has been followed as per the direction contained in letter No.CA. V/COY/CENTRAL GOVERNMENT, NHPC(5)/70 dated 13.07.2010 addressed to NHPC by the Office of the Comptroller & Auditor General of India, New Delhi;

(iii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;

(iv) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(v) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956;

(vi) The Department of Companies Affairs, Ministry of Finance vide Notification No. F.No.8/5/2001-CL.V dated 21st October 2003 have notified that the provisions of clause (g) of sub-section (1) of section 274 of Companies Act, 1956, shall not apply to a Government Company.

(vii) The Central Government has not prescribed the amount of Cess payable under section 441A on Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(viii) In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts read together with other notes thereon in schedule 24 and significant accounting policies in schedule 23, thereon give the information required under the Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:

1. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
2. In the case of the Profit and Loss account, of the Profit for the year ended on that date;
3. In case of Statement of Expenditure During Construction, of the expenditure incurred up to the period ended on reporting
date; and
4. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S. B. G. & Company
Chartered Accountants
(CA. Suresh Kumar)
Partner
M. No. 072921
F.R.No.001818N

Place: New Delhi
Dated: 30.06.2011

ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets:

a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) All the fixed assets have been physically verified by the management/outside Chartered Accountants Firm during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of the 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) The Company has not disposed off substantial part of fixed assets during the year.

2. In respect of its inventories:

a) The inventory has been physically verified during the year by the management/outside Chartered Accountants Firms. In our opinion, the frequency of verification is reasonable.

b) In our opinion and according to the information and explanation given to us, the procedures of verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c) The company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories have been properly dealt with in the books of account.

3. In respect of loans granted/taken to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

a) The company has not taken or granted any loans, secured or unsecured, to/from companies, firms or other parties during the year covered in the register maintained under section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.

b) As per explanations & information the Company has not taken any loans from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of the inventory, fixed assets and sale of power & services; however the same needs to be strengthened further.

5. In respect of transactions with companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

a) According to the information and explanations given to us, during the year under audit there have been no contracts & arrangements which need to be entered in the register maintained under section 301 of the Companies Act.

b) In view of sub clause (a) above, the sub-clause is not applicable.

6. The Company has broadly complied with provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. According to the information and explanation given to us, no order has been passed by the Company Law Board.

7. Corporation is having internal audit department/Outside Chartered Accountants Firm responsible for carrying out the Internal Audit of various sections at head office and at project offices at periodical intervals as per the approved audit plan.

8. The Company has maintained proper books of account relating to material, labour and items of cost incurred by the Company pursuant to the rule made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. However, we have not made a detailed examination of these accounts with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:

(a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess & other material statutory dues, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, undisputed payable in respect of the aforesaid statutory dues were in arrears, as at 31/03/2011 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 dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute amounting to Rs. 2253.31 Cr.

Statute	**Nature**	**Forum**	**Amt Rs. in Crores**
Income Tax Act,1961	Income tax	ACIT, Faridabad	8.65
		CIT (Appeal), Dehradun	1.12
		Total	9.77
Sales Tax Act of various states	Sales Tax	Guhahati High Court	1934.07
		Sales Tax Appellate, J&K	247.54
		AC/JC, Trade Tax	0.05
		JCCT, Sale tax	20.87
		High Court, Kolkatta	0.06
		Total	2202.59
Assam VAT	VAT	DC, Sales tax	13.87
Custom Act,1962	Custom Duty	Mumbai Custom	0.06
Finance Act,1994	Service tax	Service tax Commissioner, Delhi	27.02
		Grand Total	2253.31

10. The company has no accumulated losses as at the end of the Financial year. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of the security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of this clause are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
15. The company has not given guarantees for loans taken by the others from banks or financial institutions.
16. As per information & explanations given to us by the management, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18 During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information & explanations given to us, the company has created security in respect of Bonds issued by the company.
20. The Corporation has not raised money by Public Issue during the year.
21. Based on the audit procedures performed for the purpose of reporting the true & fair view of the financial statements and as per the information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. B. G. & Company
Chartered Accountants
(CA. Suresh Kumar)
Partner
M. No. 072921
F.R.No.001818N

Place: New Delhi
Dated: 30.06.2011

AUDITORS' REPORT (2009-10)

To the Members of
NHPC LIMITED

1. We have audited the attached Balance Sheet of NHPC LIMITED (formerly known as National Hydroelectric Corporation Limited) as at 31st March 2010 and also the Profit and Loss Account, Statement of expenditure during construction and Cash Flow Statement of the Company for the

year ended on that date annexed thereto, in which are incorporated the return of (i) one Regional Office, Corporate Office and 4 other offices audited by us, (ii) 8 Regional Offices audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004 (hereinafter referred to as the Order) issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments given in the Annexure referred to in paragraph 3 above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) The allocation of work amongst the auditors has been followed as per direction contained in letter No. CA.V/COY/NHPC (5)/51 dated 12.08.2009 addressed to NHPC by the Office of Comptroller & Auditor General of India, New Delhi;

(iii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books. The Branch Auditor's Report(s) have been forwarded to us and have been appropriately dealt with;

(iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;

(v) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

(vi) The Department of Companies Affairs, Ministry of Finance vide their Notification No. F. No. 8/5/2001-CL.V dated 21st October, 2003 have notified that provision of Section 274 (1) (g) of the Companies Act, 1956, shall not apply to a Government Company.

(vii) The Central Government has not prescribed the amount of Cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(viii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Notes and the Significant Accounting Policies thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010,
b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date,
c) In case of Statement of Expenditure During Construction, of the expenditure incurred up to the period ended on reporting date, and
d) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For GSA & Associates
Chartered Accountants
FRN 000257N
(SUNIL AGGARWAL)
PARTNER
Membership No: 83899

PLACE : New Delhi
DATE : 25th May 2010

ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in paragraph 3 of our report of even date)

(i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) We are informed that the fixed assets have been physically verified by the management / outside chartered accountants firm during the year. In our opinion, the frequency of verification is reasonable. 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) There was no substantial disposal of fixed assets during the year.
(ii) (a) The inventories of stores, spare parts, steel and cement have been physically verified during the year by the management/outside chartered accountants firm. In our opinion, the frequency of physical verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories have been properly dealt with in the books of account.
(iii) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.
(b) As per information and explanation the Company has not taken any loans from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.
(iv) In our opinion and according to the information and explanations given to us, in general there is an adequate internal control procedure commensurate with the size of the Company

and the nature of its business for the purchase of inventories, fixed assets and for the sale of power and services.

(v) (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.

(b) In view of sub-clause (a) above, the sub clause is not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

(vii) Corporation is having internal audit department responsible for carrying out the Internal Audit of various sections at head office and at project offices at periodical intervals as per the approved audit plan. Internal Audit has been conducted as per approved plan and there is considerable improvement as compared to earlier years, However it needs to be further strengthened in respect of reporting aspects and identification of critical areas for risk based audit.

(viii) 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 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.

We have not, however, made a detailed examination of these records with a view to determining whether they are accurate or complete.

(ix) (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, have generally been regularly deposited with the appropriate authorities.

We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as at 31st March, 2010, 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 dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute amounting to Rs. 2099.36 crores.

Statute	**Nature of Dues**	**Forum where the dispute is pending**	**Rs. in Crores**
Income Tax Act, 1961	Income Tax	ITO, TDS Faridabad	0.08
	Income Tax	ITO, TDS Palampur	0.01
Sales Tax Act of Various State	Sales Tax	Guwahati High Court	1934.07
	Sales Tax	Sales Tax Appellate Tribunal, Srinagar, J&K	117.35

	Sales Tax	Joint Commissioner Appeal	0.98
	Sales Tax	Assessing Authority, Chamba	3.39
	Sales Tax	ACCT WB Sales Tax	40.39
Assam Value added tax of 2003	VAT	The Commissioner Taxes, Assam	3.03
Custom Act 1962	Custom duty	Mumbai Custom	0.06
		Total	2099.36

(x) The company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash loss during the year covered by our audit and in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.

In view of provisions of this clause are not applicable.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares during the period under audit to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, the Company has created security in respect of Bonds issued by the Company.

(xx) We have verified the end use of money raised by Public Issue as disclosed in the note no. 3(a) of schedule 24 of the financial statements.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For GSA & Associates
Chartered Accountants
FRN 000257N
(SUNIL AGGARWAL)
PARTNER
Membership No: 83899

PLACE : New Delhi
DATE : 25th May 2010

3.vi

Sl. No.	Particulars	2013-2014	2013-2012	2012-2011
3.vi.0	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act	Nil	Nil	Nil
3.vi.1	Any prosecutions filed (whether pending or not) fines imposed, compounding of offences	Nil	Nil	Nil

3.vii

Sl. No.	Particulars	2013-2014	2013-2012	2012-2011
3.vii.0	Details of acts of material frauds committed against the company	Nil	Nil	Nil

4. FINANCIAL POSITION OF THE COMPANY

4. (a) Capital Structure of NHPC Limited

Details of Share Capital as on last quarter end (as on 30.09.2014)

(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 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)	11,070.67
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 (AGM / EGM)	Amount of Change in Rs.	Particulars
16.09.2013*	12,30,07,42,770	Buy Back of shares

**Date of AGM*

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:

(Amount in Rs.)

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)
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

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)
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 02,1982	36,000	1,000	1,000	Cash	Nil	10,99,213	3,60,00,000	109.92
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	2,14,541	1,000	1,000	Cash	Nil	16,56,063	21,45,41,000	165.61

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)
5,1984								
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
August17, 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 28, 1989	5,09,700	1,000	1,000	Cash	Nil	84,87,640	50,97,00,000	848.76
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

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)
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)*	1,000	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)*	1,000	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
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	9,60,000	1,000	1,000	Cash	Nil	2,96,86,947	96,00,00,000	2,968.69

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)
21,1998								
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 30,2000	3,20,800	1,000	1,000	Cash	Nil	3,99,72,447	32,08,00,000	3,997.24
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

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)
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
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

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)
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)**	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***	10	36	Cash	2868.74#	12,30,07,42,773	11,18,24,93,430	12300.74
December 27, 2013	(1,23,00,74,277)****	10	19.25	Cash	2868.74#	11,07,06,68,496	(12,30,07,42,770)	11,070.67

* 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.
*** Initial Public Offer
**** 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.

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 have not been made allotment of shares for the consideration of cash or other than cash.

Shareholding pattern of the Company as on last quarter end (30.09.2014):

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	9516209722	9516209722	85.958771
2	Bodies Corporates	113750656	113750656	1.027496
3	Foreign Institutional Investors	206460153	206460153	1.864929
4	Mutual Funds	4784332	4784332	0.043216
5	Insurance Companies	334153354	334153354	3.018366
6	Banks	71145381	71145381	0.642648
7	Indian Financial Institutions	21078301	21078301	0.190398
8	Non Resident Indians	16941476	16933901	0.153030
9	Clearing Members	1797241	1797241	0.016234
10	Trusts	2504536	2504536	0.022623
11	Resident Individuals	742849330		6.710067
12	H U F	38991539	781681086	0.352206
13	Foreign Nationals	2300		0.000021
14	Overseas Corporate Bodies	175	175	0.000002
		11070668496	11070498838	

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

List of top 10 holders of equity shares of the Company as on last quarter end 30.09.2014:

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	9516209722	9516209722	85.95876324
2	Life Insurance Corporation of India	289407029	289407029	2.61417844
3	UCO Bank	33154836	33154836	0.29948359
4	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIE	28298668	28298668	0.25561842
5	WISDOMTREE TRUST A/C WISDOMTREE INDIA INVESTMENT P	17368402	17368402	0.15688666
6	MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	16284000	16284000	0.14709139
7	Government Pension Fund Global	14677651	14677651	0.13258143
8	Small Industries Development Bank of India	13907798	13907798	0.12562745
9	Corporation Bank	13842251	13842251	0.12503537
10	CITI GROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	12792000	12792000	0.11554858

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	FY 2013-14	FY 2012-13	FY 2011-12
4.b.0	Profit Before Tax	1583.06	3202.13	3517.04
4.b.1	Profit After Tax	978.79	2348.22	2771.77

4.c.0	Dividend amounts	332.12	738.04	861.05
4.c.1	Interest Coverage Ratio	**3.82**	**13.22**	**15.26**

4.d.

Summary of Financial Position of NHPC Limited (Standalone Basis)

(Rs. in Crore)

FINANCIAL POSITION OF THE COMPANY				
A)	The Capital Structure of the Company	2013-14	2012-13	2011-12
	- Authorised Share Capital (Rs. in Crore)	15000	15000	15000
	- No. of Shares (in aggregate)	11070668496	12300742773	12300742773
	- Issued, Subscribed & Paid Up Equity Capital (face value Rs. 10) (Rs. in Crore)	11070.67	12300.74	12300.74
	- Share Premium Account (Rs. in Crore)	2868.74	2868.74	2868.74
B)	Profits of the Company	2013-14	2012-13	2011-12
	- Profit Before Tax	1583.06	3202.13	3517.04
	- Profit After Tax	978.79	2348.22	2771.77
C)	Dividend declared by the Company (Rs. in Crore)	332.12	738.04	861.05
D)	Financial Position (Standalone Basis)	2013-14	2012-13	2011-12
	Net Worth	26067.65	27840.50	26353.53
	Total Debt	19866.49	18627.3	17641.14
	- Non current maturities of Long Term Borrowings	18580.52	17417.52	16272.80
	- Short Term Borrowings	0	0	180.00
	- Current maturities of Long Term Borrowings	1285.97	1209.78	1188.34
	Net Fixed Assets	38736.67	37749.00	35718.06
	Non Current Assets	42949.75	42332.72	40827.75
	Cash and Cash Equivalents	5303.83	5616.01	6003.97
	Current Investments	251.87	250.74	250.74
	Current Assets	11026.52	12172.28	11932.01
	Current Liabilities	6140.92	6358.68	6790.14
	Net Sales	5335.11	5049.13	5509.65
	EBITDA	3816.22	4556.8	4752.02
	EBIT	2605.46	3587.51	3859.28
	Interest	1022.4	385.38	342.24
	PAT	978.79	2348.22	2771.77
	Dividend Amounts	332.12	738.04	861.05
	Current Ratio	1.80	1.91	1.76
	Interest Coverage Ratio	3.82	13.22	15.26
	Gross Debt/ equity ratio	0.76	0.67	0.67
	Debt Service Coverage Ratios	2.07	4.31	11.17

4. e.

Cash Flow Statement for three years

STATEMENT OF CASH FLOW				
				(Rs. in Crore)
Sr. No.	**PARTICULARS**	**YEAR ENDED 31.03.2014**	**YEAR ENDED 31.03.2013**	**YEAR ENDED 31.03.2012**
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before tax and extraordinary items	**1583.06**	**3202.13**	**3517.04**
	ADD :			
	Depreciation (including Prior Period)	1,225.25	984.67	918.22
	Finance Cost (net of EDC)	1,022.40	385.38	338.09
	(Proflt)/ Loss on sale of assets/ Debt/ Claim written off	(0.16)	0.75	0.38
	Provisions (Net loss)	179.77	5.38	93.41
	(Profit)/Loss on Sale of Projects	-	-	(76.46)
	Tariff Adjustment	1.13	56.60	34.60
	Exchange rate variation	41.59	8.54	264.42
		2469.98	**1441.32**	**1572.66**
	LESS :			
	Advance against Depreciation written back(including Prior Period)	50.17	49.34	47.16
	Provisions (Net gain)	38.09	192.87	68.04
	Deferred ERV	(63.68)	(92.34)	212.73
	Dividend Income	377.92	32.03	22.03
	Interest Income	766.28	658.66	627.55
		1,168.78	**840.56**	**977.51**
	Cash flow from operating activities before working capital adjustments	**2884.26**	**3802.89**	**4112.19**
	Working Capital Changes			
	(Increase)/Decrease in Inventories	(15.92)	(14.46)	(11.38)
	(Increase)/Decrease in Trade Receivables	194.21	(53.51)	(1,762.50)

	(Increase)/Decrease in Other Assets, Loans & Advances	684.73	(425.36)	680.50
	Increase/(Decrease) in Other Liabilities & Provisions	408.45	(795.70)	(200.65)
	Cash flow from operating activities before taxes	**4155.73**	**2513.86**	**2818.16**
	Less : Taxes	509.70	616.27	737.82
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**3646.03**	**1897.59**	**2080.34**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	(1,796.47)	(2,083.75)	(2,788.17)
	Loss/(Profit) on sale/transfer of Assets	-	-	-
	Realisation from Investment/Bonds	172.47	98.53	162.90
	Interest Income	766.28	658.66	627.55
	Dividend Received	377.92	32.03	22.03
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**(479.80)**	**(1,294.53)**	**(1,975.69)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Buyback of Shares (including premium payments)	(2,367.89)	-	-
	Issue of share capital/ Share application money pending allotment	-	-	-
	Dividend & Dividend Tax Paid	(858.37)	(995.87)	(854.53)
	Proceeds on Borrowings	2,528.01	2,526.65	3,418.44
	Repayments of Borrowings	(1,318.46)	(1,200.66)	(909.89)
	Interest & Financial Charges	(1,461.70)	(1,321.14)	(1,104.78)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**(3,478.41)**	**(991.02)**	**549.24**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(312.18)**	**(387.96)**	**653.89**
	Cash & Cash Equivalents at the beginning of the year	**5,616.01**	**6,003.97**	**5350.08**
	Cash & Cash Equivalents at the close of the year	**5303.83**	**5616.01**	**6003.97**

4.f. Changes in Accounting Policies

2011-12 (Rs. in Crore)

Policy No.	Description	Impact on Profit of Standalone accounts	Impact on Profit of Consolidated accounts
Policy no 5.1	Modification in policy of depreciation has been carried out to disclose the fact of practice of charging depreciation on addition/ deduction of fixed assets to/ from gross block.	Nil	Nil
Policy no 5.2.3	Depreciation on construction plant & machinery & computer & peripherals has been reworded	Nil	Nil
Policy no 5.2.4	Depreciation on temporary erections has been reworded for better disclosure	Nil	Nil
Policy no 5.5	Depreciation on amortisation of software has been reworded for better disclosure	Nil	Nil
Policy no 5.6	Amortisation on leasehold land has been segregated in two parts to align with the CERC rate & methodology	Impact of Rs. (0.71) Crore on Profit Before Tax	Impact of Rs. (0.71) Crore on Profit Before Tax

2012-13 (Rs. in Crore)

Policy No.	Description	Impact on Profit of Standalone accounts	Impact on Profit of Consolidated accounts
Policy no 10.2	Policy of revenue from project management/ consultancy contracts/cost plus contracts has been reworded to have better disclosure.	Nil	Nil

Earstwhlie policy no 11.2	Policy has been deleted since it has become redundant in the present scenario as direct consumption of power generated by a power station of company is not allowed.	Nil	Nil
Policy no 14	New policy on impairment of assets has been introduced to convert the practice into policy.	Nil	Nil

2013-14 (Rs. in Crore)

Policy No.	Description	Impact on Profit of Standalone accounts	Impact on Profit of Consolidated accounts
Erstwhile Policy No. 2.3	Policy on Capital expenditure on assets where neither the land nor the asset is owned by the Company (enabling assets) has been deleted on introduction of new Accounting policy no. 4.4.	Increase in profit before tax by Rs. 1.28 Crore	Increase in profit before tax by Rs. 1.52 Crore
Erstwhile Policy No. 5.8	Policy on amortization of Capital expenditure referred to in Policy no.2.3 has also been deleted consequent to deletion of Accounting policy no.2.3.		
Policy No. 4.4	New Policy on Capital expenditure on facilities over which Company does not have control has been introduced.		

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

(Rs. in Crore)

Parameters	**Upto latest Half Year**	**F/Y 2013-14**	**F/Y 2012-13**	**F/Y 2011-12**
For Non-Financial Entities				

(Standalone Basis)				
Net Worth	27377.74	26067.65	27840.50	26353.53
Total Debt	19636.87	19866.49	18627.3	17641.14
- Non current maturities of Long Term Borrowings	18367.63	18580.52	17417.52	16272.80
- Short Term Borrowings	0	0	0	180.00
- Current maturities of Long Term Borrowings	1269.24	1285.97	1209.78	1188.34
Net Fixed Assets	38814.88	38736.67	37749.00	35718.06
Non Current Assets	43058.31	42949.75	42332.72	40827.75
Cash and Cash Equivalents	5550.10	5303.83	5616.01	6003.97
Current Investments	254.72	251.87	250.74	250.74
Current Assets	12891.09	11026.52	12172.28	11932.01
Current Liabilities	6984.85	6140.92	6358.68	6790.14
Net Sales	4119.89	5335.11	5049.13	5509.65
EBITDA	2994.30	3816.22	4556.8	4752.02
EBIT	2281.62	2605.46	3587.51	3859.28
Interest	610.46	1022.4	385.38	342.24
PAT	1300.13	978.79	2348.22	2771.77
Dividend Amounts	0	332.12	738.04	861.05
	185511.83	184300.29	186239.61	181254.49
Current Ratio	1.85	1.80	1.91	1.76
Interest Coverage Ratio	4.90	3.82	13.22	15.26
Gross Debt/ equity ratio	0.72	0.76	0.67	0.67
Debt Service Coverage Ratios	2.90	2.07	4.31	11.17

4.h. Gross Debt: Equity Ratio:

Before the issue of debt securities (30.09.2014)	0.72
After the issue of debt securities	0.75

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

Ongoing Projects & States	Installed Capacity (MW)	Anticipitated Cost
		(Rs. in Crore)
Teesta Low Dam IV (W.B.)	160	1929.15
Parbati II (H.P.)	800	5365.70

Subansiri Lower(Ar.Prad/ Assam)	2000	10667.09
Kishanganga (J&K)	330	5497.72
Total	**3290**	**23459.66**

As per CCEA approval and CERC guidelines the above projects are to be financed in the debt equity ratio of 70:30.

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

Name	Address	Auditor since
M/s S. N. Nanda & Co.	C-43, Pamposh Enclave, Greater Kailash – I, New Delhi – 110 048	2011-12(As Joint Statutory Auditor)
M/s Ray and Ray,	6, Church Lane, Kolkata – 700 001,West Bengal	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.,	C-37, Connaught Place, New Delhi – 110 001	2014-15(as Joint Statutory Auditor)

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

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

Name	Address	Date of Appointment / Resignation*	Auditor of the Company since (in case of resignation)	Remarks
M/s S. N. Nanda & Co.	C-43, Pamposh Enclave, Greater Kailash - I New Delhi - 110048	From FY 2011-12	NA	Appointed by CAG for four years term
M/s Baweja & Kaul	H. No. 32, Sector - 8 Trikutanagar	From FY 2009-10 to FY 2012-	NA	

	Jammu Tawi (J&K) - 180012	13		
M/s Gupta, Gupta & Associates	142/3, Trikuta Nagar, Jammu, Jammu & Kashmir - 180012	From FY 2013-14	NA	
M/s Tiwari & Associates	T-8, Green Park Extension New Delhi – 110 016	From FY 2010-11 to FY 2013-14	NA	
M\s Singhi & Co.	Emarald House, 4th Floor,1-B, Old Post Office Street, Kolkata-7000001	From FY 2010-11 To FY 2013-14	NA	

*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 the latest quarter end: 30.09.14

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
State Bank of Patiala	Term Loan	40.00	10.00	5 half yearly installments of Rs. 2 crores each up to 09.01.2017	Pari-passu charge against Immovable / Movable assets of Chamera-I Power Station situated in Himachal Pradesh except for book debts & stores
Canara Bank	Term Loan	200.00	60.00	3 equal yearly installments of Rs. 20 crores each up to 09.11.2016	Pari-passu charge against Immovable / Movable assets of Uri-I Power Station situated in Jammu & Kashmir except for book debts and stores
Syndicate Bank	Term Loan	183.00	54.90	3 equal yearly installments	Same as above

				of Rs. 18.30 crores each up to 23.02.2017	
Oriental Bank of Commerce	Term Loan	200.00	60.00	3 equal yearly installments of Rs. 20 crores each up to 31.03.2017	Same as above
Oriental Bank of Commerce	Term Loan	100.00	70	7 equal yearly installments of Rs. 10 crores each up to 27.12.2020	Same as above
UCO Bank	Term Loan	1000.00	833.32	20 half yearly installments of Rs. 41.67 crores each up to 30.06.2024	First charge on Pari-passu basis on movable assets, both present & future, of Dulhasti Power Station situated in Jammu & Kashmir except for book debts & stores
Corporation Bank	Term Loan	500.00	500.00	48 equal quarterly installments of Rs. 10.42 crores each up to 06.10.2026	First charge on Pari-passu basis on movable assets, both present & future, of Salal & Sewa-II, Power Stations, Chutak, Nimoo-Bazgo & Uri-II HE Projects, all situated in Jammu & Kashmir and TLDP-IV HE Project situated in West Bengal except for book debts & stores
Canara Bank	Term Loan	200.00	200.00	48 equal quarterly installments of Rs. 4.17 crores each up to 16.10.2026	Same as above
Indian Overseas Bank	Term Loan	200.00	200.00	48 equal quarterly installments	Same as above

				of Rs. 4.17 crores each up to 16.10.2026	
Punjab & Sind Bank	Term Loan	200.00	200.00	48 equal quarterly installments of Rs. 4.17 crores each up to 17.10.2026	Same as above
Syndicate Bank	Term Loan	300.00	300.00	48 equal quarterly installments of Rs. 6.25 crores each up to 02.11.2026	Same as above
Union Bank of India	Term Loan	150.00	150.00	48 equal quarterly installments of Rs. 3.125 crores each up to 02.11.2026	Same as above
Life Insurance Corporation of India	Line of Credit	2500.00	1354.16	13 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	1501.00	19 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	Term	750.00	525.00	28 equal	First charge on Pari-passu

Finance Corporation	Loan			quarterly installments of Rs. 18.75 crores each up to 15.07.2021	basis on movable assets, both present & future, Fof Dulhasti Power Station situated in Jammu & Kashmir except for book debts & stores
Power Finance Corporation	Term Loan	186.00	74.40	16 equal quarterly installments of Rs. 4.65 crores each up to 15.07.2018	Same as above
Power Finance Corporation	Term Loan	70.00	49.00	28 equal quarterly installments of Rs. 1.75 crores each up to 15.07.2021	Same as above
Power Finance Corporation	Term Loan	1457.00	983.48	27 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 Chamera-II Power Station situated in Himachal Pradesh except for book debts and stores
Power Finance Corporation	Term Loan	413.00	196.175	19 equal quarterly installments of Rs. 10.325 crores each up to 15.04.2019	Pari-passu charge against Immovable / Movable assets of Chamera-I Power Station situated in Himachal Pradesh except for book debts & stores
Power Finance Corporation	Term Loan	500.00	262.50	21 equal quarterly installments of Rs. 12.50 crores each up to 15.10.2019	Same as above
State Bank of India	Term Loan	1000.00	1000.00	48 Equal quarterly	Pari-passu charge against Immovable / Movable

				installments of Rs. 20.83 crores each up to 27/03/28	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 Hydrabad	Term Loan	500.00	500.00	48 Equal quarterly installments of Rs. 20.83 crores each up to 28/12/27	Pari-passu charge against Immovable / Movable assets of TLDP-III situated in West Bengal and Chamera-I Power Station 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 Nimoo Bazgo HE Project	270.00	270.00	18 equal annual installments from 12th year after commissioning of the project.
Government of India	Subordinate Debt for Chutak HE Project	364.00	364.00	24 equal annual installments from 6th year after commissioning of the project.
Government of India	Subordinate Debt for Kishanganga HE Project	2099.80	2099.80	10 equal annual installments from 11th year after commissioning of the project.
Foreign				
EDC LOAN	Export Credit-Term Loan	CAD 17.50	78.82	3 half yearly installments of Rs 26.27 Crs upto 15.03.2016
Japan Bank of International Cooperation	Term Loan Tranche-I	JPY 566.50	158.79	23 half yearly equal installments of Rs. 6.904 Crs upto 20.01.2026
Japan Bank of International Cooperation	Term Loan Tranche-II	JPY 1631.60	611.51	27 half yearly equal installments of Rs. 22.649 Crs upto 20.12.2027

Japan Bank of International Cooperation	Term Loan Tranche-III	JPY 1389	652.44	39 half yearly equal installments of Rs. 16.729 Crs upto 20.03.2034
DB-NEXI untied facility	Term Loan	JPY 1824	467.28	9 half yearly equal installments of Rs. 51.92 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	"AA+" from CRISIL	Secured	1. Uri-I Power Station situated in J&K
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	"AAA" 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	1. "AAA" from India Ratings 2. "AAA" from CARE Ratings 3. "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	"AAA" from ICRA Ratings	Secured	Parbati-II Power Projec 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	"AAA" from ICRA Ratings	Secured	Parbati-II Power Projec 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	"AAA" from ICRA Ratings	Secured	Parbati-II Power Projec situated in Himachal Pradesh
TAX FREE BOND 1A	10years with 9 years moratori	8.18%	50.81	02.11.13	On maturity i.e. 2.11.202	1. "AAA" from India Ratings	Secured	Parbati-II Power Project &

SERIES	um				3	2. "AAA" from CARE Ratings 3. "AAA" from ICRA Ratings		Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 1B SERIES	10years with 9 years moratorium	8.43%	60.77	02.11.13	On maturity i.e. 2.11.2023	1. "AAA" from India Ratings 2. "AAA" from CARE Ratings 3. "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	1. "AAA" from India Ratings 2. "AAA" from CARE Ratings 3. "AAA" from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND	15years with 14 years	8.79%	85.61	02.11.13	On Maturity i.e.	1. "AAA" from India	Secured	Parbati-II Power Project

2B SERIES	moratorium				2.11.2028	Ratings 2. “AAA” from CARE Ratings 3. “AAA” from ICRA Ratings		& 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	1. “AAA” from India Ratings 2. “AAA” from CARE Ratings 3. “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	1. “AAA” from India Ratings 2. “AAA” from CARE Ratings 3. “AAA” from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh

4.k. iv. List of Top 10 Debenture Holders (as on 30.09.2014).

S.No.	Bondholder Name & Address	Amount (in Rs.)
1	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND,INVESTMENT DEPARTMENT, 06TH FLOOR,WEST WING, CENTRAL OFFICE,YOGAKSHEMA, JEEVAN BIMA MARG,MUMBAI,400021,66598628/66598663,22810448	13500000000
2	LIFE INSURANCE CORPORATION OF INDIA,INVESTMENT DEPARTMENT,6TH FLOOR, WEST WING, CENTRAL OFFICE,YOGAKSHEMA, JEEVAN BIMA MARG,MUMBAI,400021,66598628/66598663,22810448	6500000000
3	AXIS BANK LIMITED,TREASURY OPS NON SLR DESK CORP OFF,AXIS HOUSE LEVEL 4 SOUTH BLK WADIA,INTERNATIONAL CENTRE P B MARG WORLI,MUMBAI,400025,022 24254435/36/37,022 24252400/5400	3740800000
4	CBT EPF-05-B-DM,Standard Chartered Bank, CRESCENZO,Securities Services, 3rd Floor,C-38/39 G-Block, BKC Bandra (East),Mumbai India,400051,+91 22 61157169/7170,+91 22 2675 7008/7009	3631600000
5	CBT EPF-11-A-DM,Standard Chartered Bank, CRESCENZO,Securities Services, 3rd Floor,C-38/39 G-Block, BKC Bandra (East),Mumbai India,400051,+91 22 61157169/7170,+91 22 2675 7008/7009	2304000000
6	CBT EPF-05-C-DM,Standard Chartered Bank, CRESCENZO,Securities Services, 3rd Floor,C-38/39 G-Block, BKC Bandra (East),Mumbai India,400051,+91 22 61157169/7170,+91 22 2675 7008/7009	1980800000
7	CBT EPF-11-C-DM,Standard Chartered Bank, CRESCENZO,Securities Services, 3rd Floor,C-38/39 G-Block, BKC Bandra (East),Mumbai India,400051,+91 22 61157169/7170,+91 22 2675 7008/7009	1607800000
8	CBT EPF-05-D-DM,Standard Chartered Bank, CRESCENZO,Securities Services, 3rd Floor,C-38/39 G-Block, BKC Bandra (East),Mumbai India,400051,+91 22 61157169/7170,+91 22 2675 7008/7009	1607200000
9	CBT EPF-11-B-DM,Standard Chartered Bank, CRESCENZO,Securities Services, 3rd Floor,C-38/39 G-Block, BKC Bandra (East),Mumbai India,400051,+91 22 61157169/7170,+91 22 2675 7008/7009	1554400000
10	CBT EPF-11-D-DM,Standard Chartered Bank, CRESCENZO,Securities Services, 3rd Floor,C-38/39 G-Block, BKC Bandra (East),Mumbai India,400051,+91 22 61157169/7170,+91 22 2675 7008/7009	1080800000

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

DECLARATION BY THE DIRECTORS THAT

a. the company has complied with the provisions of the Act and the rules made there under;
b. 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;
c. 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 item no. 374.2.28 in its 374th meeting held on dated 7th July, 2014 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.

For NHPC LIMITED

(Jayant Kumar)
Executive Director(Finance)

Date: 24.11.2014
Place : Faridabad

Attachments:-
Copy of board resolution
Copy of shareholders resolution

For NHPC LIMITED S-SERIES BONDS issue 2014-15

India Ratings & Research

Fitch Group

Mr. Jayant Kumar
Executive Director - Finance
NHPC Limited
NHPC Office Complex
Sector 33
Faridabad -121003

November 19, 2014

Kind Attn: Mr. Jayant Kumar, Executive Director (Finance)

Dear Sir,

Re: Rating Letter for NHPC Limited

India Ratings & Research (Ind-Ra) has assigned NHPC Limited's INR16bn (including a green shoe option of INR14bn) secured non-convertible taxable bonds a final long-term 'IND AAA'.

The outstanding ratings including the above are as follows

-	Long-Term Issuer Rating	: IND 'AAA' /'Stable' Outlook
-	INR20bn long-term bond programme	: IND 'AAA'
-	INR20bn long-term loan programme	: IND 'AAA'
-	INR15bn long-term bond programme	: IND 'AAA'
-	INR15bn long-term loan programme	: IND 'AAA'
-	INR10bn non-convertible tax free bonds	: IND 'AAA'
-	INR1.55bn working capital loans	: 'IND AAA' / 'IND A1+'
-	INR16bn non-convertible bond programme	: IND AAA

The terms and conditions of the proposed bonds are provided in the Annexure.

India Ratings notes that the ratings are assigned to the programme and not to the notes issued under the programme. There is no assurance that notes issued under the programme will be assigned a rating, or that the rating assigned to specific issue under the programme will have the same rating as the rating assigned to the programme.

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.

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 India where the rated security is offered and sold, 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.

India Ratings & Research Private Limited A Fitch Group Company
Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai 400 051
Tel. +91 22 4000 1700 | Fax: +91 22 4000 1701 | CIN/LLPIN: U67100MH1995FTC140049 | www.indiaratings.co.in

NHPC

India Ratings & Research

Fitch Group

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 an 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

NHPC Limited — 19th November 2014

India Ratings & Research

Fitch Group

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

Kishore Gandhi
Chief Credit Officer

Rakesh Valecha
Senior Director

NHPC Limited

19th November 2014

IndiaRatings & Research

Fitch Group

Annexure- Key Clauses as per the Term Sheet

Particulars	Tranche - S1	Tranche - S2
Coupon payment	Annual	Annual
Tenor	10 Years	15 Years
Redemption	10 equal annual instalments beginning first year.	12 equal annual instalments beginning from 4th Year
Moratorium	Zero Years	Three Years
Seniority	Senior and unsubordinated	Senior and unsubordinated
Nature	Secured	Secured
Purpose	To meet the debt requirement of on-going construction projects and recoupment of expenditure already incurred.	To meet the debt requirement of on-going construction projects and recoupment of expenditure already incurred.
Coupon Rate	Fixed	Fixed
Day Count	Actual/actual	Actual/actual
Issue Size	INR1bn	INR1bn
Green Shoe Option	INR3.7bn	INR10.3bn

CARE Ratings
Professional Risk Opinion

20 YEARS
Analytical Excellence

CARE/DRO/RL/2014-15/1206
Mr. Jayant Kumar
Executive Director (Finance)
NHPC Ltd
NHPC Office Complex,
Sector-33, Faridabad-121003

November 21, 2014

Confidential

Dear Sir,

Credit rating for proposed Long-term Bonds (S Series)

Please refer to your request of proposed long term bonds issue (S Series) aggregating to Rs.1,600 crore of your company. The proposed bonds would have S1 and S2 series with tenure of 10 years and 15 years respectively with redemption schedule as per Annexure I.

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

Instrument	Amount (Rs. crore)	Rating[1]	Remarks
Proposed Long-term Bond (S Series)	1,600	CARE AAA (Triple A)	Assigned

3. The rationale for the rating will be communicated to you separately.

4. 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 November 21, 2014).

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 placed.

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

CREDIT ANALYSIS & RESEARCH LTD.
CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai 400 022.
Tel: +91-22-6754 3456; Fax: +91-22-6754 3457
13th Floor, E-1 Block, Videocon Tower Jhandewalan Extension, New Delhi 110 055
Tel: +91-11-4533 3200
Fax: +91-11-4533 3238

7. 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.

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 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.

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,

[Puneet Kansal]
Dy. Manager
puneet.kansal@careratings.com

[Sudhir Kumar]
Asst. General Manager
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 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 assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

CREDIT ANALYSIS & RESEARCH LTD.
13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi 110 055.

Annexure-1

S No.	Issue	Series	Amt. Rs. Crore	Date of Redemption
1	Proposed	S1	470.00	Anniversary date of the date of allotment (Bonds are redeemable at par in 10 equal annual installments at par Rs.10 lac each starting at the end of 1st year
2	Proposed	S2	1130.00	Anniversary date of the date of allotment (Bonds are redeemable at par in 12 equal annual installments at par Rs.12 lac each starting at the end of 4th year.
			1,600.00	

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13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi 110 055.

CIN. No. L40101HR1975GOI032564

एन एच पी सी लिमिटेड
(भारत सरकार का उद्यम)

NHPC Limited
(A Government of India Enterprise)

संदर्भ स./Ref. No. ____________

फोन/Phone : ____________

दिनांक/Date : ____________

ITEM NO. 374.2.28 : Dt. 7.07.14

BORROWING PLAN 2014-15 - AUTHORIZATION FOR RAISING FUNDS:

1. The Board was informed that as per the approved Annual Plan 2014-15, an amount of Rs.4000 crore is required to be raised through debt to meet different requirements. The Board was further informed that out of the proposed borrowings, Rs.2500 crore is proposed to be raised by issue of Bonds on private placement basis in different tranches. To raise debt through private placement, as per Section 110 of the Companies Act, 2013, approval of Shareholders is required by a special resolution through Postal Ballot.

2. 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 is hereby jointly and severally authorized to raise the debt up to Rs. 4000 crores for the year 2014-15 through Term loans / Corporate Bonds/Tax Free Bond on Secured/unsecured basis from Domestic market in suitable tranches."

2. "RESOLVED further that the proposal for raising fund up to Rs. 4000 crore through private placement of Secured, redeemable corporate bonds in the nature of non-convertible debenture in suitable trenches during the year 2014-15 be and is hereby recommended for approval to obtain approval of shareholders by special resolution and if required through postal ballot as required under clause 14 of Companies (Prospectus and Allotment of Securitles) Rules, 2014."

पंजीकृत कार्यालय : एन एच पी सी ऑफिस कॉम्प्लेक्स, सैक्टर–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

CIN. No."L40101HR1975GOI032564"

एनएचपीसी लिमिटेड
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संदर्भ सं./Ref. No:

फोन/Phone :

दिनांक/Date :

3. "RESOLVED FURTHER THAT pursuant to Section 110 and other applicable provisions, if any, of the Companies Act 2013 and the rules issued there under, Chairman and Managing Director and Director (Finance) be and are hereby authorized jointly and severally to do all such things and to take all such incidental and necessary steps including but not limited to approval of postal ballot notice along-with explanatory statement, fixation of cutoff date for determination of eligibility of members to exercise postal ballot, approval of expenditure on the whole process, to approve calendar of events, to appoint Scrutinizer for postal ballot process, fixation of remuneration of Scrutinizer, to authorize official(s) of NHPC to execute / sign agreement for e-voting facility and to conduct the said Postal Ballot / e-voting process for and on behalf of the Company and to settle all question of difficulties that may arise in the course of implementing the process."

4. "RESOLVED further that Director (Finance) and/or Executive Director (Finance) be and is hereby jointly and severally authorized to finalize the terms and conditions of such Term loans/ Corporate Bonds."

5. "RESOLVED further that Director (Finance) and/or Executive Director (Finance) be and is hereby jointly and severally authorized to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue including without limitation the Arrangers, Registrar, Credit Rating Agency, Trustee, Legal Firm, any other agency required by SEBI etc. and decide and settle the remuneration for all such intermediaries / agencies / persons,

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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

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NHPC Limited
(A Government of India Enterprise)

संदर्भ सं./Ref. No. ____________ फोन/Phone ____________
दिनांक/Date ____________

including by the payment of commission. brokerage, fee, charges, etc . if payable."

6. "RESOLVED further that Director (Finance) and/or Executive Director (Finance) be and is hereby jointly and severally authorized to provide assets of the corporation as security by way of hypothecation and/or mortgage on pari-passu basis, wherever required for availing such Term loan/Corporate Bonds."

7. "RESOLVED further that Executive Director (Finance) and/or General Manager (Finance) and/or Chief (Finance) be and is hereby jointly and severally authorized to execute various agreements/deeds for availing and securing of such financing."

8. RESOLVED further that ED (F) and/or GM (F) and/or Chief (F) and/or Company Secretary 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 Stock Exchange and make necessary fee associated."

9. "RESOLVED further that Director (F) and/or Company Secretary be and are hereby authorized jointly or severally to file with the Registrar of the Companies requisite 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."

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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

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दिनांक/Date : ____________

10. "RESOLVED further that the Common seal 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."

D. SESHADRI
Chief (Company Secretary)
NHPC Limited
(A Govt of India Enterprise)
NHPC Office Complex
Sector-33 Faridabad
Harayana-121003

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NHPC Limited
(A Government of India Enterprise)

संदर्भ सं./Ref. No. ____________ फोन/Phone : ____________
दिनांक/Date : ____________

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 कॉम्पलैक्स, सैक्टर–33, फरीदाबाद, हरियाणा–121 003 (भारत)
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(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

Company Secretary
एन एच पी सी लिमिटेड
NHPC Limited

पंजीकृत कार्यालय : एन एच पी सी ऑफिस कॉम्पलैक्स, सैक्टर-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

IDBI Trusteeship Services Ltd.

Regd. Office :
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate
Mumbai - 400 001.

No. 3283/ITSL/OPR/CL/14-15/DEB/612

Date: November 18, 2014

Kind Attn: Mr. Manish Dhawan
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 "S" Series (S1 and S2) Bonds by NHPC Limited aggregating upto Rs. 1600 crores (including Green Shoe Option) in the financial year 2014-15

This is with reference to your e-mail dated 18th November, 2014 regarding appointment of IDBI Trusteeship Services Ltd. as Debenture Trustee for the proposed Private Placement of secured redeemable non-convertible taxable "S" Series Bonds aggregating upto Rs. 1600 crores (including green shoe option). 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 Ltd

Rathalye
Authorized Signatory

Tel. : 022-4080 7000 • Fax : 022-6631 1776 / 4080 7080 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com • CIN - U65991MH2001GOI131154

NHPC LIMITED
(A Government of India Enterprise) CIN: L40101HR1975GOI032564
SECTOR-33, FARIDABAD, HARYANA - 121 003
UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER 2014

(₹ in lacs)

	PARTICULARS	Quarter ended 30.09.2014 (unaudited)	Quarter ended 30.06.2014 (unaudited)	Quarter ended 30.09.2013 (audited)	Half year ended 30.09.2014 (unaudited)	Half year ended 30.09.2013 (audited)	Year ended 31.03.2014 (audited)
PART I							
1	Income from operations						
	(a) Net Sales/ Income from operations *	2,08,601	2,03,388	1,61,521	4,11,989	3,21,572	5,33,511
	(b) Other operating income	1,278	2,097	3,481	3,375	5,390	20,193
	Total Income from operations (net)	2,09,879	2,05,485	1,65,002	4,15,364	3,26,962	5,53,704
2	Expenses						
	(a) Employee benefits expense	30,105	28,655	21,422	58,760	44,666	1,05,867
	(b) Depreciation & amortization expense	35,751	35,517	28,254	71,268	55,855	1,21,076
	(c) Water Usage Charges	26,614	26,598	21,368	53,212	41,049	62,051
	(d) Other expenses	24,349	18,512	20,343	42,861	32,370	1,49,859
	Total expenses	1,16,819	1,09,282	91,387	2,26,101	1,73,940	4,38,853
3	Profit from operations before other income, finance costs and exceptional items (1-2)	93,060	96,203	73,615	1,89,263	1,53,022	1,14,851
4	Other Income	22,622	16,277	30,021	38,899	54,876	1,45,695
5	Profit from operations before finance costs and exceptional items (3+4)	1,15,682	1,12,480	1,03,636	2,28,162	2,07,898	2,60,546
6	Finance costs	28,836	32,210	12,031	61,046	23,637	1,02,240
7	Profit from operations after finance costs but before exceptional items (5-6)	86,846	80,270	91,605	1,67,116	1,84,261	1,58,306
8	Exceptional items	-	-	-	-	-	-
9	Profit from ordinary activities before tax (7-8)	86,846	80,270	91,605	1,67,116	1,84,261	1,58,306
10	Tax expense						
	a) Current Tax	17,315	17,006	18,978	34,321	37,519	25,162
	b) Adjustments relating to earlier years	-	64	-	64	-	4,668
	c) Deferred Tax	1,121	1,597	1,869	2,718	4,058	30,597
	Total Tax expense (a+b+c)	18,436	18,667	20,847	37,103	41,577	60,427
11	Net Profit from ordinary activities after tax (9 10)	68,410	61,603	70,758	1,30,013	1,42,684	97,879
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net Profit (11-12)	68,410	61,603	70,758	1,30,013	1,42,684	97,879
14	Paid-up equity share capital (of Face Value ₹ 10/- per share)	11,07,067	11,07,067	12,30,074	11,07,067	12,30,074	11,07,067
15	Paid-up debt capital				18,36,763	19,64,511	18,58,052
16	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						14,99,698
17	Debenture Redemption Reserve				88,475	64,955	88,475
18	Earning per share (of ₹ 10/- each) (not annualized):						
	(a) Basic & Diluted EPS (before Extraordinary items)	0.62	0.56	0.58	1.17	1.16	0.82
	(b) Basic & Diluted EPS (after Extraordinary items)	0.62	0.56	0.58	1.17	1.16	0.82
19	Debt equity ratio				0.67	0.66	0.71
20	Debt service coverage ratio(DSCR)				2.90	5.10	2.07
21	Interest service coverage ratio(ISCR)				4.90	11.91	3.82
	* Net Sales includes proportionate amount of Advance against Depreciation written back.						
PART II-SELECT INFORMATION							
A	PARTICULARS OF SHAREHOLDING						
	1. Public shareholding						
	- Number of shares	1554458774	1554458774	1677374015	1554458774	1677374015	1554458774
	- Percentage of shareholding	14.04	14.04	13.64	14.04	13.64	14.04
	2. Promoters and Promoter Group Shareholding						
	a) Pledged/ Encumbered	-	-	-	-	-	-
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
	b) Non-encumbered						
	- Number of shares	9516209722	9516209722	10623368758	9516209722	10623368758	9516209722
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	85.96	85.96	86.36	85.96	86.36	85.96

B	INVESTOR COMPLAINTS		
	Particulars	Equity Shares	Debt Securities
	Pending at the beginning of the quarter	2	-
	Received during the quarter	320	45
	Disposed off during the quarter	320	45
	Remaining unresolved at the end of the quarter	2	-

STATEMENT OF ASSETS AND LIABILITIES

(₹ in lacs)

PARTICULARS	As at 30th September, 2014	As at 31st March, 2014
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share Capital	11,07,067	11,07,067
Reserves and Surplus	16,30,707	14,99,698
Sub Total - Shareholder's funds	27,37,774	26,06,765
NON-CURRENT LIABILITIES		
Long Term Borrowings	18,36,763	18,58,052
Deferred Tax Liabilities (net)	79,385	76,667
Other Long Term Liabilities	1,55,375	1,60,581
Long Term Provisions	87,158	81,470
Sub Total - Non-Current Liabilities	21,58,681	21,76,770
CURRENT LIABILITIES		
Short Term Borrowings	-	-
Trade Payables	19,338	20,071
Other Current Liabilities	3,32,745	2,93,821
Short Term Provisions	3,46,402	3,00,200
Sub Total - Current Liabilities	6,98,485	6,14,092
TOTAL - EQUITY AND LIABILITIES	55,94,940	53,97,627
ASSETS		
NON-CURRENT ASSETS		
Fixed Assets (includes Capital Work in Progress)	38,81,488	38,73,667
Non Current Investments	2,22,417	2,22,702
Long Term Loans and Advances	1,12,204	1,08,969
Other Non-Current Assets	89,722	89,637
Sub Total - Non-Current Assets	43,05,831	42,94,975
CURRENT ASSETS		
Current Investments	25,472	25,187
Inventories	8,712	7,229
Trade Receivables	3,09,155	1,86,377
Cash & Bank Balances	5,55,010	5,30,383
Short Term Loans and Advances	2,35,125	2,09,355
Other Current Assets	1,55,635	1,44,121
Sub Total - Current Assets	12,89,109	11,02,652
TOTAL - ASSETS	55,94,940	53,97,627

1 The above results have been reviewed by Audit Committee and approved by the Board of Directors of the Company in their respective meetings held on 30.10.2014. The same have been reviewed by the Joint Statutory Auditors of the company as required under Clause 41 of the Listing Agreement.

2 Electricity generation is the principal business activity of the Company. Other operations viz., Contract, Project Management and Consultancy Works do not form a reportable segment as per Accounting Standard - 17 on Segment Reporting. The operations of the company are mainly carried out within the country and therefore Geographical Segments are not applicable.

3 In view of the seasonal nature of business, the financial results of the current quarter may not be comparable with other quarters of the current financial year.

4 During the half year ended 30.09.2014, remaining one unit of Parbati-III Power Station (520 MW) has been put on commercial operation w.e.f. 06.06.2014.

5 The company, under mega insurance policy, has lodged insurance claim, as on date amounting to ₹ 21,105 Lacs and ₹ 24,851 Lacs towards loss of assets and Business Interruption Loss respectively, in respect of Dhauliganga Power Station, where generation was shut down due to flash floods during June,2013. Interim payment of ₹ 7,010 Lacs has been received against claim towards loss of assets. Further, interim payment of ₹ 9,999 Lacs received against Business Interruption Loss has been accounted for as 'other income' on realization basis during FY 2013-14. Loss beyond excess clause, if any, to be borne by the company shall be determined after receipt of the final survey report and impact thereof shall be accounted for accordingly.

6 Construction activities at site of Subansiri Lower Project have been interrupted w.e.f. 16.12.2011 due to protest of anti dam activists. Technical and administrative work is however continuing. Management is making all out efforts to restart the work at site. In line with the opinion of Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), for the current half year the borrowing cost of ₹ 20,453 Lacs (previous half year ₹ Nil & previous financial year ₹ 76,690 Lacs) and administration and other cost of ₹ 7,508 Lacs (previous half year ₹ Nil & previous financial year ₹ 34,154 Lacs) have, however, been charged to the Statement of Profit & Loss.

NEW DELHI

7	Active construction work at Teesta Low Dam-IV project has been interrupted due to stoppage of work by one of the contractors w.e.f. 20.03.2013. As such, for the current half year borrowing costs of ₹ 4,603 Lacs (previous half year ₹ Nil & previous financial year ₹ 9,135 Lacs) and administration and other cost of ₹ 2,405 Lacs (previous half year ₹ Nil & previous financial year ₹ 6,791 Lacs) have been charged to the Statement of Profit & Loss.
8a)	Pending approval of tariff for the period 2014-19 by Central Electricity Regulatory Commission (CERC), sales have been recognized provisionally as per tariff notified by CERC for the period 2009-14 except in respect of TLDP-III Power Station, where sales have been recognized based on 85% of capital cost filed with CERC and also taking into account provision towards truing up of capital cost of the power stations in line with the CERC Tariff regulation 2014. Further, for the purpose of recognizing sales, Return on Equity(a component of tariff) has been grossed up using Minimum Alternate Tax(MAT) rate for FY 2014-15 as effective tax rate, till review at year end.
b)	Sales includes ₹ 70,958 Lacs for the half year ended 30.09.2014 (corresponding previous period ₹ 49,959 Lacs) which is yet to be billed.
9	Out of the Initial Public Offering (IPO) proceeds of ₹ 4,02,570 lacs, a sum of ₹3,75,699 lacs has been utilized up to 30.09.2014 for re-coupment of capital expenditure already incurred from internal accruals on the projects specified for utilization and ₹ 3,871 lacs recouped for meeting initial IPO expenditure. The unutilized amount of ₹ 23,000 lacs has been invested in bank deposits as per extant investment policy of the company.
10	Statutory Auditors have included the following matters in Audit Reports on the accounts for the year ended 31.03.2014 under "Emphasis of Matter Paragraph", without any qualified opinion in respect of these matters: (i) reversal of excess pay drawn from the month of February and March 2014 to be recovered from below Board level Executives giving effect to the approval of Competent Authority that the pay scales shall be fitted w.e.f. 01.01.2007 after correcting the aberrations in pay scales fixed w.e.f. 01.01.1997. Confirmation of the action of recovery w.e.f 01.02.2014 being pending with Ministry of Power. (ii) carry forward of expenditure incurred on survey & investigation of projects; (iii) uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others; The above points on which attention has been drawn by the auditors have been addressed as under:- (i)The confirmation of action of having implemented the directions of Competent Authority effecting recoveries w.e.f. 01.02.2014 has been sought from Ministry of Power (MoP), Govt. of India. In the meanwhile, NHPC Officers Association has got a stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment(PA) recovery. In view of the directions of the Hon'ble High Court, PA to the employees is continued to be paid to the employees 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) Company is required to disclose the uncertainty relating to any outflow in respect of Contingent Liability in terms of Para 68 of the Accounting Standard 29, as such the same has been disclosed;
11	Formula used for computation of 'Debt Service Coverage Ratio' (DSCR) = [Profit before Interest, Depreciation and Tax/(Principal repayment, excluding payment under put option+Interest)] and for 'Interest Service Coverage Ratio' (ISCR) = [Profit before Interest, Depreciation and Tax/ Interest]. Interest has been considered net off transferred to expenditure during construction and the principal repayment pertains to loan taken for operational projects.
12	Figures for the quarter ended 30.09.2014 are the balancing figures between un-audited figures for the half year ended 30.09.2014 and for the quarter ended 30.06.2014.
13	Figures for the previous periods have been re-grouped/re-arranged/re-casted wherever necessary.

For and on behalf of the Board of Directors of
NHPC Limited

आरवीना

(R.S.MINA)
DIRECTOR (FINANCE)
DIN -00149956

Place : New Delhi
Date : 30.10.2014