



**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](http://www.nhpcindia.com)**

**Compliance Officer Mr Vijay Gupta, Company Secretary**

**E-mail: [companysecretary@nhpc.nic.in](mailto:companysecretary@nhpc.nic.in), [csnhpc@gmail.com](mailto:csnhpc@gmail.com), [nhpcbondsection@gmail.com](mailto: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 an Offer Letter prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, 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 and as amended Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2015 issued vide circular no. No. LAD-NRO/GN/2014-15/25/539 dated March 24, 2015., Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.

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

**OFFER LETTER FOR PRIVATE PLACEMENT OF SECURED NON-CUMULATIVE NON CONVERTIBLE  
REDEEMABLE TAXABLE BONDS (T - SERIES) IN THE NATURE OF DEBENTURES**

**T SERIES @ 8.50% p.a. of RS. 12.00 LAKHS EACH FOR CASH AT PAR AGGREGATING TO RS 1474.92  
CRORE INCLUDING GREEN SHOE OPTION TENOR OF 15 YEARS.**

**ISSUE OPENS: 14-Jul-2015**

**ISSUE CLOSSES: 14-Jul-2015**



**LISTING**

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 Floor,  
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 SI. No. | Name of Arranger    | Address of Arranger   | Contact Details                             |
|--------------------------------|---------------------|---|---|
| 1.                             | AXIS BANK           | 13 <sup>th</sup> Floor, 148 Barakhamba Road, New Delhi-110001   | 011-43682400/43682422 /9999055076           |
| 2.                             | ICICI Bank          | ICICI Bank RO, NBCC Lodhi Road, New Delhi-110003  | 011-42218224/9599684827                     |
| 3.                             | TRUST INVESTMENT    | 109/110, 1st Floor, Balrama, Village Parikhari, Bandra-Kurla Complex, Bandra (East), Mumbai-400051          | 011-43554045/46/9899077799                  |
| 4.                             | I-SECPD             | 3 <sup>rd</sup> Floor, NBCC Place, ICICI Bank Tower, Pragati Vihar, Bhisham Pitamah Marg, New Delhi-110003. | (91-11)24390025/26, 24369989/90 /9810444388 |
| 5.                             | A.K. CAPITAL        | 609 6th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg, Connaught Place, New Delhi-110 001, India          | 011-23739628/9999305903                     |
| 6.                             | YES BANK            | 48, Nyaya Marg, Chanakyapuri, New Delhi-110021  | +91(11) 66569094                            |
| 7.                             | KOTAK MAHINDRA BANK | 804-805, 8 <sup>th</sup> Floor, Ambadeep Building, 14, K.G. Marg, New Delhi-110001                          | +91(11)23356107 ,23356109                   |
| 8.                             | TIPSONS             | Sheraton House, Opp. ketav Petrol Pump, Polytechnic Road, Ambawadi, Ahmedabad-380051                        | 011-23351155/9350322525                     |



|     |             |   |                         |
|-----|-------------|---|-------------------------|
| 9.  | HDFC BANK   | B-6/3, Safdarjung Enclave, Opp. Deer Park, New Delhi        | 011-41392173/9313060715 |
| 10. | EDELWEISS   | 603-606, 6th Floor, Mercantile House, 15 KG Marg, New Delhi | 011-43571111            |
| 11. | SPA CAPITAL | 25, C-Block Community Center Janakpuri, New Delhi-58        | 9810099157              |

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

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

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

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



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## I .Definition / Abbreviations

### Issuer Related Terms

| <u>Term</u>                             | <u>Description</u>  |
|---|---|
| Articles of Association or Articles     | The articles of association of the Company, as amended from time to time  |
| Auditors                                | The Joint Statutory Auditors of the Company are<br>1. M/s S. N. Nanda & Co., New Delhi<br>2. M/s Ray and Ray, Kolkata, West Bengal<br>3. M/s Gupta Gupta and Associates, Jammu Tawi, Jammu & Kashmir<br>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

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



| <b>Term</b>              | <b>Description</b>   |
|--------------------------|--|
| Financial Year/Fiscal/FY | Period of 12 months ended March 31 of that particular year             |
| Gol                      | Government of India  |
| HUF                      | Hindu Undivided Family   |
| JPY                      | Japanese Yen   |
| LIC                      | Life Insurance Corporation of India                                    |
| MoA                      | Memorandum of Agreement  |
| MoU                      | Memorandum of Understanding  |
| NEFT                     | National Electronic Fund Transfer                                      |
| NHDC Ltd.                | Formally known as - Narmada Hydroelectric Development Corporation Ltd. |
| NSDL                     | National Securities Depository Limited                                 |
| NSE                      | The National Stock Exchange of India Limited                           |
| 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   |

#### Technical and Industry-Related Terms

| <b>Term</b>                   | <b>Description</b>   |
|-------------------------------|--|
| AFC                           | Annual Fixed Charges   |
| Bonds                         | Secured Non Cumulative Non Convertible Redeemable Taxable Bonds (T Series) in the nature of Debentures to be issued @ 8.50% 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   |





| <u>Term</u>                           | <u>Description</u>  |
|---------------------------------------|---|
| Design energy                         | The quantum of energy which could be generated in a 90% dependable year with 95% installed capacity of the generating station   |
| Deemed Date of Allotment              | Date as specified in summary Term Sheet   |
| DPE                                   | Department of Public Enterprises  |
| DPR                                   | Detailed Project Report   |
| DRR                                   | Debenture Redemption Reserve  |
| Issuer/NHPC/Corporation /Company      | NHPC LIMITED  |
| MoEF&CC                               | Ministry of Environment, Forest and climate change.   |
| MU                                    | Million Units   |
| MW                                    | Mega Watt   |
| Offer Letter                          | <b>Offer Letter Dated 14.07.2015</b> as prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as further amended, Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014. |
| PFC                                   | Power Finance Corporation Limited   |
| PGCIL                                 | Power Grid Corporation of India Limited   |
| PPA                                   | Power Purchase Agreement  |
| REC                                   | Rural Electrification Corporation Limited   |
| Registrar                             | Registrar to the issue, in this case <b>RCMC Share Registry Private Limited</b>   |
| 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 (T Series) in the nature of Debentures to be issued at 8.50% 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 on 9<sup>th</sup> Sep, 2014 in accordance with the provisions of Section 110 of the Companies Act 2013.

The following resolutions were passed by the Shareholders:-

- Under Section 180(1)(a) of the Companies Act 2013, read with relevant rules thereof, the Board of Directors were authorized 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.
- Under Section 180(1)(c) of the Companies Act 2013, read with relevant rules thereof, the overall borrowing limit of NHPC was also approved at Rs. 30,000 crore.
- Under Section 42, 71 of the Companies Act 2013, read with relevant rules thereof, Board of Directors were also authorized to Issue Secured / Unsecured Redeemable Non-Convertible Debentures / Bonds aggregating up to Rs. 2500 Crore through Private Placement.

In line with the above special resolution passed, the present issue of T series Secured, Redeemable, Taxable and Non-Convertible Debentures / Bonds through Private Placement basis was approved by the Board of Directors of NHPC in 384<sup>th</sup> meeting held on 29.05.2015 for raising funds up to Rs. 1474.92 crores. The proposed borrowing is within the overall borrowing limits of NHPC.

## **DISCLAIMERS**

### **GENERAL DISCLAIMER**

The Offer Letter is prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time, Form PAS-4 prescribed under section 42 of Company Act 2013 and Rule, 14(1) of Companies (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 Offer Letter has not been approved by Securities & Exchange Board of India (SEBI). The debentures have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Offer Letter. It is to be distinctly understood that Private Placement Offer Letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in Private Placement Offer Letter. Pursuant to rule 14 (3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the company shall maintain a complete record of private placement offers in FORM PAS-5. A copy of such records along with the Private Placement Offer Letter in the form of FORM PAS-4 shall be filed with the Registrar of Companies, along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014 and with SEBI within a period of (30)thirty days of circulation of the Private Placement Offer Letter. However SEBI reserves the right to take up at any point of time, with Issuer, any irregularities or lapses in Private Placement Offer Letter.

#### **DISCLAIMER OF THE JURISDICTION**

The private placement of debentures is made in India to Companies, Corporate Bodies, Trusts registered under the Indian Trusts Act, 1882, Societies registered under the Societies Registration Act, 1860 or any other applicable laws, provided that such Trust/ Society is authorised under constitution/ rules/ byelaws to hold debentures in a Company, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Insurance Companies, Commercial Banks including Regional Rural Banks and Cooperative Banks, Provident, Pension, Gratuity, Superannuation Funds as defined under Indian laws. The Offer Letter does not, however, constitute an offer to sell or an invitation to subscribe to securities offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Offer Letter comes is required to inform him about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of courts and tribunals of Delhi. All information considered adequate and relevant about the Issuer has been made available in this Offer Letter for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever.

#### **DISCLAIMER OF THE ISSUER**

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



#### **DISCLAIMER OF THE STOCK EXCHANGE**

As required, a copy of this Offer Letter has been submitted to the 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.

#### **DISCLAIMER OF THE ARRANGERS TO THE ISSUE**

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

#### **DISCLAIMER OF THE DEBENTURE TRUSTEE**

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



**1. GENERAL INFORMATION**

**a) & b) Issuer Information and Date of Incorporation**

**i. Name of the Issuer**

NHPC LIMITED

**ii. Date of Incorporation**

November 7, 1975

**iii. CIN No.**

L40101HR1975GOI032564

**iv. Registered Office & Corporate Office of the Issuer**

NHPC LIMITED

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

[www.nhpcindia.com](http://www.nhpcindia.com)

Tel: 0129-2588110/2588500

Fax: 0129-2277941

**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

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**vi. CFO of the Issuer**

Mr. Jayant Kumar,  
Director (Finance),  
NHPC Office Complex,  
Sector - 33, Faridabad, PIN - 121 003,  
Haryana, India

Tel: +91 129 227 8021

Email: [dir-fin@nhpc.nic.in](mailto:dir-fin@nhpc.nic.in)



**vii. Arrangers of the instrument**

| Sl. No. | Name of Arranger    | Sl. No. | Name of Arranger |
|---------|---------------------|---------|------------------|
| 1       | AXIS BANK           | 7       | I-SECPD          |
| 2       | ICICI Bank          | 8       | A.K. CAPITAL     |
| 3       | TRUST INVESTMENT    | 9       | TIPSONS          |
| 4       | KOTAK MAHINDRA BANK | 10      | EDELWEISS        |
| 5       | HDFC BANK           | 11      | SPA CAPITAL      |
| 6       | YES BANK            |         |                  |

**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.**

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

**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 22,038 MUs and 3690.64 MUs of electricity, respectively, in FY 2014-15. In FY 2014-15, our Company and our Subsidiary sold 19078 MUs and 3663.27 MUs of electricity, respectively.

We are presently engaged in the construction of 4 hydroelectric projects, with aggregate capacity of 3290 MW. Besides above 4 nos. hydroprojects under construction, 1 no. wind power project of 50 MW in Jaisalmer (Rajasthan) is also under construction. 1 No. JV project i.e. 1000 MW Pakal Dul HE project under M/s. CVPPL has been sanctioned by Gol, but major work yet to be awarded by M/s. CVPPL. 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 3 Nos. joint venture and subsidiary projects with an anticipated capacity of 1186 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. 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. MoU signed on dated 22/02/2014 amongst Bihar State Power Generation Company Limited (BSPGCL), NHPC Limited and Pirpainti Bijlee Company Private Limited (PBCPL) for development of 1320 MW Supper Thermal Power Project at Pirpainti, Bhagalpur, Bihar, through Joint Venture Company between NHPC with 74% equity and BSPGCL with 26% equity.

NHPC submitted the Draft material for PIB to MoP seeking approval for acquiring 74% equity of BSPGCL by NHPC in the PBCPL, formation of JVC and equity investment approval up to Rs. 100 crore for expenditure on Pre-construction activities in connection with development of Thermal Project. The proposal is under examination in CEA.

A Subsidiary company “Bundelkhand Saur Urja Limited” has been formed for executing 50 MW Solar Power Project at UP. The shareholding of NHPC & UPNEDA is in the ratio of 74:26.

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 2013, 2014 and 2015 we generated total income (excluding exceptional items) of Rs. 6303.51 crores, Rs. 6993.99 Crore and 7663.58 crores respectively, and net profit of Rs. 2348.22 crores, Rs. 978.79 crore and 2124.47 crores respectively in FY 2014-15, we derived Rs. 6736.64 crore i.e 87.90% of our audited total income from the sale of energy to SEBs and their successor entities, pursuant to long term power purchase agreements.

Our operational efficiency has been reflected through high average plant availability for our power stations, which are measured by the Plant Availability Factor (PAF). The average Plant Availability Factor for our power stations for Fiscals 2013, 2014 and 2015 were 85.3% , 77.7% and 77.3% respectively. These availability factors are higher than the normative plant availability factor, which are required under CERC regulations and our higher efficiency parameters. In pursuant to the tariff policy for Fiscal 2009-Fiscal 2014 and Fiscal 2014-Fiscal 2019, higher plant availability factor 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 “Good” in Fiscal 2014. Performance rating for the Fiscal 2015 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 developed and implemented 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 Chamara-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 2015, we derived Rs. 6736.64 crore or 87.90% 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 Gol 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, our Company (excluding generation from subsidiaries) has achieved Generation of 22038 MU and the annual PAF of 77.3 %. Both the parameters are above the normative values 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. The team also takes need based support of international and domestic project consultants. Our Company has in-house 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 solutions 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 for sustainable development of power through conventional and non conventional sources.

The following are our strategies to achieve this vision:

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

We seek to expand our installed capacity by tapping into new geographic markets where there is significant scope for capacity expansion through conventional and non-conventional sources of energy. Presently we are engaged in the construction of 4 hydroelectric projects in the state of Jammu & Kashmir, Himachal Pradesh, Arunchal Pradesh and West Bengal, which is expected to increase our total installed capacity by 3290 MW. Besides above 4 nos. hydro projects under construction, 1 no. wind power project of 50 MW in Jaisalmer (Rajasthan) is also under construction. 1 No. JV Project 1000 MW Pakal Dul HE Project under M/s. CVPPL has been sanctioned by GoI, but major works yet to be awarded by M/s. CVPPL. 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 3 nos. joint venture and subsidiary projects with an anticipated capacity of 1186 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.

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. 1 no. wind power project of 50 MW in Jaisalmer (Rajasthan) is under construction and likely to be commissioned by Jan'16. 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). For this a Subsidiary company "Bundelkhand Saur Urja Limited" has been formed. This Project is expected to be commissioned towards middle 2016. Another project of 50 MW in Kerala is under consideration. EPC bids for 50MW capacity Solar Power Project in Tamil Nadu have been invited on 10.06.2015. Expression of Interest has also been sent in Andhra Pradesh and Telangana for taking up solar power projects.

In case of wind, an 82 MW wind power project in Kerela is under consideration further work for a 50MW wind power project in Jaisalmer has been awarded on EPC basis. EPC bids for 50MW capacity Wind Power in anywhere in India have been invited.



### **Promote and develop our consulting and advisory services**

NHPC is providing consultancy services in the all fields of hydro power eg. 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

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)

| <b>Power Stations</b>  | <b>Fiscal 2015</b> | <b>Fiscal 2014</b> | <b>Fiscal 2013</b> | <b>Fiscal 2012</b> |
|--|--------------------|--------------------|--------------------|--------------------|
| Sales (Net)  | 6736.64            | 5335.11            | 5049.13            | 5509.65            |
| Revenue from Contracts, Project Management and Consultancy Works | 47.53              | 86.39              | 116.27             | 145.04             |
| Interest on Power Bonds  | 42.87              | 66.35              | 89.81              | 113.41             |
| Other Income   | 836.54             | 1506.14            | 1044.21            | 953.78             |
| <b>Total</b>   | <b>7663.58</b>     | <b>6993.99</b>     | <b>6299.42</b>     | <b>6721.88</b>     |

### **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 2015 from Sale of Power (Rs. in Crore) |
|-----------------------|------------------|-------------------------|-----------------------|--|
| Baira Siul            | Himachal Pradesh | 180                     | 1981                  | 118.43   |
| Loktak                | Manipur          | 105                     | 1983                  | 102.74   |
| Salal                 | Jammu & Kashmir  | 690                     | 1987/1995             | 702.18   |
| Tanakpur <sup>1</sup> | Uttarakhand      | 120                     | 1992                  | 112.05   |
| Chamera I             | Himachal Pradesh | 540                     | 1994                  | 416.57   |
| Uri I                 | Jammu & Kashmir  | 480                     | 1997                  | 630.79   |
| Rangit                | Sikkim           | 60                      | 2000                  | 96.47  |
| Chamera II            | Himachal Pradesh | 300                     | 2004                  | 388.94   |
| Dhauliganga I         | Uttarakhand      | 280                     | 2005                  | 191.27   |



|   |                  |             |      |                |
|---|------------------|-------------|------|----------------|
| Dulhasti  | Jammu & Kashmir  | 390         | 2007 | 1133.33        |
| Teesta V  | Sikkim           | 510         | 2008 | 575.88         |
| Sewa II   | Jammu & Kashmir  | 120         | 2010 | 248.08         |
| Chamera III   | Himachal Pradesh | 231         | 2012 | 517.37         |
| Chutak  | Jammu & Kashmir  | 44          | 2013 | 148.88         |
| TLDP-III  | West Bengal      | 132         | 2013 | 342.74         |
| Nimmo Bazgo   | Jammu & Kashmir  | 45          | 2013 | 151.99         |
| Uri II  | Jammu & Kashmir  | 240         | 2014 | 580.46         |
| Parbati-III   | Himachal Pradesh | 520         | 2014 | 278.47         |
| <b>Total</b>  |                  | <b>4987</b> |      | <b>6736.64</b> |
| <b>Add : AAD</b>  |                  |             |      |                |
| <b>Total Sales</b>  |                  |             |      | <b>6736.64</b> |
| <b>Completed Projects with NHDC</b>   |                  |             |      |                |
| Indira Sagar  | Madhya Pradesh   | 1000        | 2005 | 863.47         |
| Omkareshwar   | Madhya Pradesh   | 520         | 2007 | 503.13         |
| <b>Total</b>  |                  | <b>1520</b> |      | <b>1366.60</b> |
| <b>Grand Total</b>  |                  | <b>6507</b> |      | <b>8103.24</b> |
| <i>Note : 1 Derating of Tanukpur Power Station of 94.2 MW from September 1996 vide CEA letter no.DMLF/PS/9/7/96</i> |                  |             |      |                |

#### 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                          | Mar'15      | 7818.68                         |
| 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                         |
| <b>Total</b>                        | <b>3290</b>             |             | <b>14,908.34</b>                  |             | <b>25912.64</b>                 |

\* The preparation of updated RCE (at current price level) for the project is under process.





**Projects cleared but construction yet to start**

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

1. Statutory clearances available to NHPC including MOEF & CC Clearances have been transferred to JV.

**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) |
|---------------------------------|------------------------------------|----------------------------------|
| KotliBhel Stage IA <sup>1</sup> | Uttarakhand                        | 195                              |
| Dibang <sup>4</sup>             | Arunachal Pradesh                  | 2880                             |
| Teesta IV                       | Sikkim                             | 520                              |
| Tawang I <sup>2</sup>           | Arunachal Pradesh                  | 600                              |
| Tawang II <sup>5</sup>          | Arunachal Pradesh                  | 800                              |
| <b>Total (A)</b>                |                                    | <b>5115</b>                      |
| <b>Joint Venture Projects</b>   |                                    |                                  |
| Loktak Downstream               | Manipur (JV with Govt. of Manipur) | 66                               |
| Kiru <sup>3</sup>               | J&K (JV With JKSPDC & PTC)         | 600                              |
| Kwar <sup>3</sup>               |                                    | 520                              |
| <b>Total (B)</b>                |                                    | <b>1186</b>                      |
| <b>Grand Total (A + B)</b>      |                                    | <b>6301</b>                      |

- 1) 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 12.12.2013. Hon'ble Supreme Court has put embargo on 24 Hydro Projects proposed on Alaknanda and Bhagirathi rivers till further order. Kotlibhel IA is one of these 24 Projects.
- 2) MoEF vide letter dt.10.06.2011 accorded Environmental Clearance to Tawang HE Project Stage-I. Forest Clearance Stage I has been linked with compliance of Forest Right Act 2006 and completion of Biodiversity Study of Tawang Basin. The study report has been submitted by State Govt. to MoEF& CC vide letter dtd. 26.05.2015.



- 3) Statutory clearances available to NHPC including MOEF & CC Clearances have been transferred to JV.
- 4) Ministry of Environment, Forest & Climate Change, Govt. of India has conveyed "In – principle" approval for diversion of 4577.84 ha forest land for construction of Dibang Multipurpose Project in Arunachal Pradesh on 15.04.2015 and MoEF & CC further has issued Environment Clearance to the Project on 19.05.2015.

A case before the National Green Tribunal, Eastern Bench, Kolkata praying for scrapping of all the four hour peaking hydro electric projects of Arunachal Pradesh is pending. Reply is being prepared for submission to GoAP.

- 5) MOEF & CC has accorded environmental Clearance to Tawang HE Project Stage-II vide letter dated 10.06.2011 and Forest Clearance Stage-I (FC-1) vide letter dated 08.01.2014.

Beside above projects under clearance, two projects namely Kotlibhel Stage IB (320 MW) and Kotlibhel Stage II (530 MW) in Uttarakhand were under clearance stage. CEA had concurred these schemes and PIB had also recommended the projects in 2007. However, Environmental clearance of Kotlibhel – IB has been withdrawn by MOEF. In this context NHPC has filed a civil Appeal before Hon'ble Supreme Court. Further, MOEF has also declined permission for diversion of Forest land for construction of Kotlibhel – IB & II HE Project. These two projects are also included in the list of 24 projects which are under review by Hon'ble Supreme Court.

#### **Projects under Survey and Investigation**

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

| <b>Project</b>           | <b>State</b>    | <b>Proposed Installed Capacity (MW)</b> |
|--------------------------|-----------------|---|
| Bursar                   | Jammu & Kashmir | 1,020                                   |
| Dhauliganga Intermediate | Uttarakhand     | 210                                     |
| Goriganga IIIA           | Uttarakhand     | 120                                     |
| <b>Total</b>             |                 | <b>1,350</b>                            |

#### **Contracts, Project Management and Consultancy Works Business**

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



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

### Turnkey Agency Contracts

We have undertaken international agency contracts under the direction of Gol. 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/<br>Proposed Total<br>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 |
| <b>Total</b> |                                   | <b>89.35</b>                                  |              |

### 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 Gol for social welfare and development purposes. We earn fixed agency fees from these projects, as determined mutually by Gol and our Company.

Specialized government agency works we undertake include:

| Client      | Services Rendered   |
|-------------|---|
| REC Limited | <p>We have implemented rural electrification works under the X<sup>th</sup> and XI<sup>th</sup> Plan of 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 were allocated Projects in 27 districts of five states of West Bengal, Bihar, Jammu &amp; Kashmir, Chhattisgarh and Odisha at an estimated cost of Rs.2800 crores.</p> <p>The Revised / Do-able scope of work includes electrification of 27931 villages (9080 unelectrified / de-electrified (UE/DE) and 18851 partially electrified (PE)</p> |



|                                    |   |
|------------------------------------|---|
|                                    | <p>villages) and providing service connections to 16.25 lakhs BPL households. NHPC is also executing 66KV transmission line in the Leh and Kargil districts of Jammu and Kashmir under RGGVY.</p> <p>As on 31.05.2015, the cumulative achievements for UE/DE villages, PE villages and BPL connections was 9079, 18822 and 16.25 lakhs respectively.</p>  |
| Ministry of Rural Development, Gol | <p>NHPC has signed an MOU with the Ministry of Rural Development, Govt. of India and the Govt. 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 05 years.</p> <p>Under this scheme, 758 roads of 3228.82 Km with an awarded cost of Rs.1725.65 Crore are under implementation, out of which 749 roads of 3209.52Km (full length) with an awarded cost of Rs.1668.16 Crore have so far been completed as on 31.05.2015.</p> |

### **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 power station & associated switchyard/GIS and includes:

Assessing power potential, plant capacity and energy based on inputs like hydrological series etc. Evolving optimized designs for electromechanical works of projects under planning and execution.

Providing technical data on electromechanical equipment.

### **Contract and construction management**

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

### **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 1, 1998. Tax free interest on the power bonds and long-term advances are payable to NHPC at a rate of 8.5% p.a. payable on half yearly basis. These bonds mature and the long-term advances are payable in various stages, starting from October 1, 2006 until April 1, 2016.

### **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 greenhouse 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 CO<sub>2</sub> equivalent and 166,831 metric tonne CO<sub>2</sub> 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 15.56 lakh VER's (Excluding the 20% share given to EVI as consultancy fee) and realized revenue of Rs. 279.95 lakhs.

Verification, assistance in registration and annual verification for first monitoring year for hydro projects / power stations namely Uri-II, Chamera-III, Parbati-III, TLDP-III & TLDP-IV and Verification and assistance in registration for Parbati-II Hydroelectric project are already awarded to M/S EKI Energy Services Ltd, Indore (MP). At present Uri-II, Parbati-II, Parbati-III and TLDP-IV are successfully listed in VCS APX registry and now, they are under validation process.

We are pursuing CDM registration for additional 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

NHPC has very elaborate Information Technology and Communication infrastructure and all the sites are now connected with the Corporate Office through multimode, fail-safe communications links using MPLS-VPN/VSAT-Ku Band / Broadband technologies. NHPC has presently co-located key servers at TIER-III Data Centers of National Informatics Centre Service Incorporated (NICSI), at New Delhi and BSNL at Faridabad. Disaster Recovery (DR) site is also operational at NHPC office at Kolkata. IT & Cyber Security policy is also in place to manage the Information Technology (IT) system to ensure optimum and secure utilization of the assets owned by NHPC.

IFS ERP has been implemented in NHPC in centralized environment and the data for the entire Corporation pertaining to ERP resides in single Oracle database. IFS ERP is being accessed remotely from all locations viz. Corporate Office, Regional offices/ Projects/ Power stations to run the IFS application through above communication network. All key business functions viz. Finance, HR, Procurement & Contracts, Inventory, Project Management, Power Plant Operation and Maintenance Energy Sales and Accounting, Quality Assurance etc. have been implemented in the IFS ERP System. Employee Self Service (ESS) is also implemented across the Corporation catering to all employees of the Corporation.

A host of other software applications has been implemented covering key business functions and providing services like Internet, Intranet, E-mail, Voice, Video Conferencing, Web-casting, Desktop virtualization etc. leveraging the IT & Communication Infrastructure. SAHAJ SEWA portal has been upgraded and improved to make it more employee friendly so that users can have easy access to their personal information etc.

Company has successfully reduced paper consumption, achieved standardization of data, and accuracy of information to a large extent with well-planned Information Technology facilities. As per Government of India directives, the procurement process through e- procurement (Electronic Tender) System has also been successfully implemented.

### **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 9002 employees as on 31.05.2015. Out of this, 5309 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 five Apex Level Unions namely – All India NHPC Employees’ & Workers’ Council, All India Workers’ & Employees’ Federation, NHPC Karamchari Mahasangh, NHPC Employees’ Front and



National Coordination of NHPC Employees Union. We have previously had instances of sporadic and localised protests.

### **Environmental Compliance and Resettlement & Rehabilitation**

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

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

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

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

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

NHPC is highly sensitive towards its project affected persons. To meet the needs and aspirations of the project affected families and the host population, NHPC formulated its own Resettlement and Rehabilitation Policy-2007 in line with the National Rehabilitation and Resettlement Policy, 2007. NHPC's R&R Policy provides certain additional benefits over and above those proposed in NRRP, 2007. However, in view of the new legislation i.e. "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013" which came in force from 01.01.2014, both R&R and land acquisition for NHPC Projects shall be dealt in accordance with the provisions of the new Act and its Ordinances of 2015



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

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

### **Corporate Social Responsibility**

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 since 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 its stakeholders.

CSR & Sustainability Policy of NHPC, is framed in accordance with the guidelines of Department of Public Enterprise, (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.

NHPCs Corporate Communication Strategy for CSR and Sustainability has been framed to promote organizational integrity and ethical business practices through transparency in disclosure and reporting procedures and feedback through meetings of Senior Executives of NHPC Ltd with key stakeholders

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 been included. In addition, for pursuing higher studies scholarships are being provided by the Corporation for economically backward students. 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 by way of organizing various required skill development programs to enhance employability of the people specially rural youth and women in the periphery of its Projects/Power Stations. Vocational Training was provided to women on sewing and knitting to generate self employment. 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, NHPC is establishing facility for educating and empowering visually impaired persons in Kishtwar, a backward district of J&K and also contributing in establishment of Engineering College at Darjeeling(WB), Engineering College with specialization in Hydro Power at Bilaspur(HP) and Hydro Power Training Institute at Kangan(J&K).

**Health:-** Prioritising the good health of Community under CSR is one of the topmost commitments of NHPC. A large number of immunization programmes, heart checkup, diabetic camp and eye care camps 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 Projects and Power Stations.

**Rural Development:** - Initiatives towards construction of pathways, construction & renovation of community halls, construction of drains, shelters and waiting sheds, repair & renovation of transformers in J&K for uninterrupted supply of electricity, providing potable drinking water, arrangement of drinking water supply lines etc have been carried out for the common man of the society nearby areas of NHPC Projects and Power Stations.

**Sustainable Development:** - 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, Restoration of Kuls for irrigation, Installation of Food Processing units for preservation of local fruits, 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 solar street lights has been distributed in Uttarakhand and in Faridabad.

**Others:** NHPC, under the aegis of MOP, has associated itself with construction of 7104 toilets in Govt. schools in 8 states under Swachh Vidyalaya Abhiyan as a part of its CSR&SD activity in the vicinity of its project locations. NHPC employees have time and again rallied 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 March 31, 2015, total installed capacity of hydroelectric projects in India was approximately 41267.43 MW. Our Company, with an installed capacity of 4987 MW, represents approximately 12.08% of the capacity share. Combined with NHDC's installed capacity of 1,520 MW, we represent a capacity share of 6507 MW approximately 15.76%. In Fiscal 2015 our Company generated 22038 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.

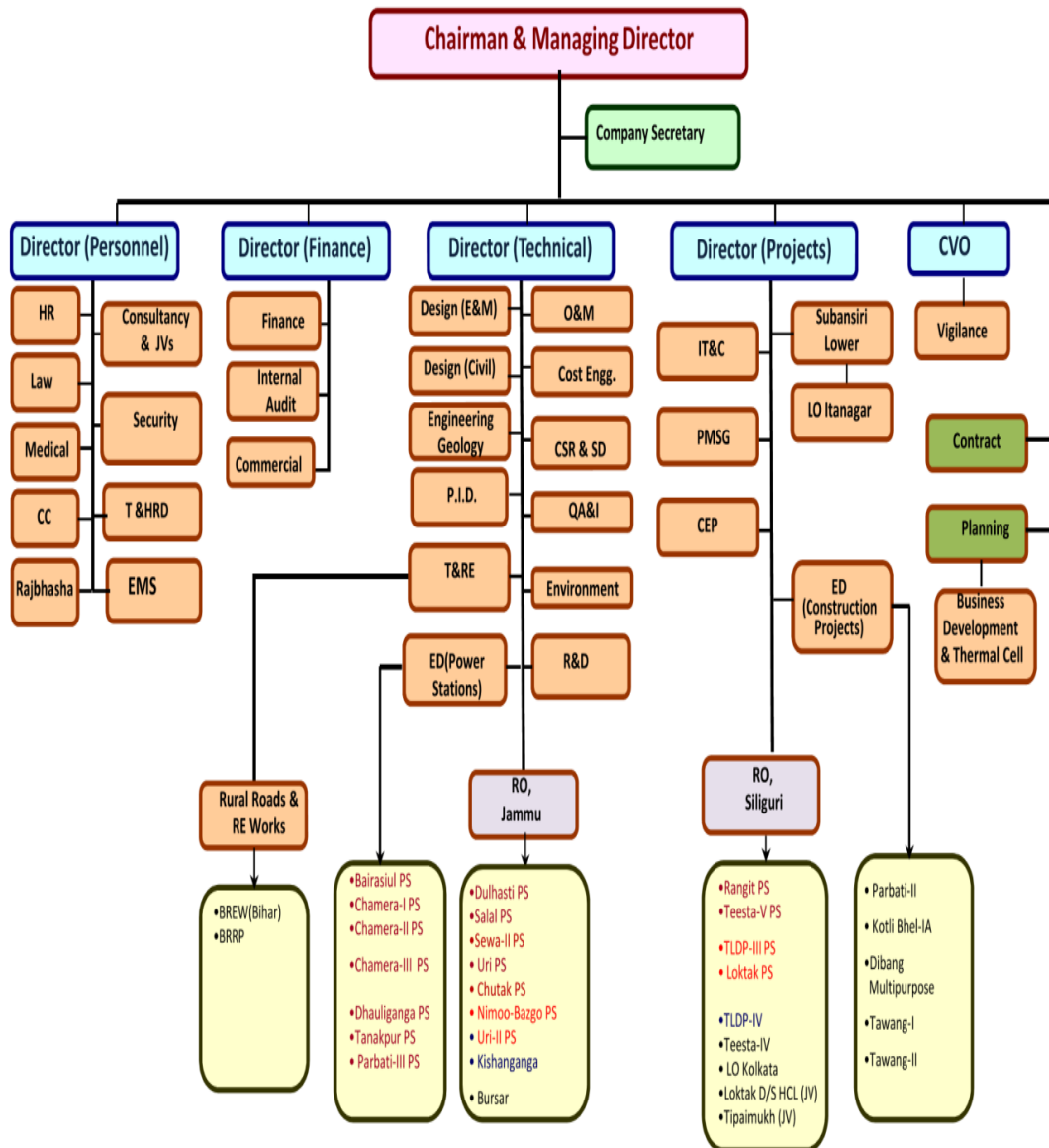
While under the Electricity Act, 2003, CEA approval and consent of relevant state government is required to set up a hydropower project, the increased opportunities for private investment in the market described above, when combined with available hydro potential in India and the resulting low costs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



d) & e) 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.



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 June 1, 2015, there were Eight Directors, of which four were Functional Directors including Chairman and Managing Director, two Government Nominee Directors and two 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. Shri R. S. T. Sai assumed the additional charge of Chairman & Managing Director, NHPC w.e.f. 8th June, 2014. Further Shri R. S. T. Sai also holding additional charge of Director (Projects) w.e.f. 11.03.2015. The composition of the Board of Directors as on June 1, 2015 is given in Table 1.

**Table 1: Composition of the Board of Directors as on 01.06.2015 is as under:-**

| Particulars                    | Board structure | Actual strength as on 01.06.2015 |
|--------------------------------|-----------------|----------------------------------|
| Chairman and Managing Director | 1               | 1                                |
| Functional Directors           | 4               | 3                                |
| Government Nominee Directors   | 2               | 2                                |
| Independent Directors          | 7               | 2                                |
| <b>Total</b>                   | <b>14</b>       | <b>8</b>                         |

The composition of Board of Directors as on 01.06.2015 is as under:

| Name, Designation & DIN   | Age | Director of the Company since | Address   | Details of Other Directorship   |
|---|-----|-------------------------------|---|---|
| Mr. R. S. T. Sai<br>Designation: Chairman and Managing Director,<br>Occupation: Service<br>Nationality: Indian<br>DIN: 00171920 | 58  | June 8,2014                   | Bungalow 4/2,<br>THDC Colony,<br>PragatiPuram,<br>Rishikesh -<br>249201 | <ul style="list-style-type: none"> <li>• THDC India Limited</li> <li>• UP Jal Vidyut Nigam Ltd.</li> <li>• NHDC Ltd.</li> <li>• Loktak</li> </ul> |





|  |    |                   |  |  |
|--|----|-------------------|--|--|
|  |    |                   |  | Downstream<br>Hydroelectric<br>Corporation Ltd.  |
| Mr. D.P. Bhargava<br>Designation: Director<br>(Technical)<br>Occupation: Service<br>Nationality: Indian<br>DIN: 01277269       | 59 | March 26,<br>2009 | H.No.-176,<br>Sector-30<br>Faridabad-<br>121003                                    | <ul style="list-style-type: none"> <li>Chenab Valley Power Projects Private Limited</li> <li>PTC India</li> <li>Bundelkhand Saur Urja Limited</li> </ul>   |
| Mr. Jayant Kumar<br>Designation: Director<br>(Finance)<br>Occupation: Service<br>Nationality: Indian<br>DIN: 03010235          | 58 | May 26,<br>2015   | 304, Saraswati<br>Apartments, GH<br>8, Sector-46,<br>Faridabad-<br>121003          | <ul style="list-style-type: none"> <li>NHDC Ltd.</li> </ul>  |
| Mr. Radheshyam Mina<br><br>Designation: Director<br>(Personnel)<br>Occupation: Service<br>Nationality: Indian<br>DIN: 00149956 | 58 | April 28,<br>2009 | Flat No.-6081/1<br>Sec-D-6 Vasant<br>Kunj New Delhi-<br>110070                     | <ul style="list-style-type: none"> <li>Bundelkhand Saur Urja Limited</li> </ul>  |
| Mr. Ashoke Kumar<br>Dutta<br>Designation:<br>Independent Director<br>Nationality: Indian<br>DIN: 00045170                      | 67 | March 30,<br>2012 | 50 Jatin Das Road<br>Flat GB Kolkata-<br>700029                                    | <ul style="list-style-type: none"> <li>All India Technologies Limited</li> <li>Khadim India Limited</li> <li>ABC India Limited</li> <li>Batchmates.Com Private Limited</li> <li>International Sign Association of India</li> </ul> |
| Mr. Atul Kumar Garg<br>Designation:<br>Independent Director<br>Nationality: Indian<br>DIN: 02281287                            | 65 | March 30,<br>2012 | N-7 N-8 Adinath<br>Nagar JLN Marg<br>Opposite World<br>Trade Park<br>Jaipur-302015 | Nil  |
| Mr. K.N Garg   | 59 | October 7,        | KJ -38, Kavi   | Nil  |



|   |    |                      |   |           |
|---|----|----------------------|---|-----------|
| Designation:<br>Government Nominee<br>Director<br>Occupation: Service<br>Nationality: Indian<br>DIN: 06707847                         |    | 2013                 | Nagar,<br>Ghaziabad, -<br>201022  |           |
| Mr. Arun Kumar Verma<br>Designation:<br>Government Nominee<br>Director<br>Occupation: Service<br>Nationality: Indian<br>DIN: 02190047 | 55 | December<br>17, 2014 | Joint Secretary<br>(Hydro), Ministry<br>of Power, 4 <sup>th</sup><br>Floor, Shram<br>Shakti Bhawan,<br>Rafi Marg, New<br>Delhi-110001 | 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 01.06.2015**

| Name,<br>Designation & DIN  | Date of Appointment<br>/ Cessation* | Director of the<br>Company since | Remarks     |
|---|-------------------------------------|----------------------------------|-------------|
| Mr. Jayant Kumar<br>Designation: Director<br>(Finance)<br>Occupation: Service<br>Nationality: Indian<br>DIN: 03010235 | May 26, 2015                        | -                                | Appointment |
| Mr. J.K.Sharma<br>Designation: Director<br>(Projects)<br>Occupation: Service<br>Nationality: Indian<br>DIN: 00387785  | March 11, 2015                      | April 10, 2009                   | Cessation   |
| Mr. Arun Kumar<br>Verma<br>Designation:<br>Government<br>Nominee Director   | December 17, 2014                   | -                                | Appointment |



|  |                    |                   |             |
|--|--------------------|-------------------|-------------|
| Occupation: Service<br>Nationality: Indian<br>DIN: 02190047  |                    |                   |             |
| Mr. A.B.L. Srivastava<br>Designation: Director<br>(Finance) Occupation:<br>Service<br>Nationality: Indian<br>DIN: 01601682   | September 15, 2014 | February 11, 2008 | Cessation   |
| Mr. R. S. T. Sai<br>Designation:<br>Chairman and<br>Managing Director,<br>Occupation: Service<br>Nationality: Indian<br>DIN: 00171920                                      | June 8, 2014       | -                 | Appointment |
| Mr. G. Sai Prasad<br>Designation:<br>Government<br>Nominee holding<br>additional charge of<br>Chairman and<br>Managing Director<br>since July 24 2012<br>DIN No.: 00325308 | June 8, 2014       | December 20, 2011 | Cessation   |
| Mr. Mukesh Jain<br>Designation:<br>Government<br>Nominee Director<br>DIN No.: 06733536   | November 10, 2014  | November 11, 2013 | Cessation   |
| Mr. K.N. Garg<br>Designation:<br>Government<br>Nominee Director<br>DIN No.: 06707847   | October 7, 2013    | -                 | Appointment |
| Mr. A.S. Bakshi<br>Designation:<br>Government<br>Nominee Director<br>DIN No.: 05175439   | July 31, 2013      | January 17, 2012  | Cessation   |



|   |                     |                   |                              |
|---|---------------------|-------------------|------------------------------|
| Mr. A. Gopalakrishnan<br>Designation:<br>Independent Director<br>DIN No.: 02880344  | September 26, 2014* | March 10, 2013    | Re-<br>appointment/Cessation |
| Mr. A. Gopalakrishnan<br>Designation:<br>Independent Director<br>DIN No.: 02880344  | December 3, 2012    | December 15, 2009 | Cessation                    |
| Mr. Shantikam Hazarika<br>Designation:<br>Independent Director<br>DIN No.: 00523656 | September 26, 2014* | May 24, 2012      | Appointment/Cessation        |
| Mr. Arun Kumar Mago<br>Designation:<br>Independent<br>Director<br>DIN No. 01624833  | October 31, 2014    | November 9, 2011  | Cessation                    |
| Mr. R. Jeyaseelan<br>Designation:<br>Independent Director<br>DIN No.: 02143850      | October 31, 2014    | November 12, 2011 | Cessation                    |
| Mr. G.S. Vedi<br>Designation:<br>Independent Director<br>DIN No.: 02286126          | October 31, 2014    | November 8, 2011  | Cessation                    |

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

**Note: No Director has resigned from the office during the last three year. The dates mentioned are the dates 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, 2015, were Rs. 9126.71 crore. The details are as follows:

(Rs. in crore)

| Particulars   | Amount         |
|---|----------------|
| Claims against our Company not acknowledged as debts in respect of: |                |
| Capital Works   | 8207.65        |
| Land Compensation Cases   | 12.37          |
| Disputed Income Tax, Sales Tax and Service Tax Demands              | 282.26         |
| Others  | 624.43         |
| <b>Total</b>  | <b>9126.71</b> |

*"The above contingent liabilities do not include contingent liabilities on account of pending cases*



*in respect of service matters and others where the amount cannot be quantified.”*

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

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

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

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

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

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



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

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

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

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

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

Furthermore, any delays associated with the commissioning of our projects that are inter-dependent on other projects for a variety of reasons including water supply and tailrace discharge



may lead to disruptions in the dependent project including reduction in generation capacity. In particular, we believe that the delay in the commissioning of the Parbati II project resulted in a reduction in the generation capacity of Parbati III project of energy since the Parbati III project is dependent upon the tailrace discharge from the Parbati II project which may result in a material adverse effect on our business and financial condition.

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

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

We, as well as infrastructure projects executed by us have benefited from certain tax regulations and incentives that accord favorable treatment to infrastructure-related activities. For instance, 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. 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 2016, Gol approved a budget estimate of Rs. 4180 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 Gol 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 Gol and our public shareholders. In addition, in the past some lenders have not disbursed funds to us when scheduled to do so. Also, adverse developments in the credit markets may significantly increase our debt service costs and the overall cost of our funds. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements. This may, in turn, adversely affect the implementation of our current projects or future business plans.

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

In Fiscal 2015 we derived Rs. 6736.61 crore or 87.90% 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 Gol and the terms of power purchase agreements ("PPAs") entered into with these entities and the Gol. Pursuant to Tripartite Agreements entered into among the Gol, 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 Gol 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 31<sup>st</sup> October 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 Default Escrow Arrangement as a back to amount of the LC shall be provided. Under this arrangement an Default Escrow Account in favour of NHPC shall be established through which the incremental receivables



of bulk power customer shall be routed as per the terms of Default Escrow Agreement.

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

We derive a substantial portion of our revenues from PPAs entered 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. 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 Gol. While emerging markets offer strong growth potential, they also present a higher degree of risk than more developed markets. There are business risks inherent in developing and servicing new markets. For instance, economic conditions may be more volatile and legal systems may be less developed and unpredictable. Our lack of experience in procuring adequate local contractors and supplies or in operating within local regulatory structures also creates risk for us. This may exert pressure on our management or may adversely affect our future expansion strategy or financial condition.

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

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

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

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

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

Certain environmental organisations have expressed opposition to hydropower stations based on the allegation that they cause loss of habitat for, or destruction of, marine life and have adverse effects on waterways. In addition, dams create large reservoirs over what used to be dry land, which may also result in destruction of wildlife habitats, the need for resettlement of resident populations or urban centers, increased sediment in rivers and the production of methane from submerged forests. Due to these factors, environmental regulators may impose restrictions on



our operations that would limit our ability to generate revenues. We may also be subject to significant financial penalties for any environmental damage caused. Financial losses and liabilities as a result of increased compliance costs or due to environmental damage may affect our reputation and financial condition.

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

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

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

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

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

For instance, the International Court of Arbitration issued the final award in respect of the dispute between Pakistan and India under Indus Water Treaty regarding diversion from the Kishanganga/ Neelam River for power generation by Kishanganga HE Project. In the final award it was upheld





that India shall maintain a minimum flow of 9 cumecs in the Kishanganga/Neelam river at all times below the KHEP and when the daily average flow upstream of KHEP does not meet the 9 cumecs level, 100% of the daily average flow upstream of KHEP shall be released into the Kishanganga/Neelam river below the KHEP. Further after 7 years of diversion of water from Kishanganga/Neelam River either party may seek reconsideration of the minimum flow through the Permanent Indus Commission and the mechanisms of the treaty.

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

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

As of March 31, 2015, our total borrowings aggregated to Rs. 19836.34 crore. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow produced by our business. If we fail to meet our debt service obligations, our lenders may declare us in default under the terms of our borrowings and accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we would have sufficient resources to repay these borrowings and maintain the operations of our facilities without disruption. Accordingly, any such acceleration may have an adverse effect on our cash flows, business and results of operations.

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

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

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

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

Our Subsidiary, NHDC, formed pursuant to an MoU with the government of Madhya Pradesh, is involved in the operation of the Indira Sagar and Omkareshwar power stations, which were



completed in Fiscals 2005 and 2008, respectively. In addition, a subsidiary company Loktak Downstream Hydro Electric Power Corporation Ltd was formed in pursuance to an MoU with the government of Manipur in respect of the development of the 66 MW Loktak Downstream project. Further Chenab Valley Power Project Limited was formed in pursuance to, a MoU with the government of J&K, JKSPDC and PTC to harness the hydroelectric potential of Pakal Dul and other hydroelectric projects with an aggregate installed capacity of 2,120 MW in the Chenab river basin. In renewable, we have formed a subsidiary company Bundelkhand Saur Urja Limited with UPNEDA for development of 50 MW Solar plant at jalaun (U.P.)

Our joint venture partners may:

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

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

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

We are also prospecting for Thermal Power Projects through the joint ventures route in the states of Bihar where 1320 MW Pirpanti Thermal Power Plant is presently with us. The draft material for PIB/EFC has been submitted to MOP on dt.22.04.2015 for acquiring 74% equity in Pirpanti Bijli Company Limited, formation of Joint Venture and to meet expenditure towards preconstruction activities.

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 Kerala 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. EPC bids for 50MW capacity Solar power project in Tamil Nadu has been invited on 11.06.2015.

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 9002 employees as of May 31, 2015. 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 March 31, 2015, our Company had Rs. 1,703.38 crore foreign currency borrowings outstanding. We may continue to borrow foreign currency in the future, which will further expose us to fluctuations in foreign currency rates. Volatility in foreign exchange rates may adversely



affect our business and financial performance.

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

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

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

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

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

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



**32. The progress of one of project Subansiri Lower H.E. Project has stalled due to agitation by locals and our accounting treatment in respect the cost incurred by the Company in the said project.**

Construction activities at site of Subansiri Lower Project have been interrupted w.e.f. 16.12.2011 due to protest of anti dam activists, however substantial technical and administrative work is continuing. Management is making all out efforts to restart the work at site.

The interrupted work of Subansiri Lower falls under the uncontrollable factor as defined in CERC Tariff Regulation 14-19 and therefore the company has adopted the concept of Guidance Note issued by the Institute of Chartered Accountant Of India (ICAI) on 18.02.2015 on Accounting for Rate Regulated Activities and pursuant to the Guidance Note, Regulatory Assets amounting to Rs. 521.95 crore for the FY 2014-15 and Rs. 1108.44 crore up to the period ended 31.03.2014, in respect of Subansiri Lower Project i.e a total of Regulatory Asset of Rs. 1630.39 crore has been depicted as separate line item in the Balance Sheet under the head "Other Non-Current Assets - Regulatory Assets".

**External Risk Factors**

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

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

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

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

Gov has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and power sector liberalisation and deregulation and encouraged infrastructure projects. The present government has announced its general intention to continue India's current economic liberalization and deregulation policies. However, the rate of economic liberalization could change and there can be no assurance that such policies will be continued. A significant change in Gov's



policies in the future, particularly in respect of the banking and finance industry and the infrastructure sector, could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations and financial condition.

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

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

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

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

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

Any adverse revisions to India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact the interest rates and other commercial terms at which such financing is available to us. Consequently, if India's sovereign credit rating downgrades, we may not be able to raise loans at competitive rates and, accordingly, we may not be able to maintain the profitability or growth of our business. Accordingly, any adverse revisions to our credit rating or the India's sovereign credit rating could have a material adverse effect on our business, financial condition and results of operations, our ability to obtain financing for lending operations.



#### RISKS RELATING TO THE BONDS

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

There has been only a limited trading in bonds of such nature in the past. Although the Bonds are proposed to be listed on 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, , 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 30<sup>th</sup> day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following in any one or more of the following methods namely:

- (a) in deposits with any scheduled bank, free from charge or lien
- (b) in unencumbered securities of the Central Government or of any State Government;





(c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;

(d) in unencumbered bonds issued by any other company which is notified under clause(f) of section 20 of the Indian Trusts Act, 1882;

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

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

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

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

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

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

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



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

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

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

**g) Details of Default**

| Sl. No. | Particulars   | Amount Involved | Duration of Default | Present Status |
|---------|---|-----------------|---------------------|----------------|
| 1       | Repayment of Statutory Dues   | NIL             | -                   | -              |
| 2       | Repayment of Debentures & Interest thereon                                    | NIL             | -                   | -              |
| 3       | Repayment of Deposits & Interest thereon                                      | NIL             | -                   | -              |
| 4       | Repayment of Loan from any bank and Financial Institution, & Interest thereon | NIL             | -                   | -              |

**h) 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](mailto:companysecretary@nhpc.nic.in), [csnhpc@gmail.com](mailto:csnhpc@gmail.com),



**2 (i) Term Sheet for T Series**

|                      |   |
|----------------------|---|
| Issuer               | NHPC LIMITED  |
| Type of Instrument   | Secured Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (T Series) in the nature of Debentures   |
| Nature of Instrument | Secured   |
| Seniority            | Senior and Unsubordinated   |
| Mode of Issue        | Private Placement   |
| Eligible Investors   | <p><b>Qualified Institutional Buyers (“QIBs”):</b></p> <ul style="list-style-type: none"> <li>a. Mutual Funds,</li> <li>b. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;</li> <li>c. Scheduled Commercial Banks;</li> <li>d. State Industrial Development Corporations;</li> <li>e. Insurance Companies registered with the Insurance Regulatory and Development Authority;</li> <li>f. Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore;</li> <li>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;</li> <li>h. Insurance funds set up and managed by army, navy or air force of the Union of India.</li> </ul> <p>Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.</p> <p><b>Non QIBs:</b></p> <ul style="list-style-type: none"> <li>a. Companies and Bodies Corporate authorized to invest in bonds/ debentures;</li> <li>b. Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures;</li> <li>c. Gratuity Funds and Superannuation Funds;</li> <li>d. Provident Funds and Pension Funds with</li> </ul> |



|  |  |
|--|--|
|  | <p>corpus of less than Rs. 25.00 crore;</p> <p>e. Societies authorized to invest in bonds/ debentures;</p> <p>f. Trusts authorized to invest in bonds/ debentures;</p> <p>g. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures;</p> <p>h. Resident Individual Investors;</p> <p>i. Hindu Undivided Families through Karta;</p> <p>j. Partnership firms formed under applicable laws in India in the name of the partners.</p> <p>Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.</p> |
| 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   | "IND AAA" by India Rating & Research Pvt. Ltd. and "CARE AAA" [Triple A] BY CREDIT ANALYSIS RESEARCH LTD.  |
| Issue Size   | Rs 200 Crores  |
| Option to retain oversubscription (Amount)   | Rs 1274.92 Crores  |
| Objects of the Issue   | To meet the debt requirement of ongoing construction projects/capital expenditure of other projects including recoupment of expenditure already incurred.  |
| Details of the utilization of the Proceeds   | Teesta Low Dam IV (W.B.)<br>Parbati II (H.P.)<br>Kishanganga (J&K)<br>Any other project of NHPC Ltd.   |
| Coupon Rate  | 8.50%  |
| 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)              | None   |



|                               |  |
|-------------------------------|--|
| and floor etc.)               |  |
| Day Count Basis               | Actual/ Actual<br>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 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> , 7 <sup>th</sup> , 8 <sup>th</sup> , 9 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> 12 <sup>th</sup> , 13 <sup>th</sup> , 14 <sup>th</sup> & 15 <sup>th</sup> 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 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> , 7 <sup>th</sup> , 8 <sup>th</sup> , 9 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> , 12 <sup>th</sup> , 13 <sup>th</sup> , 14 <sup>th</sup> & 15 <sup>th</sup> 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 <sup>th</sup> year. Each bond will comprise of 12 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> , 7 <sup>th</sup> , 8 <sup>th</sup> , 9 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> , 12 <sup>th</sup> , 13 <sup>th</sup> , 14 <sup>th</sup> & 15 <sup>th</sup> 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 4 <sup>th</sup> 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 6 Crore thereafter in multiple of Rs.12 lakhs   |
| Issue Timing   |  |
| Issue Opening Date   | 14-Jul-2015  |
| Issue Closing Date   | 14-Jul-2015  |
| Pay-in Date  | 14-Jul-2015  |
| Deemed Date of Allotment   | 14-Jul-2015  |
| 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).   |



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| 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 Offer Letter, 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. 85).  |
| 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 selective movable and immovable assets of the Company, i.e., The charge will be created in favor of Debenture Trustee on behalf of the Bondholders in such form and manner in one or more tranches and through one or more security documents as considered appropriate by the Company of value not less than 1.00 times the value of the Bonds outstanding.  |
| Transaction Documents  | The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: <ol style="list-style-type: none"> <li>1. Letter appointing Trustees to the Bondholders;</li> <li>2. Debenture Trusteeship Agreement;</li> <li>3. Debenture Trust Deed;</li> <li>4. Rating Agreement with Rating Agency;</li> <li>5. Tripartite Agreement between the Issuer, Registrar and NSDL for issue of Bonds in dematerialized form;</li> <li>6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in</li> </ol> |



|  |   |
|--|---|
|  | <p>dematerialized form;</p> <ol style="list-style-type: none"> <li>7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar;</li> <li>8. Application made to NSE for seeking its in-principle approval for listing of Bonds;</li> <li>9. Listing Agreement with NSE;</li> <li>10. Letters appointing Arrangers to the Issue.</li> </ol>   |
| <p>Conditions Precedent to Disbursement</p>  | <p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ol style="list-style-type: none"> <li>i. Rating letter(s) from the aforesaid rating agency(ies) not being more than one month old from the issue opening date;</li> <li>ii. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s);</li> <li>iii. Letter from NSE conveying its in-principle approval for listing of Bonds.</li> </ol>  |
| <p>Conditions Subsequent to Disbursement</p> | <p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Offer Letter:</p> <ol style="list-style-type: none"> <li>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;</li> <li>2. Listing of bonds within 20 days from the Deemed Date of Allotment as per the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (as amended upto 31<sup>st</sup> January 2014).</li> <li>3. Execution of Debenture Trust Deed for creation of security within 60 days of allotment of bonds as per Rule 18 sub rule 5 of Companies (Share Capital and</li> </ol> |





|  |   |
|--|---|
|  | <p>Debentures) Rules, 2014.</p> <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Offer Letter.</p>   |
| Events of Default                              | <p>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.</p> <p>Besides, it would also constitute an “Event of Default” by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in this Offer Letter, Debenture Trusteeship Agreement and Debenture Trust Deed, which in opinion of the Trustees is incapable of remedy.</p> |
| Remedies                                       | <p>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.</p>   |
| Provisions related to Cross Default Clause     | N/A   |
| Role and Responsibilities of Debenture Trustee | <p>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</p>  |



|                                |   |
|--------------------------------|---|
|                                | <p>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.</p> <p>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.</p> <p>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 &amp; 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.</p> |
| Governing Law and Jurisdiction | The Bonds are governed by and shall be construed in accordance with the existing laws of  |



|                             |  |
|-----------------------------|--|
|                             | <p>India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi.</p>  |
| <p>Additional Covenants</p> | <p>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).</p> <p>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.</p> <p>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).</p> <p>The interest rates mentioned in above three covenants shall be independent of each other.</p> |



**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 |
|---------------|--------------------|
| <b>NIL</b>    | <b>NIL</b>         |

III Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on 31.03.2015

| 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 |
|--|-------------------------------|----------------------------|------------------------------|---------------------------|---------------|---------------------|----------|
| <b>NIL</b>   |                               |                            |                              |                           |               |                     |          |

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 31.03.2015

| 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                  | 85.96   | Nil                   | -  |

VII Contribution made by Promoters or Directors

NIL

VIII Abridged version of Audited Standalone Financial Information (like Profit & Loss Statement, Balance Sheet and Cash Flow Statement) for at least last 3 years and auditor qualifications, if any. –details incorporated at page- 97-130.

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

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

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

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

i) "IND AAA" by India Rating & Research Pvt. Ltd.

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



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

**N. A.**

- XIII Copy of consent letter from the Debenture Trustee shall be disclosed. (Enclosed)
- XIV Names of all the recognized stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange:- **National Stock Exchange in WDM Segment.**
- XV **Other details**

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

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

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

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

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

iii **Application process :-**

**Who can apply:**



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

**Qualified Institutional Buyers (“QIBs”):**

- a) Mutual Funds,
- 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. 35064635541 on account of Application Money for NHPC T-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](mailto:nhpcbondsection@gmail.com) by 2.00 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**

Completed Applications along with details of deposit through RTGS for the requisite amount & other necessary documents may be submitted to NHPC LIMITED, NHPC Office Complex, Sector - 33, Faridabad - 121 003, Haryana, India on or before 14<sup>th</sup> July 2015, Tuesday.



### **Denomination of Bonds**

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 4<sup>th</sup> 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 as Registrars & Transfer Agent for the present bond issue. The Company has made depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for issue and holding of the Bonds in dematerialised form.

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

- Two tripartite agreements have been signed
  - Tripartite Agreement dated 24.12.2001 between NHPC, NSDL and RCMC Share Registry Ltd.
  - Tripartite Agreement dated 01.01.2002 between NHPC, CDSL and RCMC Share Registry Ltd.
- An applicant applying for Bonds in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.



- The applicant seeking allotment of Bonds in the electronic form must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID) appearing in the Application form under the heading 'Request for Bonds in Electronic Form'.  
Bonds allotted to an applicant in the electronic account form will be credited directly to the applicant's respective beneficiary account(s) with the DP.

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

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

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

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

#### **Issue of Bond(s)**

Subject to the completion of all statutory formalities within 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 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.

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:

|                          |                       |
|--------------------------|-----------------------|
| <b>FACE VALUE</b>        | <b>Rs.1200000</b>     |
| <b>COUPON RATE</b>       | <b>8.50%</b>          |
| <b>(INDICATIVE)</b>      |                       |
| <b>DATE OF ALLOTMENT</b> | <b>14th July,2015</b> |
| <b>REDEMPTION</b>        | <b>14th July,2030</b> |

| CALCULATION OF INTEREST FOR 1 BOND OF T SERIES |                           |                              |                 |           |
|--|---------------------------|------------------------------|-----------------|-----------|
| CASH FLOWS                                     | DATE                      | NO. OF DAYS IN COUPON PERIOD | AMOUNT (IN RS.) |           |
|  |                           |                              | Interest        | Principal |
| 1st Yr.  | Thursday, 14th July 2016* | 366                          | 102000          | 0         |
| 2nd Yr.  | Friday, 14th July 2017    | 365                          | 102000          | 0         |



|          |                           |     |        |        |
|----------|---------------------------|-----|--------|--------|
| 3rd Yr.  | Saturday, 14 July 2018    | 365 | 102000 | 0      |
| 4th Yr.  | Saturday, 13 July 2019    | 364 | 8477   | 100000 |
| 4th Yr.  | Monday, 15 July 2019      | 366 | 93756  | 0      |
| 5th Yr.  | Tuesday, 14th July 2020*  | 365 | 93245  | 100000 |
| 6th Yr.  | Wednesday, 14th July 2021 | 365 | 85000  | 100000 |
| 7th Yr.  | Thursday, 14th July 2022  | 365 | 76500  | 100000 |
| 8th Yr.  | Friday, 14th July 2023    | 365 | 68000  | 100000 |
| 9th Yr.  | Saturday, 13 July 2024*   | 365 | 8477   | 100000 |
| 9th Yr.  | Monday, 15 July 2024*     | 367 | 51139  | 0      |
| 10th Yr. | Monday, 14th July 2025    | 364 | 50860  | 100000 |
| 11th Yr. | Tuesday, 14th July 2026   | 365 | 42500  | 100000 |
| 12th Yr. | Wednesday, 14th July 2027 | 365 | 34000  | 100000 |
| 13th Yr. | Friday, 14th July 2028*   | 366 | 25500  | 100000 |
| 14th Yr. | Saturday, 14 July 2029    | 365 | 17000  | 100000 |
| 15th Yr. | Saturday, 13th July 2030  | 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/194LD of the Income Tax Act, 1961, if any must be lodged in duplicate at the office of the Issuer, at least 15 days prior to the interest payment date. In case of tax deducted at source, the Company will issue the TDS certificate to the investors.

#### Payments Procedure

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

#### Dispatch of Documents

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

#### Loss of Interest Warrants



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

#### **Purchase and Sale of Bonds**

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

#### **Re-issue of Bonds**

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

#### **Transfer of Bonds**

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

#### **Mode of Transfer**

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

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

#### **Succession**

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



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

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

### **Security**

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

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

The said security shall be created in favour of the Debenture Trustee within 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.

**Financial Year 2014-15 :**

(Amount in Rs.)

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

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

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

**Financial Year 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<br>(Projects)  | 23,52,555 | 15,05,122 | 9,16,644  | 47,74,321 |
| Mr. R. S. Mina   | Director<br>(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<br>(Finance)   | 24,56,350           | 16,51,405 | 25,92,567   | 67,00,322 |
| Mr. D. P. Bhargava      | Director<br>(Technical) | 21,56,280           | 24,28,139 | 18,13,750   | 63,98,169 |
| Mr. J. K. Sharma        | Director<br>(Projects)  | 21,05,820           | 12,62,172 | 16,99,699   | 50,67,691 |
| Mr. R. S. Mina          | Director<br>(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.

**Details of payments made as sitting fees to Independent Directors**

The Ministry of Power, Government of India has authorized the Board of Director of the Company to determine the sitting fees payable to Independent directors under the prescribed ceiling prescribed under Companies Act, 1956. Accordingly as per the decision of the Board of Directors



Sitting Fees of Rs.15000/= for each meeting of the Board or the Committees of the board is being paid to independent Directors.

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

**Financial Year 2014-15:**

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

**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       |

**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 paid by NHPC Ltd. only to the independent directors and for all committees constituted by the Board of Directors.

### 3(iv) NHPC: RELATED PARTY TRANSACTIONS

(FY 2014-15)

#### RELATED PARTY DISCLOSURES:

##### a) Lists of Related Parties

##### (1) Joint Venture Companies

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

##### (2) Key Management Personnel

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

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

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



**(FY 2013-2014)**

**RELATED PARTY DISCLOSURES:**

**a) Lists of Related Parties:**

**(1) Joint Venture Companies**

- 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.

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

**INDEPENDENT AUDITOR'S REPORT (FY 2014-15)**

**TO THE MEMBERS  
NHPC LIMITED**

**Report on the Standalone Financial Statements**

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

**Management's Responsibility for the Standalone Financial Statements**



The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Financial Statements.



### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matters**

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

- a) Para to Note No. 7 to Financial Statements, which describes about the stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board Level Executives and also about the confirmation of directions of Competent Authority effecting such recoveries w.e.f. 01.02.2014 which is still pending with the Ministry of Power (MoP).
- b) Note No. 11 para 2 to Financial Statements read with Note No. 29 para 9, which describes uncertainty about the outcome of the projects under survey and investigation stage. Expenditure incurred for conducting Survey & Investigation on such projects are being carried forward as these projects are under investigation/ pending clearance/or financial assistance with various authorities.
- c) Note No. 29 para 1 to the Financial Statements, which describes the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. In some of the cases the arbitration award has been decided against the company/ lost in lower courts and the company is pursuing the matter in higher courts. Management does not envisage any possible outflow in respect of decisions against the company other than those already provided for in the books of account.
- d) Note No. 29 para 4(a) to the Financial Statements about the various balances which are subject to reconciliation / confirmation and respective consequential adjustments.
- e) Note No. 29 para 8 to the Financial Statements about the Kotlibhel-1A project, the fate of which is pending adjudication before the Hon'ble Supreme Court of India.



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

Our opinion is not modified in respect of these matters.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. The Comptroller and Auditor-General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in Annexure II.
3. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 29 Para 1 to the Financial Statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



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

**Chartered Accountants**  
(FR No: 001728N)

**Chartered Accountants**  
(FR No: FR No: 000050N)

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

(CA Gaurav Nanda)  
Partner  
M. No. 500417

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

(CA Suresh Seth )  
Partner  
M. No. 10577

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

**Place:** New Delhi

**Date:** 29<sup>th</sup> day of May 2015

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

**1. In respect of fixed assets:**

- (a) The company has maintained records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets, except in case of land in certain units, have been verified by the management /outside agencies. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and nature of assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets physically verified during the year.

**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 such verification is reasonable.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company is maintaining proper records of inventories except for inventories lying with third parties. The discrepancies noticed on physical verification, which were not material, have been properly dealt with in the books of account.



3. The company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In view of this, sub-clauses (a) and (b) of clause (iii) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of power and services. There is no continuing failure to correct major weaknesses in internal control system.
5. The company has not accepted any deposit from public within the meaning of sections 73 to 76 or any other provisions of the Companies Act, 2013 and rules framed there under.
6. The Company has made and maintained cost accounts and records specified by the Central Government under 148(1) of the Companies Act, 2013. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.
7. **In respect of statutory dues:**
  - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of, undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed demand payable in respect of aforesaid statutory dues was in arrears, as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us and as per the records of the company, the following dues of income tax, sales tax and duty of custom have not been deposited on account of dispute.

(Rs. in Crores)

| Name of the Statute  | Nature of the dues | Amount | Year to which it pertains | Forum where dispute is pending |
|----------------------|--------------------|--------|---------------------------|--------------------------------|
| Income tax Act, 1961 | Income tax         | 0.07   | 2007-08                   | ITO, Dehradun                  |
|                      |                    | 0.01   | 2008-09                   |                                |
|                      |                    | 0.02   | 2009-10                   |                                |



|                                  |             |        |                    |   |
|----------------------------------|-------------|--------|--------------------|---|
| HP VAT Act 2005                  | Sales tax   | 5.78   | 2005-06 to 2009-10 | HP VAT Tribunal Dharmshala Camp Shimla.     |
| J & K General Sales Tax Act 1962 | Sales tax   | 245.61 | 1994-95            | Sales Tax Appellate Tribunal, Srinagar      |
| J & K General Sales Tax Act 1962 | Sales tax   | 0.2156 | 2010-11            | CTO, Baramulla                              |
| Customs Act, 1962                | Custom Duty | 2.01   | 2004-2005          | HC, Kolkata (last heard on 28.02.2005)      |
| WB VAT Act, 2005:                | Sales Tax   | 0.14   | 2006-07            | Sr. Joint Commissioner, Sales tax, Siliguri |
|                                  |             | 0.76   | 2007-08            |   |
|                                  |             | 0.43   | 2008-09            |   |
|                                  |             | 0.07   | 2009-10            |   |
|                                  |             | 0.15   | 2010-11            |   |

- c) As per the records of the company and according to information and explanations given to us, no amount is required to be transferred to Investor Education and Protection Fund (IEPF) in accordance with the provision of section 205C of the Companies Act, 1956 read with the IEPF (Awareness and Protection of Investors) Rules, 2001.
8. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
9. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
10. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. In our opinion and according to the information and the explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that term loans have been applied for the purpose for which they were obtained.



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

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

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

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

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

(CA Gaurav Nanda )  
Partner  
M. No. 500417

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

(CA Suresh Seth )  
Partner  
M. No. 10577

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

**Place:** New Delhi

**Date:** 29<sup>th</sup> day of May 2015

| <b>Annexure II referred to in Paragraph 2 under the heading 'Report on Other Legal &amp; Regulatory Requirements' of our report of even date</b> |  |  |                             |   |
|--|--|--|-----------------------------|---|
| <b>S.No.</b>   | <b>Direction</b>   | <b>Our Report</b>  | <b>Action taken thereon</b> | <b>Impact on Accounts &amp; Financial Statements of the Company</b> |
| 1  | If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined | NHPC have received a letter No. 11/11/2013-NHPC dated 03-07-2014 from Ministry of Power, Government of India referring to Ministry of Finance's letter No. 4(4)/2014-DD11 dated 01.07.2014 seeking comments of NHPC on draft Cabinet Committee on Economic Affairs (CCEA) for disinvestment of | No Action Required          | NIL   |





|   |  |  |  |   |
|---|--|--|--|---|
|   | including the mode and present stage of disinvestment process.   | 11.36% paid-up capital of NHPC Ltd. out of Government of India shareholding of 85.96%. However, this disinvestment process was advised by Ministry of Power vide its letter dated 13.11.2014 to be kept on hold till at least some projects go on stream.                        |  |   |
| 2 | Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.   | There are 2 cases where claims amounting to Rs. 51,572/- being irrecoverable, have been written off.   | Amount debited to Profit & Loss A/c  | Profit reduced by Rs. 51,572/-.   |
| 3 | Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.  | The company is maintaining proper records for inventories.   | No Action Taken  | NIL   |
|   |  | As informed, the company has not received any assets from Govt. or other authorities.  | No Action Required   | NIL   |
| 4 | A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign | Age-wise analysis of legal/arbitration cases are as follows:<br>0-1 year : 51 cases<br>1-2 year : 67 cases<br>2-3year : 90 cases<br>3-4year : 78 cases<br>4-5 year : 98 cases<br><u>5-year &amp; above : 283 cases</u><br><u>Total : 667 cases</u><br>The reason for pendency of | The cases where company is expecting probable outflow, necessary provision has been created in the books as per AS-29. For remaining cases where either there is no probable outflow or a reliable estimate of | By virtue of provision, consequential effect has been given to respective heads of accounts. (Refer to Note No. 29, Para 1 to Financial Statements) |



|  |                                 |   |   |  |
|--|---------------------------------|---|---|--|
|  | <p>and local) may be given.</p> | <p>such cases under arbitration/courts is that hearings not yet completed, calling for further details and additional documents by the arbitrators/ courts, non-fixation of dates for hearing, granting of stay by court etc.<br/>There is no laid down procedure for large legal expenses (Foreign or local). However, the expenditure on all legal cases is proposed for approval of the competent authority every year and the same is incurred within the budget sanctioned by the competent authority.</p> | <p>amount of the obligation cannot be made, amount involved has been shown under contingent liability in Note no. 29, Para 1 to Financial Statements.</p> |  |
|--|---------------------------------|---|---|--|

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

**For Gupta Gupta & Associates**

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

**For Ray and Ray**

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

**Chartered Accountants**  
(FR No: 001728N)

**Chartered Accountants**  
(FR No: 000050N)

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

(CA Gourav Nanda )  
Partner  
M. No. 500417

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

(CA Suresh Seth)  
Partner  
M. No. 10577

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

**Place:** New Delhi

**Date:** 29<sup>th</sup> day of May 2015



### INDEPENDENT AUDITORS' REPORT (2013-14)

To the Members,  
NHPC Limited

| Auditors' Comment   | Management's Reply |
|---|--------------------|
| <p><b>Report on the Financial Statements</b></p> <p>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:</p> <p>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.</p> <p><b>Management's Responsibility for the Financial Statements</b></p> |                    |



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).
- 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.
- 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

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.

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.



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 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

However, provision wherever considered necessary has been made in the books.

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.



manner in which such cess is to be paid, no cess is due and payable by the Company.

|   |  |  |   |
|---|--|--|---|
| <b>For S. N. Nanda &amp; Co.</b><br>Chartered Accountants<br>(FR No: 000685N) | <b>For Singhi &amp; Co.</b><br>Chartered Accountants<br>(FR No: 302049E) | <b>For Gupta Gupta &amp; Associates</b><br>Chartered Accountants<br>(FR No: 001728N) | <b>For Tiwari &amp; Associates</b><br>Chartered Accountants<br>(FR No: 002870N) |
| <b>(CA Bhavna Nanda)</b><br>Partner<br>M. No. 095275                          | <b>(CA B. L. Choraria)</b><br>Partner<br>M. No. 0022973                  | <b>(CA Ram Kumar Gupta)</b><br>Partner<br>M. No. 097382                              | <b>(CA Devender Magoo)</b><br>Partner<br>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**

- In respect of its fixed assets:
  - The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - 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.
  - The Company has not disposed off substantial part of fixed assets during the year.
- In respect of its inventories:
  - The inventory has been physically verified during the year by the management/outside agencies. In our opinion, the frequency of verification is reasonable.
  - 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.
  - 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.
- 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:
  - 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 & 2009-        | Kotli Bhel 1-A     |





|                                 |                        |               |                    |   |
|---------------------------------|------------------------|---------------|--------------------|---|
|                                 |                        |               | 10                 |   |
|                                 | <b>Total</b>           | <b>0.17</b>   |                    |   |
| 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 Officer, 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       |                    |   |
| <b>Total</b>                    | <b>290.25</b>          |               |                    |   |
| 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                                     |
|                                 | <b>Grand Total</b>     | <b>304.49</b> |                    |   |

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.

|                                  |                             |   |                                    |
|----------------------------------|-----------------------------|---|------------------------------------|
| <b>For S. N. Nanda &amp; Co.</b> | <b>For Singhi &amp; Co.</b> | <b>For Gupta Gupta &amp; Associates</b> | <b>For Tiwari &amp; Associates</b> |
| Chartered Accountants            | Chartered Accountants       | Chartered Accountants                   | Chartered Accountants              |
| (FR No. 000685N)                 | (FR No. 302049E)            | (FR No. 001728N)                        | (FR No. 002870N)                   |
| <b>(CA Bhavna Nanda)</b>         | <b>(CA B. L. Choraria)</b>  | <b>(CA Ram Kumar Gupta)</b>             | <b>(CA Devender Magoo)</b>         |
| 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

### INDEPENDENT AUDITORS' REPORT (2012-13)

To the Members of NHPC Limited

| Auditors' Comment  | Management's Reply |
|--|--------------------|
| <p><b>Report on the Financial Statements</b></p> <p>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</p> |                    |



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.

#### **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

In the opinion of Management, since technical and administrative work is continued, 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.



forward as these projects are under investigation/pending clearance with various authorities.

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.

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.

**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 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

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.

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.

The opinion of ECA is awaited, pending which the same accounting treatment as was followed during the financial year 2011-12 is continued.



|  |                  |
|--|------------------|
| <p>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.</p> <p>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.</p> <p>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.</p> | <p>As above.</p> |
|--|------------------|

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

**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              |                                   |             |
|                                 |             | 0.06          | A.Y. 2008-09              | Income Tax Office, Guwahati       |             |
|                                 |             | <b>24.41</b>  |                           | <b>Total</b>                      |             |
| Sales Tax Act of various states | Sales Tax   | 224.44        | 1994-95                   | Sales Tax Appellate, Srinagar     |             |
|                                 |             | 46.42         | 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 |             |
|                                 |             | <b>274.72</b> |                           | <b>Total</b>                      |             |
| 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 |             |
|                                 |             | <b>328.41</b> |                           | <b>Grand Total</b>                |             |

- 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.

|   |   |  |  |
|---|---|--|--|
| <b>For S.N. Nanda &amp; Co.</b><br>(Chartered Accountants)<br>FRN No. 000685N | <b>For Singhi &amp; Co.</b><br>(Chartered Accountants)<br>FRN No. 302049E | <b>For Baweja &amp; Kaul</b><br>(Chartered Accountants)<br>FRN No. 005834N | <b>For Tiwari &amp; Associates</b><br>(Chartered Accountants)<br>FRN No. 002870N |
| <b>(CA S. N. Nanda)</b><br>Partner<br>M. No. 005909                           | <b>(CA P. K. Singhi)</b><br>Partner<br>M. No. 050773                      | <b>(CA Dalip K. Kaul)</b><br>Partner<br>M. No. 083066                      | <b>(CA Krishan Kumar)</b><br>Partner<br>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.



(Chartered Accountants) (Chartered Accountants) (Chartered Accountants) (Chartered Accountants)  
FRN No. 000685N      FRN No. 302049E      FRN No. 005834N      FRN No. 002870N

|                          |                          |                              |                             |
|--------------------------|--------------------------|------------------------------|-----------------------------|
| <b>(CA Gaurav Nanda)</b> | <b>(CA B. K. Sipani)</b> | <b>(CA Sakshi Kaul Dhar)</b> | <b>(CA Sandeep Sandill)</b> |
| 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:
- 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.
  - 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:
- 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.
  - 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         |
|                          |            | <b>Total</b>                          | <b>10.57</b> |
| Sales Tax Act of various | Sales Tax  | Sales Tax Appellate, J&K              | 260.62       |
|                          |            | Sales Tax Assessing Authority, Chamba | 3.38         |



|                     |             |  |        |
|---------------------|-------------|--|--------|
| states              |             | Dy. Commissioner (Appeal) Sales Tax,<br>Srinagar (J&K) | 0.01   |
|                     |             | <b>Total</b>   | 264.01 |
| Customs<br>Act,1962 | Custom Duty | Dy. Commissioner of Customs, Contract Cell             | 0.06   |
| Finance<br>Act,1994 | Service tax | Service tax Commissioner, Delhi                        | 29.22  |
|                     |             | <b>Grand Total</b>                                     | 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.



(Chartered Accountants) (Chartered Accountants) (Chartered Accountants) (Chartered Accountants)

FRN No. 000685N

FRN No. 302049E

FRN No. 005834N

FRN No. 002870N

**(CA Gaurav Nanda)**

Partner

M. No. 500417

**(CA B. K. Sipani)**

Partner

M. No. 088926

**(CA Sakshi Kaul Dhar)**

Partner

M. No. 514325

**(CA Sandeep Sandill)**

Partner

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

Place: New Delhi  
Dated: 30.06.2011

M. No. 072921  
F.R.No.001818N



#### **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<br>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

Place: New Delhi  
Dated: 30.06.2011

M. No. 072921  
F.R.No.001818N



**3.vi**

| Sl. No. | Particulars  | 2014-15 | 2013-2014 | 2012-13 |
|---------|--|---------|-----------|---------|
| 3.vi.0  | Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in case of company and all of its subsidiaries. | Nil     | Nil       | Nil     |
| 3.vi.1  | Any prosecutions filed (whether pending or not) fines imposed, compounding of offences in case of the company and all of its subsidiaries  | Nil     | Nil       | Nil     |

**3.vii**

| Sl. No. | Particulars  | 2014-15 | 2013-2014 | 2012-13 |
|---------|--|---------|-----------|---------|
| 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 31.03.2015)

(Rs. In Crores)

| Particulars  | Amount         |
|--|----------------|
| <b>4.(a).(i)(a) : Share Capital</b>  |                |
| 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      |
| <b>4.(a).(i)(b)</b><br>Size of the present offer   | Not Applicable |
| <b>a).(i)(c &amp; d)</b><br>Paid up capital<br>(A) After the offer<br>(B) After conversion of convertible instruments<br>© Share premium account<br>▪ Before the offer   | Not Applicable |



|                   |  |
|-------------------|--|
| ▪ After the offer |  |
|-------------------|--|

**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 in which Articles of Association were amended for Buyback of Shares.

Note:-

1. The Board of Directors approved the Buyback of Shares in their meeting held on 24.10.2013 and corporate action for the shares was executed on 27.12.2013.

**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   |
| April 28, 1977           | 2                    | 1,000            | 1,000             | Cash                                   | Nil                      | 5,235                           | 2,000                      | 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) |
|--------------------------|----------------------|------------------|-------------------|---|--------------------------|---------------------------------|----------------------------|--|
| 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)<br>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,                | 60,000               | 1,000            | 1,000             | Cash  | Nil                      | 12,98,213                       | 6,00,00,000                | 129.82   |



| 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) |
|--------------------------|----------------------|------------------|-------------------|--|--------------------------|---------------------------------|----------------------------|--|
| 1983                     |                      |                  |                   |  |                          |                                 |                            |  |
| June 6, 1983             | 32,900               | 1,000            | 1,000             | Cash                                   | Nil                      | 13,31,113                       | 3,29,00,000                | 133.11   |
| September 5, 1983        | 61,859               | 1,000            | 1,000             | Cash                                   | Nil                      | 13,92,972                       | 6,18,59,000                | 139.30   |
| December 16, 1983        | 48,550               | 1,000            | 1,000             | Cash                                   | Nil                      | 14,41,522                       | 4,85,50,000                | 144.15   |
| March 5, 1984            | 2,14,541             | 1,000            | 1,000             | Cash                                   | Nil                      | 16,56,063                       | 21,45,41,000               | 165.61   |
| May 14, 1984             | 1,39,579             | 1,000            | 1,000             | Cash                                   | Nil                      | 17,95,642                       | 13,95,79,000               | 179.56   |
| January 8, 1985          | 4,27,459             | 1,000            | 1,000             | Cash                                   | Nil                      | 22,23,101                       | 42,74,59,000               | 222.31   |
| June 21, 1985            | 11,75,665            | 1,000            | 1,000             | Cash                                   | Nil                      | 33,98,766                       | 1,17,56,65,000             | 339.88   |
| November 18, 1985        | 4,72,500             | 1,000            | 1,000             | Cash                                   | Nil                      | 38,71,266                       | 47,25,00,000               | 387.12   |
| February 24, 1986        | 4,20,000             | 1,000            | 1,000             | Cash                                   | Nil                      | 42,91,266                       | 42,00,00,000               | 429.13   |
| June 6, 1986             | 8,03,546             | 1,000            | 1,000             | Cash                                   | Nil                      | 50,94,812                       | 80,35,46,000               | 509.48   |
| December 26, 1986        | 3,05,000             | 1,000            | 1,000             | Cash                                   | Nil                      | 53,99,812                       | 30,50,00,000               | 539.98   |
| March 31, 1987           | 10,000               | 1,000            | 1,000             | Cash                                   | Nil                      | 54,09,812                       | 1,00,00,000                | 540.98   |
| April 29, 1987           | 3,31,200             | 1,000            | 1,000             | Cash                                   | Nil                      | 57,41,012                       | 33,12,00,000               | 574.10   |
| November 25, 1987        | 11,26,681            | 1,000            | 1,000             | Cash                                   | Nil                      | 68,67,693                       | 1,12,66,81,000             | 686.77   |
| March 9, 1988            | 1,57,700             | 1,000            | 1,000             | Cash                                   | Nil                      | 70,25,393                       | 15,77,00,000               | 702.54   |
| May 4, 1988              | 1,62,258             | 1,000            | 1,000             | Cash                                   | Nil                      | 71,87,651                       | 16,22,58,000               | 718.77   |



| 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 17, 1988                       | 4,75,000             | 1,000            | 1,000             | Cash                                   | Nil                      | 76,62,651                       | 47,50,00,000               | 766.27   |
| December 28, 1988                     | 2,49,500             | 1,000            | 1,000             | Cash                                   | Nil                      | 79,12,151                       | 24,95,00,000               | 791.22   |
| March 27, 1989                        | 65,789               | 1,000            | 1,000             | Cash                                   | Nil                      | 79,77,940                       | 6,57,89,000                | 797.80   |
| December 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                                       |
| 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                                       |



| 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) |
|--------------------------|----------------------|------------------|-------------------|--|--------------------------|---------------------------------|----------------------------|--|
| 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 21, 1998        | 9,60,000             | 1,000            | 1,000             | Cash                                   | Nil                      | 2,96,86,947                     | 96,00,00,000               | 2,968.69                                       |
| July                     | 10,65,000            | 1,000            | 1,000             | Cash                                   | Nil                      | 3,07,51,947                     | 1,06,50,00,000             | 3,075.19                                       |





| 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) |
|--------------------------|----------------------|------------------|-------------------|--|--------------------------|---------------------------------|----------------------------|--|
| 22,1998                  |                      |                  |                   |  |                          |                                 |                            |  |
| 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                    | 8,90,000             | 1,000            | 1,000             | Cash                                   | Nil                      | 3,96,51,647                     | 89,00,00,000               | 3,965.16                                       |



| 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) |
|--------------------------|----------------------|------------------|-------------------|--|--------------------------|---------------------------------|----------------------------|--|
| 10,2000                  |                      |                  |                   |  |                          |                                 |                            |  |
| 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                                       |
| 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                                       |



| 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) |
|--------------------------|----------------------|------------------|-------------------|--|--------------------------|---------------------------------|----------------------------|--|
| 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                                       |
| 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                | 83,323               | 1,000            | 1,000             | Cash                                   | Nil                      | 9,87,82,020                     | 8,33,23,000                | 9,878.20                                       |



| 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) |
|--------------------------|---|------------------|-------------------|--|--------------------------|---------------------------------|----------------------------|--|
| March 30, 2005           |   |                  |                   |  |                          |                                 |                            |  |
| 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)*<br>*   | 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<br>***   | 10               | 36                | Cash                                   | 2868.74<br>#             | 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<br>#             | 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 (31.03.2015):**

| 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                  | 85.96   |
| 2       | RESIDENT INDIVIDUALS            | 708630554                  | 747119627                   | 6.40  |
| 3       | H U F                           | 38658335                   |                             | 0.35  |
| 4       | FOREIGN NATIONALS               | 2300                       |                             | 0.00  |
| 5       | INSURANCE COMPANIES             | 375755573                  | 375755573                   | 3.39  |
| 6       | FOREIGN INSTITUTIONAL INVESTORS | 193942928                  | 193942928                   | 1.75  |
| 7       | BODIES CORPORATES               | 97340036                   | 97340036                    | 0.88  |
| 8       | BANKS                           | 70465671                   | 70465671                    | 0.64  |
| 9       | INDIAN FINANCIAL INSTITUTIONS   | 21078301                   | 21078301                    | 0.19  |
| 10      | FOREIGN PORTFOLIO INVESTORS     | 18377306                   | 18377306                    | 0.17  |
| 11      | NON RESIDENT INDIANS            | 16601326                   | 16593751                    | 0.15  |
| 12      | MUTUAL FUNDS                    | 8722475                    | 8722475                     | 0.08  |
| 13      | TRUSTS                          | 2711274                    | 2711274                     | 0.02  |
| 14      | CLEARING MEMBERS                | 2172520                    | 2172520                     | 0.02  |
| 15      | OVERSEAS CORPORATE BODIES       | 175                        | 175                         | 0.00  |
|         |                                 | <b>11070668496</b>         | <b>11070489359</b>          | <b>100.00</b>   |

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 31.03.2015:**

| Sl. | Name of the Shareholders | Total No. of | No. of shares | Total |
|-----|--------------------------|--------------|---------------|-------|
|-----|--------------------------|--------------|---------------|-------|



| No. |  | Equity Shares | in demat form | Shareholding as % of total no. of equity shares |
|-----|--|---------------|---------------|---|
| 1   | PRESIDENT OF INDIA                                 | 9516209722    | 9516209722    | 85.96%  |
| 2   | LIFE INSURANCE CORPORATION OF INDIA                | 331009248     | 331009248     | 2.99%   |
| 3   | UCO BANK   | 33154836      | 33154836      | 0.30%   |
| 4   | VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIE | 27730780      | 27730780      | 0.25%   |
| 5   | GOVERNMENT PENSION FUND GLOBAL                     | 21424576      | 21424576      | 0.19%   |
| 6   | WISDOMTREE TRUST A/C WISDOMTREE INDIA INVESTMENT P | 18898129      | 18898129      | 0.17%   |
| 7   | SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA         | 13907798      | 13907798      | 0.13%   |
| 8   | CORPORATION BANK                                   | 13842251      | 13842251      | 0.13%   |
| 9   | VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND      | 11144212      | 11144212      | 0.10%   |
| 10  | EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFO | 11019906      | 11019906      | 0.10%   |

**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 2014-15  | FY 2013-14  | FY 2012-13   |  |
|---------|-------------------------|-------------|-------------|--------------|--|
| 4.b.0   | Profit Before Tax       | 2826.17     | 1583.06     | 3202.13      |  |
| 4.b.1   | Profit After Tax        | 2124.47     | 978.79      | 2348.22      |  |
| 4.c.0   | Dividend amounts        | 664.27      | 332.12      | 738.04       |  |
| 4.c.1   | Interest Coverage Ratio | <b>4.70</b> | <b>3.82</b> | <b>13.22</b> |  |



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

(Rs. in Crore)

| FINANCIAL POSITION OF THE COMPANY |  |                |                |                |
|-----------------------------------|--|----------------|----------------|----------------|
| <b>A)</b>                         | <b>The Capital Structure of the Company</b>                                      | <b>2014-15</b> | <b>2013-14</b> | <b>2012-13</b> |
|                                   | - Authorised Share Capital (Rs. in Crore)  | 15000          | 15000          | 15000          |
|                                   | - No. of Shares (in aggregate)   | 11070668496    | 11070668496    | 12300742773    |
|                                   | - Issued, Subscribed & Paid Up Equity Capital (face value Rs. 10) (Rs. in Crore) | 11070.67       | 11070.67       | 12300.74       |
|                                   | - Share Premium Account (Rs. in Crore)   | 2868.74        | 2868.74        | 2868.74        |
| <b>B)</b>                         | <b>Profits of the Company</b>  | <b>2014-15</b> | <b>2013-14</b> | <b>2012-13</b> |
|                                   | - Profit Before Tax  | 2826.17        | 1583.06        | 3202.13        |
|                                   | - Profit After Tax   | 2124.47        | 978.79         | 2348.22        |
| <b>C)</b>                         | <b>Dividend declared by the Company (Rs. in Crore)</b>                           | <b>664.27</b>  | <b>332.12</b>  | <b>738.04</b>  |
| <b>D)</b>                         | <b>Financial Position (Standalone Basis)</b>                                     | <b>2014-15</b> | <b>2013-14</b> | <b>2012-13</b> |
|                                   | Net Worth  | 28286.39       | 26067.65       | 27840.50       |
|                                   | Total Debt   | 19836.34       | 19866.49       | 18627.3        |
|                                   | - Non current maturities of Long Term Borrowings                                 | 18171.03       | 18580.52       | 17417.52       |
|                                   | - Short Term Borrowings  | 0              | 0              | 0              |
|                                   | - Current maturities of Long Term Borrowings                                     | 1665.31        | 1285.97        | 1209.78        |
|                                   | Net Fixed Assets   | 38749.88       | 38734.27       | 37749.00       |



|  |                              |          |          |          |
|--|------------------------------|----------|----------|----------|
|  | Non Current Assets           | 44262.30 | 42947.35 | 42332.72 |
|  | Cash and Cash Equivalents    | 5422.11  | 5303.83  | 5616.01  |
|  | Current Investments          | 257.57   | 251.87   | 250.74   |
|  | Current Assets               | 11176.82 | 11028.92 | 12172.28 |
|  | Current Liabilities          | 5947.14  | 6140.92  | 6358.68  |
|  | Net Sales                    | 6736.64  | 5335.11  | 5049.13  |
|  | EBITDA*                      | 5431.81  | 3816.22  | 4556.8   |
|  | EBIT*                        | 4005.94  | 2605.46  | 3587.51  |
|  | Interest                     | 1179.77  | 1022.4   | 385.38   |
|  | PAT                          | 2124.47  | 978.79   | 2348.22  |
|  | Dividend Amounts             | 664.27   | 332.12   | 738.04   |
|  | Current Ratio                | 1.88     | 1.80     | 1.91     |
|  | Interest Coverage Ratio      | 4.70     | 3.82     | 13.22    |
|  | Gross Debt/ equity ratio     | 0.70     | 0.76     | 0.67     |
|  | Debt Service Coverage Ratios | 2.69     | 2.07     | 4.31     |

\* EBIT & EBITDA for the FY 2014-15 includes Rate Regulated Income of Rs. 521.95 crs.

#### 4.e. Cash Flow Statement for three years

(Rs. in Crore)

| STATEMENT OF CASH FLOW |   |                       |                       |                       |
|------------------------|---|-----------------------|-----------------------|-----------------------|
| Sr. No.                | PARTICULARS                                   | YEAR ENDED 31.03.2015 | YEAR ENDED 31.03.2014 | YEAR ENDED 31.03.2013 |
| A.                     | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>    |                       |                       |                       |
|                        | Net Profit before tax and extraordinary items | 2826.17               | 1583.06               | 3202.13               |





|  |   |                |                |                |
|--|---|----------------|----------------|----------------|
|  | <b>Less: Rate Regulated Income/Expenditure</b>                                | <b>521.95</b>  | -              | -              |
|  | <b>ADD :</b>  |                |                |                |
|  | Depreciation (including Prior Period)   | 1429.77        | 1,225.25       | 984.67         |
|  | Finance Cost (net of EDC)   | 1179.76        | 1,022.40       | 385.38         |
|  | (Profit)/ Loss on sale of assets/ Debt/ Claim written off                     | 2.36           | 0.90           | 0.75           |
|  | Provisions (Net loss)   | 112.78         | 179.77         | 5.38           |
|  | (Profit)/Loss on Sale of Projects   |                | -              | -              |
|  | Tariff Adjustment   | 105.82         | 1.13           | 56.60          |
|  | Exchange rate variation   | (20.50)        | 105.27         | 8.54           |
|  |   | <b>2809.99</b> | <b>2534.72</b> | <b>1441.32</b> |
|  | <b>LESS :</b>   |                |                |                |
|  | Advance against Depreciation written back(including Prior Period)             | 50.17          | 50.17          | 49.34          |
|  | Provisions (Net gain)   | 75.96          | 38.09          | 192.87         |
|  | Deferred ERV  |                |                | (92.34)        |
|  | Profit on sale of Assets\Realization of loss                                  | 1.11           | 1.06           | 0.51           |
|  | Dividend Income   | 61.56          | 377.92         | 32.03          |
|  | Interest Income   | 661.05         | 766.28         | 658.66         |
|  |   | <b>849.85</b>  | <b>1233.52</b> | <b>841.07</b>  |
|  | <b>Cash flow from operating activities before working capital adjustments</b> | <b>4264.36</b> | <b>2884.26</b> | <b>3802.38</b> |
|  | <b>Working Capital Changes</b>  |                |                |                |
|  | (Increase)/Decrease in Inventories  | (8.51)         | (15.92)        | (14.46)        |
|  | (Increase)/Decrease in Trade Receivables                                      | (633.33)       | 194.21         | (53.51)        |



|           |   |                  |                 |                   |
|-----------|---|------------------|-----------------|-------------------|
|           | (Increase)/Decrease in Other Assets,<br>Loans & Advances  | 622.76           | 680.40          | (425.36)          |
|           | Increase/(Decrease) in Other Liabilities &<br>Provisions  | (586.08)         | 412.78          | (795.70)          |
|           | <b>Cash flow from operating activities<br/>before taxes</b>   | <b>3659.20</b>   | <b>4155.73</b>  | <b>2513.35</b>    |
|           | Less : Taxes  | 603.84           | 509.70          | 616.27            |
|           | <b>NET CASH FLOW FROM OPERATING<br/>ACTIVITIES (A)</b>  | <b>3055.36</b>   | <b>3646.03</b>  | <b>1897.08</b>    |
| <b>B.</b> | <b>CASH FLOW FROM INVESTING<br/>ACTIVITIES</b>  |                  |                 |                   |
|           | Purchase of Fixed Assets & expenditure<br>on construction projects (including<br>expenditure during construction) | (1632.33)        | (1,796.47)      | (2,083.75)        |
|           | Creation of Rate Regulatory Assets  | (123.30)         | -               | -                 |
|           | Loss/(Profit) on sale/transfer of Assets  |                  | -               | -                 |
|           | Realisation from Investment/Bonds   | 243.56           | 172.47          | 98.53             |
|           | Interest Income   | 661.05           | 766.28          | 658.66            |
|           | Dividend Received   | 61.56            | 377.92          | 32.03             |
|           | <b>NET CASH FLOW FROM INVESTING<br/>ACTIVITIES (B)</b>  | <b>(789.46)</b>  | <b>(479.80)</b> | <b>(1,294.53)</b> |
| <b>C.</b> | <b>CASH FLOW FROM FINANCING<br/>ACTIVITIES</b>  |                  |                 |                   |
|           | Buyback of Shares (including premium<br>payments)   | -                | (2,367.89)      | -                 |
|           | Issue of share capital/ Share application<br>money pending allotment  |                  | -               | -                 |
|           | Dividend & Dividend Tax Paid  | (772.03)         | (858.37)        | (995.87)          |
|           | Proceeds on Borrowings  | 1461.98          | 2,528.01        | 2,526.65          |
|           | Repayments of Borrowings  | (1276.19)        | (1,318.46)      | (1,200.66)        |
|           | Interest & Financial Charges  | (1561.38)        | (1,461.70)      | (1,321.14)        |
|           | <b>NET CASH FLOW FROM FINANCING</b>   | <b>(2147.62)</b> |                 |                   |



|  |   |                |                   |                 |
|--|---|----------------|-------------------|-----------------|
|  | <b>ACTIVITIES (C)</b>   |                | <b>(3,478.41)</b> | <b>(991.02)</b> |
|  | <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | <b>118.28</b>  | <b>(312.18)</b>   | <b>(388.47)</b> |
|  | <b>Cash &amp; Cash Equivalents at the beginning of the year</b> | <b>5303.83</b> | <b>5,616.01</b>   | <b>6,003.97</b> |
|  | <b>Cash &amp; Cash Equivalents at the close of the year</b>     | <b>5422.11</b> | <b>5303.83</b>    | <b>5615.5</b>   |

#### 4.f. Changes in Accounting Policies

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. |   |   |
| 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.                                      | Increase in profit before tax by Rs. 1.28 Crore | Increase in profit before tax by Rs. 1.52 Crore |
| Policy No. 4.4           | New Policy on Capital expenditure on facilities over which Company does not have control has been introduced.   |   |   |

2014-15

(Rs. in Crore)

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



|     |   |  |
|-----|---|--|
| 9.3 | Policy on expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme has been deleted. | No impact as the policy was redundant. |
|-----|---|--|

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

(Rs. in Crore)

| Parameters                                       | FY 2014-15 | FY 2013-14 | FY 2012-13 |
|--|------------|------------|------------|
| For Non-Financial Entities<br>(Standalone Basis) |            |            |            |
| Net Worth  | 28286.39   | 26067.65   | 27840.50   |
| Total Debt                                       | 19836.34   | 19866.49   | 18627.3    |
| - Non current maturities of Long Term Borrowings | 18171.03   | 18580.52   | 17417.52   |
| - Short Term Borrowings                          | 0          | 0          | 0          |
| - Current maturities of Long Term Borrowings     | 1665.31    | 1285.97    | 1209.78    |
| Net Fixed Assets                                 | 38749.88   | 38734.27   | 37749.00   |
| Non Current Assets                               | 44262.30   | 42947.35   | 42332.72   |
| Cash and Cash Equivalents                        | 5422.11    | 5303.83    | 5616.01    |
| Current Investments                              | 257.57     | 251.87     | 250.74     |
| Current Assets                                   | 11176.82   | 11028.92   | 12172.28   |
| Current Liabilities                              | 5947.14    | 6140.92    | 6358.68    |
| Net Sales  | 6736.64    | 5335.11    | 5049.13    |
| EBITDA*  | 5431.81    | 3816.22    | 4556.8     |
| EBIT*  | 4005.94    | 2605.46    | 3587.51    |
| Interest   | 1179.77    | 1022.4     | 385.38     |
| PAT  | 2124.47    | 978.79     | 2348.22    |
| Dividend Amounts                                 | 664.27     | 332.12     | 738.04     |
|  |            |            |            |
| Current Ratio                                    | 1.88       | 1.80       | 1.91       |
| Interest Coverage Ratio                          | 4.70       | 3.82       | 13.22      |
| Gross Debt/ equity ratio                         | 0.70       | 0.76       | 0.67       |
| Debt Service Coverage Ratios                     | 2.69       | 2.07       | 4.31       |

\* EBIT & EBITDA for the FY 2014-15 includes Rate Regulated Income of Rs. 521.95 crs.

#### 4.h. Gross Debt: Equity Ratio:

|  |      |
|--|------|
| Before the issue of debt securities (31.03.2015) | 0.70 |
| 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<br>(MW) | Anticipitated Cost |
|---------------------------------|----------------------------|--------------------|
|                                 |                            | (Rs. in Crore)     |
| Teesta Low Dam IV (W.B.)        | 160                        | 1929.15            |
| Parbati II (H.P.)               | 800                        | 7818.68            |
| Subansiri Lower(Ar.Prad/ Assam) | 2000                       | 10667.09 *         |
| Kishanganga (J&K)               | 330                        | 5497.72            |
| <b>Total</b>                    | <b>3290</b>                | <b>25912.64</b>    |

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

\* The preparation of updated RCE (at current price level) for the project is under process.

**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) |

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

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



**\*Statutory Auditors 2014-15**

| Name                            | Address   | Auditor since |
|---------------------------------|---|---------------|
| M/s S. N. Nanda & Co.           | C-43, Pamposh Enclave, Greater Kailash – I, New Delhi – 110 048 | 2011-12       |
| M/s Ray and Ray,                | 6, Church Lane, Kolkata – 700 001, West Bengal                  | 2014-15       |
| M/s Gupta Gupta and Associates, | 142/3, Trikuta Nagar, Jammu Tawi - 180012, Jammu & Kashmir      | 2013-14       |
| M/s S N Dhawan and Co.,         | C-37, Connaught Place, New Delhi – 110 001                      | 2014-15       |

**\*Statutory Auditors 2013-14**

| Name                            | Address  | Auditor since |
|---------------------------------|--|---------------|
| M/s S. N. Nanda & Co.           | C-43, Pamposh Enclave, Greater Kailash – I, New Delhi – 110 048        | 2011-12       |
| M/s Gupta Gupta and Associates, | 142/3, Trikuta Nagar, Jammu Tawi - 180012, Jammu & Kashmir             | 2013-14       |
| M/s Singhi & Co.                | Emerald House, 4th Floor, 1-B, Old Post Office Street, Kolkata-7000001 | 2010-11       |
| M/s Tiwari & Associates         | T-8, Green Park Extension, New Delhi – 110 016                         | 2010-11       |

**\*Statutory Auditors 2012-13**

|                         |  |         |
|-------------------------|--|---------|
| M/s S. N. Nanda & Co.   | C-43, Pamposh Enclave, Greater Kailash – I, New Delhi – 110 048        | 2011-12 |
| M/s Baweja & Kaul       | H. No. 32, Sector - 8, Trikutanagar, Jammu Tawi (J&K) - 180012         | 2010-11 |
| M/s Singhi & Co.        | Emerald House, 4th Floor, 1-B, Old Post Office Street, Kolkata-7000001 | 2010-11 |
| M/s Tiwari & Associates | T-8, Green Park Extension, New Delhi – 110 016                         | 2010-11 |

\*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: 31.03.15**

**4.k. i. Details of Secured Loan Facilities**

(Amount Rs. in Crores)

| Lender's | Type of | Amt | Princip | Repayment | Security |
|----------|---------|-----|---------|-----------|----------|
|----------|---------|-----|---------|-----------|----------|



| Name                      | Facility  | Sanctioned | Outstanding Amt O/s | Date / Schedule   |  |
|---------------------------|-----------|------------|---------------------|---|--|
| State Bank of Patiala     | Term Loan | 40.00      | 8.00                | 4 half yearly installments of Rs. 2 crores each up to 09.01.2017          | Pari-passu charge against Immovable / Movable assets of Chamara-I Power Station situated in Himachal Pradesh except for book debts & stores  |
| Canara Bank               | Term Loan | 200.00     | 40.00               | 2 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     | 36.60               | 2 equal yearly installments of Rs. 18.30 crores each up to 23.02.2017     | Same as above  |
| Oriental Bank of Commerce | Term Loan | 200.00     | 40.00               | 2 equal yearly installments of Rs. 20 crores each up to 31.03.2017        | Same as above  |
| Oriental Bank of Commerce | Term Loan | 100.00     | 60.00               | 6 equal yearly installments of Rs. 10 crores each up to 27.12.2020        | Same as above  |
| UCO Bank                  | Term Loan | 1000.00    | 791.67              | 19 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     | 489.58<br>33        | 47 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  | 195.84   | 47 equal quarterly installments of Rs. 4.17 crores each up to 16.10.2026     | Same as above  |
| Indian Overseas Bank                | Term Loan      | 200.00  | 195.83   | 47 equal quarterly installments of Rs. 4.17 crores each up to 16.10.2026     | Same as above  |
| Punjab & Sind Bank                  | Term Loan      | 200.00  | 195.8333 | 47 equal quarterly installments of Rs. 4.17 crores each up to 17.10.2026     | Same as above  |
| Syndicate Bank                      | Term Loan      | 300.00  | 293.75   | 47 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  | 146.875  | 47 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 | 1250.00  | 12 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 | 1422.00 | 18 equal half yearly installments of Rs. 79 crores each up to 30.10.2023   | Pari-passu charge against immovable / movable assets of TLDP-III HE Project situated in West Bengal and Teesta-V Power Station situated in Sikkim.   |
| Power Finance Corporation           | Term Loan      | 750.00  | 487.50  | 26 equal quarterly installments of Rs. 18.75 crores each up to 15.07.2021  | First charge on Pari-passu 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  | 65.10   | 14 equal quarterly installments of Rs. 4.65 crores each up to 15.07.2018   | Same as above  |
| Power Finance Corporation           | Term Loan      | 70.00   | 45.50   | 26 equal quarterly installments of Rs. 1.75 crores each up to 15.07.2021   | Same as above  |
| Power Finance Corporation           | Term Loan      | 1457.00 | 910.625 | 25 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  | 175.525 | 17 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  | 237.50  | 19 equal   | Same as above  |



|                         |           |         |         |   |  |
|-------------------------|-----------|---------|---------|---|--|
| Corporation             | Loan      |         |         | quarterly installments of Rs. 12.50 crores each up to 15.10.2019        |  |
| State Bank of India     | Term Loan | 1000.00 | 1000.00 | 48 Equal quarterly installments of Rs. 20.83 crores each up to 27/03/28 | Pari-passu charge against Immovable / Movable assets of TLDP-III situated in West Bengal and Chamera-II Power Station situated in Himachal Pradesh except for book debts and stores) |
| State Bank of Hyderabad | 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   |
|---------------------|---|-------------------|------------------------------|---|
| <b>Domestic</b>     |   |                   |                              |   |
| 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. |
| <b>Foreign</b>      |   |                   |                              |   |
| EDC LOAN            | Export Credit-Term Loan                     | CAD 17.50         | 46.90                        | 2 half yearly installments of Rs 23.45 Crs upto 15.03.2016                      |
| Japan Bank of       | Term Loan Tranche-I                         | JPY 566.50        | 140.41                       | 22 half yearly equal installments of Rs. 6.38 Crs                               |



|   |                       |             |        |  |
|---|-----------------------|-------------|--------|--|
| International Cooperation               |                       |             |        | upto 20.01.2026  |
| Japan Bank of International Cooperation | Term Loan Tranche-II  | JPY 1631.60 | 544.38 | 26 half yearly equal installments of Rs. 20.94 Crs upto 20.12.2027 |
| Japan Bank of International Cooperation | Term Loan Tranche-III | JPY 1389    | 587.70 | 38 half yearly equal installments of Rs. 15.47 Crs upto 20.03.2034 |
| DB-NEXI untied facility                 | Term Loan             | JPY 1824    | 383.99 | 8 half yearly equal installments of Rs. 48.00 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. Dhauliga nga Power Station situated in Uttarakh and<br>2. Parbati-II Power |



|                    |   |                  |         |          |   |   |         |   |
|--------------------|---|------------------|---------|----------|---|---|---------|---|
|                    |   |                  |         |          |   |   |         | Project &<br>3.<br>Chamera<br>-III Power<br>Station<br>both<br>situated<br>in<br>Himachal<br>Pradesh                          |
| Q-Series           | 15 Years<br>with 3<br>years<br>moratoriu<br>m | 9.25%<br>(Fixed) | 1266.00 | 12.03.12 | 1/12th<br>every<br>year<br>commen<br>cing<br>from<br>12.03.16<br>to<br>12.03.27 | 1.<br>“AAA”<br>from<br>India<br>Ratings<br>2.<br>“AAA”<br>from<br>CARE<br>Ratings<br>3.<br>“AAA”<br>from<br>ICRA<br>Ratings | Secured | 1. TLDP-<br>III HE<br>Project<br>situated<br>in West<br>Bengal<br>2.<br>Teesta-V<br>Power<br>Station<br>situated<br>in Sikkim |
| R1 SERIES<br>BONDS | 13 Years<br>with 1<br>years<br>moratoriu<br>m | 8.70%(Fi<br>xed) | 82.20   | 11.02.13 | 1/12th<br>every<br>year<br>commen<br>cing<br>from<br>11.02.15<br>to<br>11.02.26 | “AAA”<br>from<br>ICRA<br>Ratings  | Secured | Parbati-II<br>Power<br>Projec<br>situated<br>in<br>Himachal<br>Pradesh  |
| R2 SERIES<br>BONDS | 14 Years<br>with 2<br>years<br>moratoriu<br>m | 8.85%<br>(Fixed) | 382.08  | 11.02.13 | 1/12th<br>every<br>year<br>commen<br>cing<br>from<br>11.02.16<br>to             | “AAA”<br>from<br>ICRA<br>Ratings  | Secured | Parbati-II<br>Power<br>Projec<br>situated<br>in<br>Himachal<br>Pradesh  |



|                         |                                  |               |        |          |  |   |         |   |
|-------------------------|----------------------------------|---------------|--------|----------|--|---|---------|---|
|                         |                                  |               |        |          | 11.02.27   |   |         |   |
| 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 Project situated in Himachal Pradesh                                   |
| TAX FREE BOND 1A SERIES | 10years with 9 years moratorium  | 8.18%         | 50.81  | 02.11.13 | On maturity i.e. 2.11.2023                             | 1. “AAA” from India Ratings<br>2. “AAA” from CARE Ratings<br>3. “AAA” from ICRA Ratings | Secured | Parbati-II Power Project & 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<br>2. “AAA” from CARE Ratings<br>3. “AAA” from ICRA Ratings | Secured | Parbati-II Power Project & Chamera -III Power Station both situated in Himachal Pradesh |
| TAX FREE BOND 2A        | 15years with 14                  | 8.54%         | 213.12 | 02.11.13 | On Maturity  | 1. “AAA”  | Secured | Parbati-II Power  |



|                         |                                  |       |        |          |                            |   |         |   |
|-------------------------|----------------------------------|-------|--------|----------|----------------------------|---|---------|---|
| SERIES                  | years moratorium                 |       |        |          | i.e. 2.11.2028             | from India Ratings<br>2. "AAA" from CARE Ratings<br>3. "AAA" from ICRA Ratings          |         | Project & Chamera -III Power Station both situated in Himachal Pradesh                  |
| TAX FREE BOND 2B SERIES | 15years with 14 years moratorium | 8.79% | 85.61  | 02.11.13 | On Maturity i.e. 2.11.2028 | 1. "AAA" from India Ratings<br>2. "AAA" from CARE Ratings<br>3. "AAA" from ICRA Ratings | Secured | Parbati-II Power Project & Chamera -III Power Station both situated in Himachal Pradesh |
| TAX FREE BOND 3A SERIES | 20years with 19 years moratorium | 8.67% | 336.07 | 02.11.13 | On maturity i.e. 2.11.2033 | 1. "AAA" from India Ratings<br>2. "AAA" from CARE Ratings<br>3. "AAA" from              | Secured | Parbati-II Power Project & Chamera -III Power Station both situated in Himachal Pradesh |



|                         |                                  |       |        |          |   | ICRA Ratings  |         |   |
|-------------------------|----------------------------------|-------|--------|----------|---|---|---------|---|
| 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<br>2. "AAA" from CARE Ratings<br>3. "AAA" from ICRA Ratings | Secured | Parbati-II Power Project & Chamera -III Power Station both situated in Himachal Pradesh |
| S1 Series               | 10 yrs                           | 8.49% | 365.00 | 26.11.14 | In 10 equal installment from 26.11.15 to 26.11.24 | 1. "AAA" from India Ratings<br>2. "AAA" from CARE Ratings                               | Secured | Parbati-III Power Project situated in Himachal Pradesh                                  |
| S2 Series               | 15 yrs with 3yrs moratorium      | 8.54% | 660.00 | 26.11.14 | In 12 equal installment from 26.11.18 to 26.11.29 | 1. "AAA" from India Ratings<br>2. "AAA" from CARE Ratings                               | Secured | Parbati-III Power Project situated in Himachal Pradesh                                  |





4.k. iv. List of Top 10 Debenture Holders (as on 31.03.2015).

| NHPC Ltd.                             |  |                 |
|---------------------------------------|--|-----------------|
| TOP 10 BONDS HOLDERS AS ON 30.06.2015 |  |                 |
| Sr. N.                                | Name & Full Address of Bonds Holder  | Amount in INR   |
| 1                                     | LIFE INSURANCE CORPORATION OF INDIA <b>P &amp; GS FUND</b> , , , ,<br>INVESTMENT DEPARTMENT, 06TH FLOOR, , WEST WING,<br>CENTRAL OFFICE, , YOGAKSHEMA, JEEVAN BIMA MARG, ,<br>MUMBAI, , 400021 | 13,50,00,00,000 |
| 2                                     | LIFE INSURANCE CORPORATION OF INDIA, , , , INVESTMENT<br>DEPARTMENT, , 6TH FLOOR, WEST WING, CENTRAL OFFICE, ,<br>YOGAKSHEMA, JEEVAN BIMA MARG, , MUMBAI, , 400021                             | 6,50,00,00,000  |
| 3                                     | AXIS BANK LIMITED, TREASURY OPS NON SLR DESK CORP OFF,<br>AXIS HOUSE LEVEL 4 SOUTH BLK WADIA, INTERNATIONAL<br>CENTRE P B MARG WORLI, MUMBAI, 400025   | 4,23,29,14,000  |
| 4                                     | CBT EPF- <b>05-B-DM</b> , Standard Chartered Bank, CRESCENZO,<br>Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra<br>(East), Mumbai India, 400051                                   | 3,63,16,00,000  |
| 5                                     | CBT EPF- <b>11-A-DM</b> , , , , Standard Chartered Bank, CRESCENZO, ,<br>Securities Services, 3rd Floor, , C-38/39 G-Block, BKC Bandra<br>(East), , Mumbai India, , 400051                     | 2,30,40,00,000  |
| 6                                     | CBT EPF- <b>05-C-DM</b> , , , , Standard Chartered Bank, CRESCENZO, ,<br>Securities Services, 3rd Floor, , C-38/39 G-Block, BKC Bandra<br>(East), , Mumbai India, , 400051                     | 1,98,08,00,000  |
| 7                                     | BIRLA SUN LIFE INSURANCE COMPANY LIMITED, DEUTSCHE<br>BANK AG, DB HOUSE, HAZARIMAL SOMANI MARG, POST BOX<br>NO. 1142, FORT, MUMBAI, 400001   | 1,76,00,00,000  |
| 8                                     | CBT EPF- <b>11-C-DM</b> , , , , Standard Chartered Bank, CRESCENZO, ,<br>Securities Services, 3rd Floor, , C-38/39 G-Block, BKC Bandra<br>(East), , Mumbai India, , 400051                     | 1,60,78,00,000  |
| 9                                     | CBT EPF- <b>05-D-DM</b> , , , , Standard Chartered Bank, CRESCENZO, ,<br>Securities Services, 3rd Floor, , C-38/39 G-Block, BKC Bandra<br>(East), , Mumbai India, , 400051                     | 1,59,72,00,000  |
| 10                                    | CBT <b>EPF-11-B-DM</b> , Standard Chartered Bank, CRESCENZO,<br>Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra<br>(East), Mumbai India, 400051                                    | 1,55,44,00,000  |



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

**Declaration under Form PAS-4 (Pt.5)**  
**For NHPC Limited T-Series Bonds Issue 2015-16**  
*Pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014*

- the company has complied with the provisions of the Act and the rules made there under;
- 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;
- 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. 384.2.9 in its 384th meeting held on dated 29<sup>th</sup> May, 2015 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)**  
Director (Finance)

Date :  
Place: Faridabad





India Ratings  
& Research

Fitch Group

Mr. R. S. Batra  
General Manager (Finance)  
NHPC Limited  
NHPC Office Complex  
Sector 33  
Faridabad -121003

July 3, 2015

**Kind Attn: Mr. R.S. Batra (GM Finance)**

Dear Sir,

**Re: Rating Letter for NHPC Limited**

India Ratings and Research (Ind-Ra) has assigned NHPC Limited's INR14.75bn (including a green shoe option of INR12.75bn) secured non-convertible taxable bonds a long-term rating of 'IND AAA' with a Stable Outlook.

NHPC's outstanding ratings (including the above) are as follows:

- Long-Term Issuer Rating: 'IND AAA'; Outlook Stable
- INR20bn long-term bond programme: 'IND AAA'/Stable
- INR20bn long-term loan programme: 'IND AAA' /Stable
- INR15bn long-term bond programme: 'IND AAA' /Stable
- INR1.55bn working capital loans: 'IND AAA/Stable' and 'IND A1+'
- INR15bn long-term bond programme: 'IND AAA'/Stable
- INR10bn non-convertible tax-free bonds: 'IND AAA'/Stable
- INR16bn non-convertible bond programme: 'IND AAA'/Stable
- INR14.75bn non-convertible bond programme: 'IND AAA'/Stable

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.

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

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



India Ratings  
& Research

Fitch Group

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


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

  
Sandeep Singh  
Senior Director

  
Ananda Bhoumik  
Senior Director



India Ratings  
& Research

Fitch Group

Annexure- Key Clauses as per the Term Sheet

| Particulars       | Tranche - T  |
|-------------------|--|
| Coupon payment    | Annual   |
| Tenor             | 15 Years   |
| Redemption        | 12 Yearly instalments starting at the end of 4 <sup>th</sup> Year and going up to the 15 <sup>th</sup> Year.   |
| Moratorium        | 3 Years  |
| Seniority         | Senior and unsubordinated  |
| Nature            | Secured  |
| Purpose           | To meet the debt requirement of on-going construction projects and recoupment of expenditure already incurred. |
| Coupon Rate       | Fixed  |
| Day Count         | Actual/actual  |
| Issue Size        | INR2bn   |
| Green Shoe Option | INR12.75bn   |



CARE/DRO/RL/2015-16/1345

Mr. Jayant Kumar  
Director (Finance)  
NHPC Ltd  
NHPC Office Complex,  
Sector-33, Faridabad-121003

July 08, 2015

**Confidential**

Dear Sir,

**Credit rating for proposed Long-term Bonds (T Series)**

Please refer to your request of proposed long term bonds issue (T Series) aggregating to Rs.1,475 crore of your company. The proposed bonds would have tenure of 15 years with redemption schedule as per Annexure I.

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

| Instrument                         | Amount (Rs. crore) | Rating <sup>1</sup> | Remarks  |
|------------------------------------|--------------------|---------------------|----------|
| Proposed Long-term Bond (T Series) | 1,475              | 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 July 08, 2015).
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.

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

**CREDIT ANALYSIS & RESEARCH LTD.**

CORPORATE OFFICE: 4<sup>th</sup> 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  
Email: care@careratings.com | www.careratings.com

13th Floor, E-1 Block, Videocon Tower  
Jhandewalan Extension, New Delhi 110 055  
Tel: +91-11-4533 3200  
Fax: +91-11-4533 3238

CIN: L67190MH1993PLC071691



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](http://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,

[Akanksha Chadha]  
Analyst

akanksha.chadha@careratings.com

Encl : As above

[Sudhir Kumar]  
Asst. General Manager

sudhir.kumar@careratings.com

**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.  
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CIN-L67190MH1993PLC071691



Annexure-1

| S No. | Issue    | Series | Amt. Rs. Crore  | Date of Redemption   |
|-------|----------|--------|-----------------|--|
| 1     | Proposed | T      | 1,475.00        | Anniversary date of the date of allotment (Bonds are redeemable at par in 12 equal annual installments at par Rs.1 lac each starting at the end of 4th year) |
|       |          |        | <b>1,475.00</b> |  |

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CIN-L67190MH1993PLC071691





EXTRACTS OF THE MINUTES OF 384<sup>TH</sup> MEETING OF THE  
BOARD OF DIRECTORS OF NHPC LIMITED HELD ON 29.05.2015.  
X X X X X X

ITEM NO.  
384.2.9 :

**BORROWING PLAN FOR 2015-16 AND 2016-17 - AUTHORIZATION  
FOR RAISING FUNDS:**

Director(Finance) explained the salient features of the Borrowing Plan for 2015-16 & 2016-17. After discussion, Board approved the Borrowing Plan for 2015-16 & 2016-17 and passed the following resolutions:

- I. RESOLVED THAT Chairman & Managing Director and/or Director (Finance) be and is hereby jointly and severally authorized to raise the debt up to Rs. 3975 crores for the year 2015-16 and 2016-17 upto AGM through Term loans / Corporate Bonds/Tax Free Bond on Secured/unsecured basis from Domestic market in suitable tranches.
- II. RESOLVED FURTHER THAT the proposal for raising fund up to Rs.1475 crore through issuance of T-Series Bonds Secured, redeemable, Taxable Non cumulative Corporate Bonds in the nature of debenture, on private placement basis in the month of July-August 2015 be and is hereby approved.
- III. RESOLVED FURTHER THAT pursuant to the provisions of Companies Act 2013 and the rules issued thereunder, Chairman and Managing Director be and is hereby authorized to do all such things and to take all such incidental and necessary steps to obtain shareholder approval through special resolution in the AGM for raising of Rs. 2500 crore through issuance of Corporate Bonds on Private Placement Basis and settle all question of difficulties that may arise in the course of implementing the process.



- IV. 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 Corporate Bonds upto Rs. 3975 crore.
- V. 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(s) including without limitation the Arrangers, Registrar, Credit Rating Agency, Trustee , Legal Firm, any other agency required by SEBI etc. and decide & settle the remuneration for all such intermediaries / agencies / persons, including by way of payment of commission, brokerage, fee, charges, etc , if otherwise payable;
- VI. RESOLVED FURTHER THAT Director (Finance) and/or Executive Director (Finance) be and is hereby jointly and severally authorized to appoint Banker to the issue and open Bank Account and settle the terms of appointment.
- VII. 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.

✓



- VIII. 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.
- IX. RESOLVED FURTHER THAT ED(F) and/or GM(F) and/or Company Secretary and/or Chief(F) be and are hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the bonds in one or more Stock Exchange(s) and make necessary fees associated.
- X. 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 form PAS3, PAS5 etc and particulars of charges in connection with the said hypothecation and mortgage in favour of trustees by filling statutory return within the time limit as laid down in the Companies Act, 2013.
- XI. RESOLVED FURTHER THAT the Common seal as per the rules of the corporation be affixed on all such documents /deeds as are required to be executed under the Common seal of the corporation, in terms of provisions of Articles of Association of the corporation.

X X X X X X

*[Handwritten Signature]*  
12/06/2013



एन एच पी सी लिमिटेड

(भारत सरकार का उद्यम)

**NHPC Limited**

(A Government of India Enterprise)

फोन/Phone : \_\_\_\_\_

दिनांक/Date : \_\_\_\_\_

संदर्भ सं./Ref. No. \_\_\_\_\_

The following resolutions were passed by the shareholders in the Postal Ballot process held on 9<sup>th</sup> 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 17<sup>th</sup> December 1992 and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 read with relevant rules (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, consent of the Company be and is hereby accorded in favour of the Board of Directors of the Company for mortgaging and/or charging of all or any of the movable and/or immovable properties of the company, both present and future, or the whole or substantially the whole of the undertaking or the undertakings of the company for securing the borrowing on bonds or on term loans or in any other manner in the Indian Currency and in any Foreign Currency for the purpose of the business of the Company;

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do or cause to be done all such acts, deeds and other things as may be required or considered necessary or incidental thereto for giving effect to this resolution."

**ITEM NO. 2: Increase in Borrowing Powers up to Rs. 30,000 Crore.**

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) and all other provisions of the Companies Act, 2013 read with relevant rules (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, consent of the Company be and is hereby accorded in favour of the Board of Directors of the Company for borrowing from time to time any sum or sums of money, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) shall not exceed in aggregate at any time of Rs. 30,000 crore (Rupees Thirty Thousand Crore)

पंजीकृत कार्यालय : एन एच पी सी ऑफिस कॉम्प्लेक्स, सेक्टर-33, फरीदाबाद, हरियाणा-121 003 (भारत)  
Regd. Office : NHPC Office Complex, Sector-33, Faridabad, Haryana-121 003 (India)  
Website : www.nhpcindia.com; E-mail : webmaster@nhpc.nic.in; Fax : 0129-2277941; EPABX No. : 0129-2278421



एन एच पी सी लिमिटेड  
(भारत सरकार का उद्यम)

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

फोन/Phone : \_\_\_\_\_

दिनांक/Date : \_\_\_\_\_

संदर्भ सं./Ref. No. \_\_\_\_\_

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

विकास गुप्ता  
Company Secretary  
एन एच पी सी लिमिटेड  
NHPC Limited

पंजीकृत कार्यालय : एन एच पी सी ऑफिस कॉम्प्लेक्स, सेक्टर-33, फरीदाबाद, हरियाणा-121 003 (भारत)  
Regd. Office : NHPC Office Complex, Sector-33, Faridabad, Haryana-121 003 (India)  
Website : www.nhpcindia.com; E-mail : webmaster@nhpc.nic.in; Fax : 0129-2277941; EPABX No. : 0129-2278421



## IDBI Trusteeship Services Ltd.



No. 1689-A/ITSL/OPR/CL/15-16/DEB/274

Date: July 06, 2015

**Kind Attn: Mr. Manish Dhawan**  
NHPC Limited  
NHPC Office Complex,  
Sector- 33, Faridabad- 121003  
Haryana

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

**Kind Attn: Mr. Manish Dhawan**

Dear Sir,

**Consent to act as Debenture Trustee for the proposed Private Placement issue of "T" Series Bonds by NHPC Limited aggregating upto Rs. 1475 crores in the financial year 2015-16**


This is with reference to your e-mail dated 6<sup>th</sup> July, 2015 regarding appointment of IDBI Trusteeship Services Ltd. as Debenture Trustee for the proposed Private Placement of secured redeemable non-convertible taxable "T" Series Bonds aggregating upto Rs. 1475 crores. In this connection, we confirm our acceptance of the assignment.

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

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

  
Authorized Signatory

Offer Letter  
Private & Confidential-not for circulation



| PARTICULARS   |   | STANDALONE   |                             |                             |                          | CONSOLIDATED             |                          |
|---|---|--|-----------------------------|-----------------------------|--------------------------|--------------------------|--------------------------|
|   |   | Quarter ended<br>31.03.2015  | Quarter ended<br>31.12.2014 | Quarter ended<br>31.03.2014 | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 | Year ended<br>31.03.2015 |
|   |   | Unaudited  |                             |                             |                          | Audited                  |                          |
|   |   | Unaudited  |                             |                             |                          | Audited                  |                          |
| 1   | Income from operations  |  |                             |                             |                          |                          |                          |
|   | (a) Net Sales/ Income from operations *   | 144,984  | 116,691                     | 99,601                      | 673,664                  | 533,011                  | 810,325                  |
|   | (b) Other operating income  | 2,173  | 1,013                       | 12,678                      | 6,561                    | 20,193                   | 14,092                   |
|   | Total Income from operations (net)  | 147,157  | 117,704                     | 112,279                     | 680,225                  | 553,204                  | 824,407                  |
| 2   | Expenses  |  |                             |                             |                          |                          |                          |
|   | (a) Employee benefits expense   | 27,766   | 28,397                      | 36,487                      | 114,923                  | 105,867                  | 122,468                  |
|   | (b) Depreciation & amortization expense   | 35,946   | 35,373                      | 33,665                      | 142,587                  | 121,076                  | 149,037                  |
|   | (c) Water Usage Charges   | 9,659  | 11,980                      | 11,529                      | 74,851                   | 62,051                   | 74,851                   |
|   | (d) Other expenses  | 22,524   | 20,213                      | 101,712                     | 85,698                   | 149,859                  | 99,962                   |
|   | Total expenses  | 95,895   | 95,963                      | 183,393                     | 417,959                  | 438,853                  | 468,809                  |
| 3   | Profit from operations before other income, finance costs, exceptional items and rate regulated income(1-2)     | 51,262   | 21,741                      | (71,114)                    | 262,266                  | 114,851                  | 355,598                  |
| 4   | Other Income  | 18,182   | 29,062                      | 65,581                      | 86,133                   | 145,695                  | 91,320                   |
| 5   | Profit from ordinary activities before finance costs, exceptional items and rate regulated income (3+4)         | 69,444   | 50,793                      | (5,533)                     | 348,399                  | 260,546                  | 446,918                  |
| 6   | Finance costs   | 27,829   | 29,102                      | 63,488                      | 117,977                  | 102,240                  | 127,278                  |
| 7   | Profit from ordinary activities after finance costs but before exceptional items and rate regulated income(5-6) | 41,615   | 21,691                      | (69,021)                    | 230,422                  | 158,306                  | 319,640                  |
| 8   | Exceptional items   | -  | -                           | -                           | -                        | -                        | -                        |
| 9   | Profit from ordinary activities before rate regulated income and tax (7-8)                                      | 41,615   | 21,691                      | (69,021)                    | 230,422                  | 158,306                  | 319,640                  |
| 10  | Rate Regulated Income/ (Expenditure)  | 52,195   | -                           | -                           | 52,195                   | -                        | 52,195                   |
| 11  | Profit from ordinary activities before tax (9+10)   | 93,810   | 21,691                      | (69,021)                    | 282,617                  | 158,306                  | 371,835                  |
| 12  | Tax expense   |  |                             |                             |                          |                          |                          |
|   | a) Current Tax  | 19,244   | 4,777                       | (21,079)                    | 58,342                   | 25,162                   | 79,158                   |
|   | b) Adjustments relating to earlier years  | 8,910  | (1,523)                     | 4,685                       | 7,451                    | 4,668                    | 4,688                    |
|   | c) Deferred Tax   | 1,205  | 454                         | 18,133                      | 4,377                    | 30,697                   | 5,421                    |
|   | Total Tax expense (a+b+c)   | 29,359   | 3,708                       | 1,719                       | 70,170                   | 60,427                   | 89,540                   |
| 13  | Net Profit from ordinary activities after tax (11-12)   | 64,451   | 17,983                      | (70,740)                    | 212,447                  | 97,879                   | 279,805                  |
| 14  | Extraordinary items (net of tax expense)  | -  | -                           | -                           | -                        | -                        | -                        |
| 15  | Net Profit (13-14)  | 64,451   | 17,983                      | (70,740)                    | 212,447                  | 97,879                   | 279,805                  |
| 16  | Share of profit/(loss) of associates  | -  | -                           | -                           | -                        | -                        | -                        |
| 17  | Minority Interest   | -  | -                           | -                           | -                        | -                        | 30,689                   |
| 18  | Net Profit after taxes, Minority Interest and Share of profit/(loss) of associates (15-16-17)                   | 64,451   | 17,983                      | (70,740)                    | 212,447                  | 97,879                   | 249,136                  |
| 19  | Paid-up equity share capital (of Face Value ₹ 10/- per share)   | 1,107,067  | 1,107,067                   | 1,107,067                   | 1,107,067                | 1,107,067                | 1,107,067                |
| 20  | Paid-up debt capital  | -  | -                           | -                           | 1,817,103                | 1,858,052                | 1,872,448                |
| 21  | Reserves excluding Revaluation Reserves as per balance sheet  | -  | -                           | -                           | 1,721,572                | 1,499,698                | 1,968,680                |
| 22  | Debt Redemption Reserve   | -  | -                           | -                           | 124,789                  | 88,475                   | 124,789                  |
| 23  | Earning per share (of ₹ 10/- each) (net annualized):  |  |                             |                             |                          |                          |                          |
|   | (a) Basic & Diluted EPS   | 0.58   | 0.16                        | (0.59)                      | 1.92                     | 0.82                     | 2.25                     |
|   | (b) Basic & Diluted EPS (after Extraordinary items)   | 0.58   | 0.16                        | (0.59)                      | 1.92                     | 0.82                     | 2.25                     |
| 24  | Debt equity ratio   | -  | -                           | -                           | 0.64                     | 0.71                     | 0.61                     |
| 25  | Debt service coverage ratio(DSCR)   | -  | -                           | -                           | 2.09                     | 2.07                     | 2.88                     |
| 26  | Interest service coverage ratio(ISCR)   | -  | -                           | -                           | 4.70                     | 3.82                     | 5.37                     |
|   |   | * Net Sales includes proportionate amount of Advance against Depreciation written back |                             |                             |                          |                          |                          |
| <b>PART II-SELECT INFORMATION</b>                   |   |  |                             |                             |                          |                          |                          |
| <b>A. PARTICULARS OF SHAREHOLDING</b>               |   |  |                             |                             |                          |                          |                          |
| <b>1. Public shareholding</b>                       |   |  |                             |                             |                          |                          |                          |
|   | - Number of shares  | 1554458774   | 1554458774                  | 1554458774                  | 1554458774               | 1554458774               | 1554458774               |
|   | - Percentage of shareholding  | 14.04  | 14.04                       | 14.04                       | 14.04                    | 14.04                    | 14.04                    |
| <b>2. Promoters and Promoter Group Shareholding</b> |   |  |                             |                             |                          |                          |                          |
| <b>a) Pledged/ Encumbered</b>                       |   |  |                             |                             |                          |                          |                          |
|   | - 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>b) Non-encumbered</b>                            |   |  |                             |                             |                          |                          |                          |
|   | - Number of shares  | 9516209722   | 9516209722                  | 9516209722                  | 9516209722               | 9516209722               | 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                       | 85.96                       | 85.96                    | 85.96                    | 85.96                    |
| <b>B. INVESTOR COMPLAINTS</b>                       |   |  |                             |                             |                          |                          |                          |
|   |   | Equity Shares  | Debt Securities             |                             |                          |                          |                          |
|   | Pending at the beginning of the quarter   | 2  | Nil                         |                             |                          |                          |                          |
|   | Received during the quarter   | 1,301  | 59                          |                             |                          |                          |                          |
|   | Disposed off during the quarter   | 1,301  | 56                          |                             |                          |                          |                          |
|   | Remaining unresolved at the end of the quarter  | 2  | 3                           |                             |                          |                          |                          |

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| (₹ in lacs)                                      |                           |                           |                           |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| STATEMENT OF ASSETS AND LIABILITIES              |                           |                           |                           |                           |
| PARTICULARS                                      | STANDALONE                |                           | CONSOLIDATED              |                           |
|  | As at<br>31st March, 2015 | As at<br>31st March, 2014 | As at<br>31st March, 2015 | As at<br>31st March, 2014 |
| <b>EQUITY AND LIABILITIES</b>                    |                           |                           |                           |                           |
| <b>SHAREHOLDERS' FUNDS</b>                       |                           |                           |                           |                           |
| Share Capital                                    | 1,107,067                 | 1,107,067                 | 1,107,067                 | 1,107,067                 |
| Reserves and Surplus                             | 1,721,572                 | 1,499,698                 | 1,968,680                 | 1,717,530                 |
| <b>Shareholders' funds - Sub-total</b>           | <b>2,828,639</b>          | <b>2,606,765</b>          | <b>3,075,747</b>          | <b>2,824,597</b>          |
| Minority Interest                                |                           |                           | 332,571                   | 306,568                   |
| <b>NON-CURRENT LIABILITIES</b>                   |                           |                           |                           |                           |
| Long Term Borrowings                             | 1,817,103                 | 1,858,052                 | 1,872,448                 | 1,930,904                 |
| Deferred Tax Liabilities (net)                   | 81,044                    | 76,667                    | 98,860                    | 93,439                    |
| Other Long Term Liabilities                      | 133,717                   | 160,581                   | 145,933                   | 172,818                   |
| Long Term Provisions                             | 88,695                    | 81,470                    | 90,014                    | 82,510                    |
| <b>Non-Current Liabilities - Sub Total</b>       | <b>2,120,559</b>          | <b>2,176,770</b>          | <b>2,207,255</b>          | <b>2,279,671</b>          |
| <b>CURRENT LIABILITIES</b>                       |                           |                           |                           |                           |
| Trade Payables                                   | 15,301                    | 20,071                    | 16,443                    | 22,341                    |
| Other Current Liabilities                        | 301,315                   | 293,821                   | 329,330                   | 326,370                   |
| Short Term Provisions                            | 278,098                   | 300,200                   | 365,444                   | 380,566                   |
| <b>Current Liabilities-Sub Total</b>             | <b>594,714</b>            | <b>614,092</b>            | <b>711,217</b>            | <b>729,277</b>            |
| <b>TOTAL - EQUITY AND LIABILITIES</b>            | <b>5,943,912</b>          | <b>5,397,627</b>          | <b>6,326,790</b>          | <b>6,140,113</b>          |
| <b>ASSETS</b>                                    |                           |                           |                           |                           |
| <b>NON-CURRENT ASSETS</b>                        |                           |                           |                           |                           |
| Fixed Assets (Includes Capital Work In Progress) | 3,874,988                 | 3,873,427                 | 4,429,364                 | 4,451,080                 |
| Non Current Investments                          | 197,775                   | 222,702                   | 76,334                    | 102,283                   |
| Long Term Loans and Advances                     | 110,847                   | 108,969                   | 116,262                   | 113,585                   |
| Other Non-Current Assets                         | 79,581                    | 89,637                    | 113,175                   | 132,432                   |
| Other Non-Current Assets - Regulatory Assets     | 163,039                   | -                         | 163,039                   | -                         |
| <b>Non-Current Assets-Sub Total</b>              | <b>4,426,230</b>          | <b>4,294,735</b>          | <b>4,888,174</b>          | <b>4,799,360</b>          |
| <b>CURRENT ASSETS</b>                            |                           |                           |                           |                           |
| Current Investments                              | 25,757                    | 25,187                    | 25,644                    | 25,074                    |
| Inventories                                      | 8,273                     | 7,229                     | 9,064                     | 7,984                     |
| Trade Receivables                                | 249,710                   | 186,377                   | 290,518                   | 242,243                   |
| Cash & Bank Balances                             | 542,211                   | 530,383                   | 684,102                   | 614,278                   |
| Short Term Loans and Advances                    | 140,719                   | 209,355                   | 208,301                   | 273,256                   |
| Other Current Assets                             | 151,012                   | 144,361                   | 200,987                   | 177,919                   |
| <b>Current Assets-Sub Total</b>                  | <b>1,117,682</b>          | <b>1,102,892</b>          | <b>1,428,616</b>          | <b>1,340,753</b>          |
| <b>TOTAL - ASSETS</b>                            | <b>5,943,912</b>          | <b>5,397,627</b>          | <b>6,326,790</b>          | <b>6,140,113</b>          |

1 The above results have been reviewed by Audit Committee of the Board of Directors and approved by the Board of Directors of the Company in the respective meetings held on 29.05.2015.

2 The Subsidiary and Joint Venture Companies considered in the Consolidated Financial Results are as follows:-

|  | Ownership (%) |
|--|---------------|
| <b>a) Subsidiary Companies:-</b>                           |               |
| (i) NHDC Limited   | 51.08         |
| (ii) Loktak Downstream Hydroelectric Corporation Limited * | 74            |
| (iii) Bundelkhand Saur Urja Ltd.                           | 99.99         |
| <b>b) Joint Venture Companies:-</b>                        |               |
| (i) Chenab Valley Power Projects Pvt. Limited              | 49.98         |
| (ii) National Power Exchange Limited (under liquidation)   | 16.67         |
| (iii) National High Power Test Laboratory Private Limited  | 21.63         |

\* The financial statements are unaudited and certified by the management of Loktak Downstream Hydroelectric Corporation Limited(LDHCL) and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements of LDHCL may change upon completion of the audit.

3 Electricity generation is the principal business activity of the Company. Other operations viz., Contract, Project Management and Consultancy Works do not form a reportable segment as per Accounting Standard - 17 on Segment Reporting specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The operations of the company are mainly carried out within the country and therefore Geographical Segments are not applicable.

4 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.

5 During the year ended 31st March, 2015, balance one unit(130 MW) of 520 MW Parbati - III HE Project has been put on commercial operation on 06.06.2014.

6 On 20th November 2014, accidental fire broke out in the transformer cavern of Uri-II Power Station (240 MW) causing major damages to Electro & Mechanical Equipments and Civil Structures in power house area, resulting in stoppage of generation. Assets of the power station and business interruption loss are covered under mega insurance policy. However, losses upto excess clause as well as beyond the provisions of the insurance policy amounting to ₹ 2,826 Lacs have been accounted for on estimated basis. Further losses, 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. Restoration work for resumption of generation by the Power Station are underway.

7 Pursuant to issuance of Guidance Note on Rate Regulated Activities issued by the Institute of Chartered Accountants of India, Regulatory Assets amounting to ₹52,195 Lacs for the FY 2014-15 and ₹ 1,10,844 Lacs upto the period ended 31.03.2014, in respect of Subansiri Lower Project, where construction activities are interrupted since 16.12.2011 due to protest of anti dam activists, have been recognized through Statement of Profit & Loss and General Reserve(net of tax) respectively.

8 Active construction work at Teesta Low Dam-IV project, which was interrupted due to stoppage of work by one of the contractors w.e.f. 20.03.2013, has been resumed on 01.11.2014. Accordingly, borrowing cost and administrative & other cost amounting to ₹ 4,373 Lacs for the period from 01.04.2014 to 31.10.2014 (previous financial year ₹ 15,679 Lacs) has been charged to the Statement of Profit & Loss

9 a) Pending approval of tariff for the period 2014-19 by Central Electricity Regulatory Commission (CERC) as per notification no No.L-1/144/2013/CERC dt 21st February 2014, sales have been recognized provisionally based on the tariff approved for the year 2013-14. However, pending truing up of the capital cost for the Tariff Period 2009-14, sales have been reduced by ₹ 14,303 Lacs (Previous year ₹ 113 Lacs) during the year as an abundant precaution which also includes consequential likely impact for the FY 2014-15.


b) Sales include ₹ 1,876 lacs for the current year (previous year ₹ 6,050 Lacs) on account of earlier year sales arising mainly out of finalisation of tariff pertaining to the period upto 31.03.2014.

c) Deferred tax liabilities for the period upto 31st March 2009 whenever it materializes is recoverable directly from the beneficiaries and are accounted for on yearly basis. Accordingly current year sale includes ₹ 14,611 Lacs (Previous year ₹ 11,405 Lacs) on account of deferred tax materialised relating to the tariff period upto 31st March,2009 in terms of Regulation 49 of Tariff Regulation issued vide CERC Notification No. L-1/144/2013-CERC dated 21.02.2014.



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|  |  |
|--|--|
| <p>10 CERC Regulations for tariff period 2014-19 provides for recovery of income tax from the beneficiaries by way of grossing up of return on equity with effective tax rate of the respective financial year i.e. actual tax paid during the year on the generating income. Deferred tax liability provided for the year on generating income amounting to ₹ 7,550 Lacs is accordingly accounted for as deferred tax adjustment against deferred tax liability as the same would get adjusted in effective tax rate in future period and the same is presented as a deduction from the deferred tax liability.</p> <p>11 Out of the Initial Public Offering (IPO) proceeds of ₹ 6,03,855 Lacs made during financial year 2009-10, sale proceeds of ₹ 2,01,285 Lacs was paid to Ministry of Power, Govt. of India and ₹ 4,02,570 Lacs was retained by the company. The IPO proceeds has been fully utilised upto 31.03.2015.</p> <p>12 Statutory Auditors have included the following matters in Audit Report on the accounts for the year ended 31.03.2015 under "Emphasis of Matter Paragraph", without any modified opinion in respect of these matters;</p> <p>(i) Implementation of stoppage of Personal Pay Adjustment(fitment benefits) recovery 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.</p> <p>(ii) carry forward of expenditure incurred on survey &amp; investigation of projects;</p> <p>(iii) uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others;</p> <p>(iv) balances which are subject subject to reconciliation/confirmation and respective consequential adjustments;</p> <p>(v) Kotlibhel-IA project the fate of which is pending adjudication before the Hon'ble Supreme Court of India ;</p> <p>(vi) earlier adoption (duly permitted) of Guidance Note on Accounting for Rate Regulated Activities issued by the Institute of Chartered Accountants of India(ICA)</p> <p>Matters referred under para (i), (ii) &amp; (iii) were included by the Statutory Auditors under " Emphasis of Matter Paragraph" in the Audit Report for the year ended 31.03.2014 as well.</p> <p>The above points on which attention has been drawn by the auditors have been addressed as under:-</p> <p>(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 along with the Salary;</p> <p>(ii) In the opinion of the management, the projects on which survey &amp; 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;</p> <p>(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.</p> <p>(iv) In the opinion of the management, unconfirmed balances will not have any material impact.</p> <p>(v) &amp; (vi) are statements of fact.</p> <p>13 The audited accounts are subject to review by Comptroller and Auditor General of India under section 143(6)&amp; (7) of the Companies Act, 2013.</p> <p>14 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 of transferred to expenditure during construction and the principal repayment pertains to loan taken for operational projects.</p> <p>15 The Board of Directors in its meeting held on 29.05.2015 has recommended final dividend of ₹ 0.60 per equity share (face value of ₹ 10/- each) for the Financial Year 2014-15(including interim dividend of ₹ 0.20 per equity share(face value of ₹ 10/- each) for the Financial Year 2014-15 declared in the 380th meeting held on 16.01.2015).</p> <p>16 Figures for the previous period/year have been re-grouped/re-arranged/re-cast wherever necessary.</p> <p>17 Figures of the quarter ended 31.03.2015 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.</p> | <p>For and on behalf of the Board of Directors of<br/>NHPC Limited</p>  <p>(JAYANT KUMAR)<br/>DIRECTOR(FINANCE)<br/>DIN -03010235</p> |
| <p>Place : New Delhi<br/>Date : 29.05.2015</p>   |  |



Mr. Jayant Kumar  
Director (Finance)  
NHPC Ltd  
NHPC Office Complex,  
Sector-33, Faridabad-121003

July 09, 2015

Dear Sir,

**Credit rating for the debt instruments of Rs. 4,766 crore**

Please refer to our letters dated July 08, 2015 on the above subject.

2. The rationale for the rating is attached as **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our monthly journal, 'CAREVIEW'.
3. A write-up (brief rationale) on the above rating is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - II**.
4. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by July 11, 2015 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

[Akanksha Chadha]  
Analyst  
akanksha.chadha@careratings.com

[Sudhir Kumar]  
Asst. General Manager

sudhir.kumar@careratings.com

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CIN-L67190MH1993PLC071691



**Annexure I**  
**Rating Rationale**  
**NHPC Ltd (NHPC)**

**Ratings**

| Instruments                         | Amount (Rs. crore) | Ratings <sup>1</sup> | Remarks    |
|-------------------------------------|--------------------|----------------------|------------|
| Proposed Long-Term Bonds (T-Series) | 1,475              | CARE AAA (Triple A)  | Assigned   |
| Long-term Bonds (Q-Series)          | 1,266              | CARE AAA (Triple A)  | Reaffirmed |
| Tax-free Bonds                      | 1,000              | CARE AAA (Triple A)  | Reaffirmed |
| Long-Term Bonds (S-Series)          | 1,025              | CARE AAA (Triple A)  | Reaffirmed |

**Rating Rationale**

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

Going forward, completion of the ongoing capex plans within the time and cost estimates and its ability to achieve timely collection of dues from its off-takers shall be the key rating sensitivities.

**Background**

NHPC Limited, a 'Miniratna' and Govt of India (GoI) enterprise, was incorporated in 1975 with an objective to plan, promote and organize an integrated and efficient development of hydroelectric power in the country. The company is the largest hydro power generating company in the country with a total aggregate installed capacity of 4,987MW as on March 31, 2015. The total installed capacity including capacity of its subsidiary NHDC Ltd (1520 MW) (rated CARE AAA) stood at 6,507MW representing nearly 16% of aggregate hydro power capacity of India which stood at 41,267 MW as on March 31, 2015. NHPC (standalone) currently operates 18 hydropower stations in country with single largest capacity of 690 MW in J&K. The company has consistently been rated 'Excellent'/'Very Good' as per MOU with Ministry of Power for achieving the power generation targets.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Publications

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#### Credit Risk Assessment

##### ***Government support and majority ownership by Govt***

The majority stake in NHPC is held by Govt. of India. (Govt held 85.96% stake in NHPC as on March 31, 2015). The Govt has consistently supported the company which is evident from pre IPO share capital of Rs.11,182cr. The company is further supported by Govt by way of longer dated subordinated debt to fund the strategically important projects with repayment period of 25-30 years, long moratorium of 6-12 years and concessional interest rate ranging from 1%-4%.

NHPC's management consists of an experienced team of professionals having considerable experience in fields like design & engineering, project implementation, project finance, human resources etc. It is a 'Miniratna Category-I' company, a status that gives considerable strategic and operational autonomy and enhanced financial powers to set up joint ventures, subsidiaries etc.

##### ***Healthy operational efficiency of power stations***

During FY15 out of the total 18 existing power stations, 15 stations exceeded their respective Plant Availability Factor (PAF) targets for "Excellent" MOU rating. Also, 15 power stations registered higher PAF than the normative PAF prescribed by Central Electricity Regulatory Commission (CERC). The Plant Availability Factor (PAF) for operating power stations was healthy and stood at 77.3% in FY15. Further NHPC's aggregate power generation through its 18 operating power stations stood at 22,038 Million Units (MUs) as against 18,386 MUs in FY14.

##### ***Healthy collection efficiency though poor financial health of offtakers remains a concern***

The poor financial health of many of the state distribution utilities continues to remain a cause of concern for the power generating companies including NHPC. The higher level of Aggregate Transmission and Commercial (AT&C) losses, the rising power purchase costs and the absence of cost reflective tariff regimes have put a strain on the financial position of some of the state distribution utilities. The collection efficiency for NHPC has seen a moderation in FY15 largely attributable to increase in receivable from one of the northern utility. However, the company is taking steps to ensure faster realization of the said receivables.

##### ***Revenue visibility backed by assured returns based on the CERC fixed tariffs***

The tariffs for each power station of NHPC are determined by CERC. The tariff is determined by referring to Annual Fixed Charges (AFC), which comprise of interest on loan, depreciation, interest on working capital, operation & maintenance expenses and Return on Equity (ROE) @15.5%. The ROE is grossed-up with reference to the applicable income tax rate so as to recover income tax incidence. 50% of AFC are recoverable upon achieving the design energy while the balance is recoverable on achieving the Normative PAF which has been prescribed for each power station by CERC. CERC has notified the final tariff regulations for FY14-19, which has lowered overall incentives for central generation PSUs. However, CERC has provided some relief to CPSU generators in terms of PAF based recovery of fixed cost and complete pass through of water charges and capital spares.

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***Comfortable financial risk profile with healthy liquidity position***

NHPC has a comfortable capital structure characterized by an overall gearing of 0.72x as on March 31, 2015 which improved from 0.79x as on March 31, 2014. The improvement in gearing was primarily attributable to the repayment of debt, the increase in the net worth due to accretion of profits to reserves. The total debt to GCA improved from 8.04x in FY14 to 5.56x in FY15. The company's interest coverage ratio improved from 4.13x in FY14 to 4.41x during FY15 on account of lower finance cost in FY14. The liquidity position of the company also continued to remain comfortable as reflected by cash and bank balances of Rs.5,422cr.as on March 31, 2015. In FY14 the company had charged the cumulative borrowing cost and other administrative expenses pertaining to Subansiri Lower Project to P&L Account in line with the opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI). However, in FY15, the company has adopted the Guidance Note on Accounting for Rate Regulated Activities by the ICAI. Pursuant to the said guidance note, the company has recognized regulatory assets amounting to Rs.521cr for FY15 and Rs.1108cr up to the period ended March 31, 2014, in respect of Subansiri Lower Project.

***Established track record in implementing hydroelectric projects***

NHPC has wide experience and expertise in implementing hydro projects which provide it significant competitive advantage. The company has a strong design and engineering base with in-house expertise in geology, geo-physics, geo-technics, construction and material surveys. Its engineering capabilities range right from the stage of conceptualization till the commissioning of projects. NHPC's strong project management skills are demonstrated with completion of the projects in the toughest of the terrains in regions like J&K, Himachal, North East, etc. The company's project management team is well supported by international and domestic project consultants.

***Risks related to projects under implementation***

NHPC is currently implementing 4 hydro projects with an aggregate installed capacity of 3,290 MW in the states of J&K, Himachal Pradesh, Arunachal Pradesh and West Bengal. The total estimated cost for these projects is Rs.23,033cr. to be funded in debt to equity mix of 70:30. The company has already incurred a cost of Rs.18,497 crore on the projects financed by debt of Rs.12,948 crore and equity/internal accruals of Rs.5,549 crore. This apart, five projects with an aggregated capacity of 4,995 MW are awaiting clearances/government approval for their implementation.

The work at Subansiri Lower project (2000 MW) of the company is interrupted since December 2011 due to agitation launched by various activists in Assam. However, a Project Oversight Committee (POC) consisting of experts from Assam and GoI had been constituted to examine and resolve the various issues relating to the project.

The majority of NHPC projects are situated in remote areas with a range of geological, logistical, climatic, technological and local challenges, thereby exposing it to project execution-related risks. However, with its strong and efficient team of professionals, the company over the years has successfully managed to

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develop and implement 20 power stations, including two power stations through its subsidiary, NHDC. The average gestation period for the company's projects is nearly 8 years. Furthermore, the company's favorable capital structure and consistent cash flows from the operations provides reasonable cushion in terms of availability of the funds for meeting the capex requirements.

#### Prospects

The demand supply gap for power in the country depicted by base and peak deficit has narrowed down in FY15 due to capacity addition translating into higher growth in supply, slowdown in demand especially from the industry segment and reluctance from off-takers (DISCOMs) to purchase power beyond certain cost due to their weak financial position. Long term improvement in DISCOMs financial health would largely depend upon improvement in operating efficiency and robust regulatory environment.

The deteriorating hydro-thermal mix and increase in peaking shortages forced policymakers to turn their attention towards water resources and developing hydro power. Besides this, India's huge untapped hydro potential provides NHPC, the opportunities for adding to its capacities going forward. Furthermore, current power deficit scenario in the country and priority of low-cost hydro power in the merit order dispatch augurs well for the prospects of NHPC.

#### Financials

(Rs. Cr)

| Y.E. Mar.31,              | 2013     | 2014     | 2015     |
|---------------------------|----------|----------|----------|
|                           | (12m, A) | (12m, A) | (12m, A) |
| <b>Working Results</b>    |          |          |          |
| Income from Operations    | 6,140    | 6,923    | 8,070    |
| PBILDT                    | 4,061    | 4,212    | 5,201    |
| Interest                  | 384      | 1,022    | 1,179    |
| Depreciation              | 1,010    | 1,235    | 1,447    |
| PBT                       | 3,192    | 1,536    | 2,752    |
| PAT                       | 2,348    | 979      | 2,124    |
| Gross Cash Accruals       | 3,566    | 2,472    | 3,566    |
| <b>Financial Position</b> |          |          |          |
| Equity Share capital      | 12,301   | 11,071   | 11,071   |
| Net Worth                 | 27,573   | 25,303   | 27,491   |
| Total Debt                | 18,627   | 19,866   | 19,836   |
| <b>Key Ratios</b>         |          |          |          |
| <b>Profitability (%)</b>  |          |          |          |
| PBILDT / Total OI         | 66.14    | 60.84    | 64.44    |
| APAT / Total OI           | 38.25    | 14.14    | 26.33    |
| ROCE                      | 7.30     | 6.45     | 7.92     |
| <b>Solvency(times)</b>    |          |          |          |
| Debt Equity Ratio         | 0.68     | 0.79     | 0.72     |

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| Y.E. Mar.31,                  | 2013     | 2014     | 2015     |
|-------------------------------|----------|----------|----------|
|                               | (12m, A) | (12m, A) | (12m, A) |
| Overall Gearing               | 0.68     | 0.79     | 0.72     |
| Interest coverage (Times)     | 10.56    | 4.13     | 4.41     |
| Term Debt/GCA                 | 5.22     | 8.04     | 5.56     |
| <b>Liquidity (times)</b>      |          |          |          |
| Current ratio                 | 1.85     | 1.74     | 1.82     |
| Quick ratio                   | 1.84     | 1.72     | 1.80     |
| <b>Turnover</b>               |          |          |          |
| Avg. Collection Period (days) | 144      | 131      | 117      |
| Avg. Inventory (days)         | 14       | 13       | 13       |
| Avg. Creditors (days)         | 34       | 25       | 22       |
| Operating Cycle               | 124      | 119      | 108      |

**Disclaimer**

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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.

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**Annexure II**

**Brief Rationale**

**CARE assigns 'CARE AAA' to the proposed bond issue of NHPC Ltd; reaffirms rating to its outstanding bonds**

**Ratings**

| Instruments                         | Amount (Rs. crore) | Ratings <sup>1</sup> | Remarks    |
|-------------------------------------|--------------------|----------------------|------------|
| Proposed Long-Term Bonds (T-Series) | 1,475              | CARE AAA (Triple A)  | Assigned   |
| Long-term Bonds (Q-Series)          | 1,266              | CARE AAA (Triple A)  | Reaffirmed |
| Tax-free Bonds                      | 1,000              | CARE AAA (Triple A)  | Reaffirmed |
| Long-Term Bonds (S-Series)          | 1,025              | CARE AAA (Triple A)  | Reaffirmed |

**Rating Rationale**

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

Going forward, completion of the ongoing capex plans within the time and cost estimates and its ability to achieve timely collection of dues from its off-takers shall be the key rating sensitivities.

**Background**

NHPC Limited, a 'Miniratna' and Govt of India (GoI) enterprise, was incorporated in 1975 with an objective to plan, promote and organize an integrated and efficient development of hydroelectric power in the country. The company is the largest hydro power generating company in the country with a total aggregate installed capacity of 4,987MW as on March 31, 2015. The total installed capacity including capacity of its subsidiary NHDC Ltd (1520 MW) (rated CARE AAA) stood at 6,507MW representing nearly 16% of aggregate hydro power capacity of India which stood at 41,267 MW as on March 31, 2015. NHPC (standalone) currently operates 18 hydropower stations in country with single largest capacity of 690 MW in J&K. The company has consistently been rated 'Excellent'/'Very Good' as per MOU with Ministry of Power for achieving the power generation targets.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Publications

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During FY15 (refers to the period April 1 to March 31), NHPC had achieved PBILDT and PAT of Rs.5,201 crore and Rs.2,124 crore respectively on a total operating income of Rs.8,070 crore.

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

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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.

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