



NHPC LIMITED

(A Government of India Enterprise)

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

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

Website: www.nhpcindia.com

Compliance Officer Mr Vijay Gupta, Company Secretary

E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com, 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 and as amended, Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.

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

OFFER LETTER FOR PRIVATE PLACEMENT OF SECURED NON-CUMULATIVE NON CONVERTIBLE REDEEMABLE TAXABLE BONDS (V2 - SERIES) IN THE NATURE OF DEBENTURES

V2 SERIES @ 7.52% p.a. of Rs. 50 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 1475 CRORE (INCLUDING GREEN SHOE OPTION) TENOR OF 10 YEARS.

ISSUE OPENS: At 09.00 hrs on 06-Jun-2017

ISSUE CLOSES: At 17.00 hrs on 06-Jun-2017

LISTING

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



TRUSTEES FOR THE BONDHOLDERS

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

REGISTRAR TO THE ISSUE

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

ARRANGERS TO THE ISSUE

Sl. No.	Name of Arranger	Address of Arranger	Contact Details
1.	AXIS BANK LIMITED	AXIS Bank Ltd. Axis House, 4th Floor, Tower 1, Sector-128, Noida-201304	9811616269 (M) 0120-6210860 (D)
2.	ICICI SECURITIES PRIMARY DEALERSHIP LIMITED	3rd Floor, NBCC Place, ICICI Bank Tower, Pragati Vihar, Bhisham Pitamah Marg, New Delhi-110003.	(91 11) 24390025/26, 24369989/90/981044 4388
3.	A. K. CAPITAL SERVICES LIMITED	609, 6th Floor, Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi - 110 001 India	(011) 23739628
4.	DARASHAW & CO PVT LTD	A-238, 2nd Floor, Defense Colony, New Delhi-110024	011-46008585-90
5.	ICICI BANK	ICICI BANK LTD, CORPORATE HEAD OFFICE ICICI BANK TOWERS, BANDRA - KURLA COMPLEX BANDRA (EAST)- MUMBAI - 400051	011-42218244
6.	YES BANK	YES Bank, 48-Nyaya Marg, Chanakyapuri, New Delhi - 110021	8826311225
7.	HDFC BANK LIMITED	HDFC Bank Limited Peninsula Business Park 4th Floor, Tower B Senapati Bapat Marg Lower Parel – (W) Mumbai – 400 013	9820965008
8.	IDFC BANK LIMITED	IDFC Bank Ltd, Soodh Towers, 4th Floor, East Tower, Barakhamba Road, New Delhi-110001	Mo. 9911434600, Tel: m 011-66712018
9.	TIPSONS CONSULTANCY SERVICES PVT LTD	Tipsons Consultancy Services Pvt. Ltd. Sheraton House, Opp. Ketav Petrol Pump, Polytechnic Road, Ambawadi, Ahmedabad - 380015	+91 79 66828064
10.	KOTAK MAHINDRA	Kotak Aerocity, Asset Area 9, 3rd	011



	BANK LIMITED	Floor, IBIS Commercial Block Hospitality District, IGI Airport New Delhi - 110037	66176000/76369/763 70/76371/886063547 1
11.	TRUST INVESTMENT ADVISORS PRIVATE LIMITED	912-915, 9th Floor, Tolstoy Marg, New Delhi – 110001	011 43554098

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.



TABLE OF CONTENTS

INDEX	TITLE	PAGE NO.
	Definition / abbreviations	7-9
	Authority to Issue and DISCLAIMER	10-12
1	GENERAL INFORMATION	
a & b)	Issuer Information and Date of Incorporation	13-16
i)	Name of the Issuer	
ii)	Date of Incorporation	
iii)	CIN No.	
iv)	Registered Office & Corporate Office of the Issuer	
v)	Compliance Officer of the Issuer	
vi)	CFO of the Issuer	
vii)	Arrangers, if any, of the instrument	
viii)	Trustee of the issue	
ix)	Registrar of the issue	
x)	Credit Rating Agency(ies) of the issue	
xi)	Auditors of the Issuer	
xii)	Name of Banker	
c)	A brief summary of the business / activities of the Issuer and its line of business	17-42
i)	Overview	
d) & e)	Organisation Structure & Management of the Company	43-49
i)	Organisation Structure	
ii)	Details of the current directors of the Company	
iii)	Details of change in directors since last 3 years	
f)	Management's Perception of Risk	50-71
g)	Details of Default	71
h)	Details of Willful Defaulter	71
i)	Details of Nodal/Compliance Officer of The Company	71
2(i)	TERM SHEET	72-80
2(ii)	OTHER PARTICULARS RELATED TO OFFER	81-96
I	Corporate guarantee issued by the Issuer along with the name of the counterparty	
II	Details of Commercial Paper	
III	Details of Rest of the borrowing	
IV	Details of all default/s and/or delay in payment of interest and principal of any kind by the Company in the last 5 years	
V	Details of any outstanding borrowings taken / debt securities issued (i) For consideration other than cash, whether in whole or part,	



	(ii) At a premium or discount, or (iii) In pursuance of an option	
VI	Details of Promoters of the Company	
i)	Details of Promoter Holding in the Company as on the latest quarter end	
VII	Abridged version of Audited Consolidated (wherever available) and Standalone Financial Information for last 3 years and auditor qualification, if any.	
VIII	Abridged version of Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information and auditor qualification, if any.	
IX	Any material event / development or change having implications on the financials / credit quality	
X	Name of Debenture Trustee	
XI	Credit rating letter / detailed rating rationale issued by the credit rating agency/ies	
XII	Details of Guarantee / letter of comfort, if any	
XIII	Consent letter from the Debenture Trustee	
XIV	Name of Stock Exchange where debt securities are proposed to be listed	
XV	Other details	
i)	DRR creation – relevant regulations and applicability	
ii)	Issue / Instrument specific regulations – relevant details (Companies Act, RBI guidelines etc.)	
iii)	Application process	
3	DISCLOSURE WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.	96-142
i)	Financial or other material interest of Directors, Promoters or Key Managerial Personnel.....	
ii)	Details of litigation and legal action pending or taken by any Ministry or Department of the Government.....	
iii)	Remuneration of Directors.....	
iv)	Related party transactions.....	
v)	Summary of Reservation or Qualification or Adverse remarks of Auditors in the last 5 Financial Years.....	
vi)	Details of any inquiry, inspections or investigation initiated.....	
vii)	Details of acts of material frauds committed.....	
4	FINANCIAL POSITION OF THE COMPANY	142-175
a)	Capital Structure of NHPC	
b) & c)	Profits of last 3 Years of NHPC	
d)	Summary of Financial Position of NHPC	
e)	Cash Flow Statement of last 3 Years of NHPC	
f)	Change in Accounting Policies	
g)	Key Operational and Financial Parameters	



h)	Debt Equity Ratio prior to and after Issue of Debt Securities	
i)	Project cost and means of financing	
j)	Details of the auditors of the Company	
k)	Details of the Borrowings of NHPC	
5	ANNEXURES	1-16
	DECLARATION	
	Credit Rating Letter from India Rating & Research	
	Credit Rating Letter from CREDIT ANALYSIS RESEARCH LTD.	
	Board resolution & Shareholder's approval	
	Consent letter from Trustee	
	Statement of Audited Financial Results published for the year ending 31 st December, 2016	



I .Definition / Abbreviations

Issuer Related Terms

Term	Description
Articles of Association or Articles	The articles of association of the Company, as amended from time to time
Auditors	The Joint Statutory Auditors of the Company are <ol style="list-style-type: none"> 1. M/s Ray and Ray, Kolkata, West Bengal 2. M/s Gupta Gupta and Associates, Jammu, Jammu & Kashmir 3. M/s S N Dhawan and Co. LLP, New Delhi
Board or Board of Directors	The Board of Directors of the Company
Directors	The Directors of the Company
Memorandum of Association or Memorandum	The memorandum of association of the Company, as amended from time to time
Promoter	The President of India, acting through the Ministry of Power, Government of India
Registered Office	The registered office of the Company, which, as at the date of this Disclosure Document, is located at NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India

Conventional and General Terms

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



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

Technical and Industry Related Terms

Term	Description
AFC	Annual Fixed Charges
Bonds	Secured Non Cumulative Non Convertible Redeemable Taxable Bonds (V2 Series) in the nature of Debentures to be issued @ 7.52 % 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	Offer Letter dated 6th June, 2017 as prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as further amended, Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation of India Limited
PPA	Power Purchase Agreement
REC	Rural Electrification Corporation Limited
Registrar	Registrar to the issue, in this case RCMC Share Registry Private Limited
RoR	Run-of-the-river
SCADA	Supervisor Control and Data Acquisition
SEB(s)	State Electricity Board(s) and their successor(s), if any, including those formed pursuant to restructuring/unbundling
SERC	State Electricity Regulatory Commission
The issue/The offer/Private Placement	Private Placement of Secured Non Cumulative Non Convertible Redeemable Taxable Bonds (V2 Series) in the nature of Debentures to be issued at 7.52 % p.a.
Tripartite Agreements	Tripartite Agreements executed among the GoI, RBI and the respective State governments
Unit	1 KWh, i.e. the energy contained in a current of one thousand amperes flowing under an electromotive force of one volt during one hour



AUTHORITY TO THE ISSUE

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

The following resolutions were passed by the Shareholders:-

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

In line with the above special resolution passed, the present issue of V series Secured, Redeemable, Taxable and Non-Convertible Debentures / Bonds through Private Placement basis was approved by the Board of Directors of NHPC in 398th meeting held on 18.11.2016 for raising funds up to Rs 2250 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 (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.

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

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Offer Letter has not been approved by Securities & Exchange Board of India (SEBI). The debentures have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Offer Letter. It is to be distinctly understood that Private Placement Offer Letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in Private Placement Offer Letter. Pursuant to rule 14 (3) of the Companies (Prospectus and Allotment of Securities)



Rules, 2014, the company shall maintain a complete record of private placement offers in FORM PAS-5. A copy of such records along with the Private Placement Offer Letter in the form of FORM PAS-4 shall be filed with the Registrar of Companies, along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014 and with SEBI within a period of (30)thirty days of circulation of the Private Placement Offer Letter. However SEBI reserves the right to take up at any point of time, with Issuer, any irregularities or lapses in Private Placement Offer Letter.

DISCLAIMER OF THE JURISDICTION

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

DISCLAIMER OF THE ISSUER

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

DISCLAIMER OF THE STOCK EXCHANGE

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



and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER OF THE ARRANGERS TO THE ISSUE

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

DISCLAIMER OF THE DEBENTURE TRUSTEE

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



1. GENERAL INFORMATION

a) & b) Issuer Information and Date of Incorporation

i. Name of the Issuer

NHPC LIMITED

ii. Date of Incorporation

November 7, 1975

iii. CIN No.

L40101HR1975GOI032564

iv. Registered Office & Corporate Office of the Issuer

NHPC LIMITED

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

www.nhpcindia.com

Tel: **(0129) 2270603, 2250591, 2278018**

Fax: **(0129) 2270902**

v. Compliance Officer of the Issuer

Mr. Vijay Gupta

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

Tel: +91 129 227 8018

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

vi. CFO of the Issuer

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

Tel: +91 129 227 8021

Email: dir-fin@nhpc.nic.in



vii. Arrangers of the instrument

Sl. No.	Name of Arranger	Address of Arranger	Contact Details
1.	AXIS BANK LIMITED	AXIS Bank Ltd. Axis House, 4th Floor, Tower 1, Sector-128, Noida-201304	9811616269 (M) 0120-6210860 (D)
2.	ICICI SECURITIES PRIMARY DEALERSHIP LIMITED	3rd Floor, NBCC Place, ICICI Bank Tower, Pragati Vihar, Bhisham Pitamah Marg, New Delhi-110003.	(91 11) 24390025/26, 24369989/90/9810 444388
3.	A. K. CAPITAL SERVICES LIMITED	609, 6th Floor, Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi - 110 001 India	(011) 23739628
4.	DARASHAW & CO PVT LTD	A-238, 2nd Floor, Defense Colony, New Delhi-110024	011-46008585-90
5.	ICICI BANK	ICICI BANK LTD, CORPORATE HEAD OFFICE ICICI BANK TOWERS, BANDRA - KURLA COMPLEX BANDRA (EAST)- MUMBAI - 400051	011-42218244
6.	YES BANK	YES Bank, 48-Nyaya Marg, Chanakyapuri, New Delhi - 110021	8826311225
7.	HDFC BANK LIMITED	HDFC Bank Limited Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg, Lower Parel – (W), Mumbai – 400 013	9820965008
8.	IDFC BANK LIMITED	IDFC Bank Ltd, Soodh Towers, 4th Floor, East Tower, Barakhamba Road, New Delhi-110001	Mo. 9911434600, Tel:m 011- 66712018
9.	TIPSONS CONSULTANCY SERVICES PVT LTD	Tipsons Consultancy Services Pvt. Ltd. Sheraton House, Opp. Ketav Petrol Pump, Polytechnic Road, Ambawadi, Ahmedabad - 380015	+91 79 66828064
10.	KOTAK MAHINDRA BANK LIMITED	Kotak Aerocity, Asset Area 9, 3rd Floor, IBIS Commercial Block Hospitality District, IGI Airport New Delhi - 110037	011 66176000/76369/7 6370/76371/88606 35471
11.	TRUST INVESTMENT ADVISORS PRIVATE LIMITED	912-915, 9th Floor, Tolstoy Marg, New Delhi – 110001	011 43554098

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 BandraKurla Complex (E)
Mumbai 400051

b) Credit Analysis & Research Ltd.

13th 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 Ray and Ray,
Chartered Accountants,
WebelBhawan, Ground Floor,
Block-EP & GP, Sector-V,
Bidhannagar, Salt Lake,
Kolkatta-700091
- b) M/s Gupta Gupta and Associates,
Chartered Accountants,
142/3, Trikuta Nagar,
Jammu Tawi - 180012,
Jammu & Kashmir



c) M/s S N Dhawan and Co. LLP,
Chartered Accountants,
410 AnsalBhawan,
16 Kasturba Gandhi Marg,
New Delhi-110001.

xii. Banker of the Issue

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



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

Overview

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

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

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

We are presently engaged in the construction of 3 no. hydroelectric projects with aggregate capacity of 3130 MW. 1 No. JV project i.e. 1000 MW Pakal Dul HE project under M/s. CVPPL has been sanctioned by Gol and major work are to be awarded by M/s. CVPPL. We are awaiting government sanction for a further five projects with an anticipated capacity of 4,995 MW. In addition, we are awaiting government sanction for 4 Nos. joint venture and subsidiary projects with an anticipated capacity of 2000 MW. Survey and investigation works are being carried out to prepare project proposal reports for three additional projects, totaling 1160 MW of anticipated capacity. Besides this, Agreement has been signed on 03.07.2015 for development of 4 hydro project of total capacity of 293 MW in West Bengal, on ownership basis.

Besides hydro power development, NHPC has also taken up Wind, Solar and Thermal projects. NHPC has taken development of 2 Wind Projects of 84MW (i.e. 72MW in Kerala, 12MW in Andhra Pradesh), 2 Solar Projects of 82 MW (i.e. 50MW in Tamil Nadu, 32 MW in UP in JV mode) another solar project of 50 MW in Kerala is under consideration and 1 Thermal Project of 1320MW in JV mode are under clearance/PIB stage.

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



August 1, 2000 to take advantage of the hydroelectric potential of the Narmada river basin. The Company has been actively pursuing business development and has entered into various agreements for expanding its business portfolio. Five projects totaling 3000 MW are to be implemented as Joint Ventures in India and abroad.

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

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

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

NHPC is pursuing with Govt. of Bihar for extension of MoU & decision with regard to equity funding.

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

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

We have the required expertise & experience in the design, development, construction and operation of hydroelectric projects. We execute and manage all aspects of projects, from front-end engineering design to commissioning and operation & maintenance of the project. We have also been engaged as a project developer for certain projects where our scope of work was to



design, develop and deliver a hydroelectric power station to a client on an agency basis. We also provide contract-based technical, management advisory and consultancy services to domestic and international clients.

Based on our audited financial statements, in Fiscals 2014, 2015 and 2016 we generated total income (excluding exceptional items) of Rs. 6993.99 Crore, Rs. 7663.58 crores and Rs. 8353.82 crores respectively, and further as per Unaudited Accounts as on 31.12.2016 company has generated total income of Rs. 7124.85 crores.

The company earned a net profit of Rs. 978.79 crore, Rs.2124.47 and Rs. 2440.14 crores respectively, in Fiscals 2014, 2015 and 2016 and Net Profit of Rs. 2627.17crs has been earned for the period ending as on 31.12.2016 in FY 2016-17.

In FY 2016-17 as on 31.12.2016, we derived Rs. **5816.06** crore i.e 81.63 % 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 2014, 2015 and 2016 were 77.7%, 77.3% and 81.60% respectively.

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

We have obtained OHSAS 18001:2007, ISO 9001:2008, 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 MoU system of Gol, we enter into MoU with MoP on an annual basis. The Gol has rated our performance as "Excellent" from Fiscal 1995 through to Fiscal 2006, "Very Good" in Fiscal 2007, "Excellent" in Fiscal 2008, "Very Good" in Fiscal 2009, 2010, 2011, 2012 & 2013 "Good" in Fiscal 2014. Performance rating for the Fiscal 2015& 2016 is "Very Good". Also, in recognition of our performance, we were designated as a Mini-Ratna Category-I public sector undertaking in April 2008. As a Mini-Ratna Category-I entity, we have autonomy to undertake new projects having project cost of upto Rs. 500 crs. without Gol approval.

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



Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Established track record in implementing hydroelectric projects:

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

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

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

Survey and Geological Investigation Capabilities:

Survey and Investigation is one of the most important aspects of hydropower Project which has direct impact on timely completion of project in a cost effective manner. NHPC is equipped with latest technologies/instruments to undertake detailed topographic survey. The company has expertise in carrying out exploratory drilling in difficult terrains (mountainous/riverbed) required for sub surface exploration of hydropower projects.

NHPC has a very strong in-house team of experienced geologists, geophysicists and research personnel capable of providing engineering geological and geotechnical solutions for hydropower projects right from inception to commissioning. Entire spectrum of geological, geophysical, geotechnical and construction material investigations as per guidelines of ISRM/BIS which are mandatory for preparation of PFR/FR/DPRs, can be handled by the team. The team also caters to requirements for obtaining mandatory clearances from various Govt. agencies like GSI, CEA, CWC, CSMRS etc. Construction stage geological monitoring and collection of geological data is done continuously which helps in resolving issues during construction in an expeditious manner. The in-house team also contributes in resolving the issues pertaining to geological/geotechnical aspects during post commissioning stage of the projects and also renders services for resolution of geotechnical issues for various consultancy assignments taken up by NHPC from time to time. NHPC has a full-fledged Engineering Geophysics unit which is capable of carrying out almost all kinds of geophysical investigations for hydropower projects such as seismic refraction, resistivity imaging, seismic tomography, tunnel seismic prediction, inclinometer survey, blast vibration monitoring, site specific seismic design parameter studies for projects and their clearances from



NCSDP etc. For post construction seismic monitoring, Strong Motion Accelerographs (SMAs) are installed at all the operating power stations covering the entire Himalayan belt.

A fully-equipped geotechnical lab is functional within this Division to carry out laboratory rock mechanic tests and petrographic analysis. Moreover, a sophisticated remote sensing lab has also been developed with capabilities to generate topographic survey maps from satellite imagery/DEM and to supplement field geological data in inaccessible areas. Recently, a Real Time Seismic Data Center has been established at Corporate Office for centralized online monitoring of all the accelerographs installed at the power stations.

Extensive Experience in Construction and operation:

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

Strong financial position:

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

Strong operating performance:

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

Strong in-house design and engineering team:

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



Our Strategy

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

The following are our strategies to achieve this vision:

Expand our installed capacity through Joint Ventures and MoUs:

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

A 32 MW Solar Power Project in UP is being taken up under Joint Venture with Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA). For this a Subsidiary company “Bundelkhand Saur Urja Limited” has been formed. Another solar project of 50 MW in Kerala is under consideration. Request for providing concessions to Project, for commercial viability has been made to MoP and MNRE. NHPC is envisaging development of 50MW Solar Power Project in Tamil Nadu. Energy Purchase Agreement was signed with TANGEDCO on 05.10.2016 at Chennai.

DPR for wind power project in Kerala for installed capacity of 72 MW has been prepared through National Institute of wind energy (NIWE). DPR submitted by NHPC to Govt. of Kerala. Signing of PPA is awaited. EPC bids for 16MW Wind Power Project in Andhra Pradesh has been invited.

Promote and develop our consulting and advisory services:

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

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



We aim to continue to deliver advisory services to clients and government entities in India and abroad.

Continue to expand our international activities:

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

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

NHPC was entrusted with the work of preparing DPRs of Chamkharchhu-I H.E. Project (770 MW) and PFR of KuriGongri H.E. Projects in Bhutan by the Ministry of Power. We have submitted the DPR & PFR of both the projects. Further the execution of Chamkharchhu-I HE Project is also entrusted to NHPC in JV mode with Govt. of Bhutan which is in advance stage of finalization.

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

NHPC had also been assigned the work of RMU of Varzob-I H.E. Project in Tajakistan under a tripartite agreement signed between MEA, BHEL & NHPC. NHPC has completed it successfully. NHPC has completed the Management consultancy contract for Ethiopian Electric Power Corporation (EEPCo), Ethiopia in consortium with Powergrid and BSES Rajdhani Power Limited (BRPL).

Maintain our focus in environmental and corporate social responsibility:

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

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

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



Our Operations by Segment:

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

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

(Rs. in Crore)

Power Stations	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Sales (Net)	7346.77	6736.64	5335.11	5049.13	5509.65
Revenue from Contracts, Project Management and Consultancy Works	34.22	47.53	86.39	116.27	145.04
Interest on Power Bonds	19.05	42.87	66.35	89.81	113.41
Other Income	953.78	836.54	1506.14	1044.21	953.78
Total	8353.82	7663.58	6993.99	6299.42	6721.88

Our Hydropower Generation Business:

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

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

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



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

Stage-III: Final sanction and project construction

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

Completed Projects:

We have set forth below the details of all our completed projects, including joint venture project:
(Rs. in crore)

Power Station	State	Installed Capacity (MW)	Year of Commissioning	Revenue Generated in Fiscal 2017 as on 31.12.2016 from Sale of Power (Rs. in Crore)
BairaSiul	Himachal Pradesh	180	1981	100.33
Loktak	Manipur	105	1983	146.25
Salal	Jammu & Kashmir	690	1987/1995	622.94
Tanakpur ¹	Uttarakhand	120	1992	113.17
Chamera I	Himachal Pradesh	540	1994	305.70
Uri I	Jammu & Kashmir	480	1997	422.35
Rangit	Sikkim	60	2000	93.38
Chamera II	Himachal Pradesh	300	2004	232.43
Dhauliganga	Uttarakhand	280	2005	239.47
Dulhasti	Jammu & Kashmir	390	2007	947.59
Teesta V	Sikkim	510	2008	475.99
Sewa II	Jammu & Kashmir	120	2010	150.27
Chamera III	Himachal Pradesh	231	2012	342.51
Chutak	Jammu & Kashmir	44	2013	70.21
TLDP-III	West Bengal	132	2013	303.58
NimmoBazgo	Jammu & Kashmir	45	2013	124.48
Uri II	Jammu & Kashmir	240	2014	590.33
Parbati-III	Himachal Pradesh	520	2014	355.10
TLDP-IV	West Bengal	160	2016	133.10
Wind Power Project-Jaisalmer	Rajasthan	50	2016	1.38



Total				5770.55
Add : AAD				45.51
Total Sales				5816.06
Completed Projects with NHDC				
Indira Sagar	Madhya Pradesh	1000	2005	634.56
Omkareshwar	Madhya Pradesh	520	2007	364.27
Total				998.83
Grand Total				6814.89
<i>Note: 1 Derating of Tanakpur 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)
Parbati II (H.P.)	800	Dec'01	3,919.59	Mar'15	8398.75 ^{*1}
Subansiri Lower (Ar.Pradesh/ Assam)	2000	Dec'02	6,285.33	Feb 16	17435.15 ^{*2}
Kishanganga (J&K)	330	Sep'07	3,642.04	Jan17	5882.01 ^{*3}
Total	3130		13846.96		31715.91

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

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

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

Projects cleared but construction yet to start:

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



(IN JV, J&K)			
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1. MoP has conveyed the Cabinet Sanction of project and award of main work contracts is in progress.

Projects Awaiting Clearances:

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

S.No.	Projects	State	Proposed Installed Capacity (MW)
A. Hydro-Stand alone			
1	KotliBhel Stage IA ¹	Uttarakhand	195
2	Dibang ²	Arunachal Pradesh	2880
3	Teesta IV ³	Sikkim	520
4	Tawang I ⁴	Arunachal Pradesh	600
5	Tawang II ⁵	Arunachal Pradesh	800
		Total (A)	4995
B. Hydro – Projects in Joint Venture			
1	Loktak Downstream	Manipur (JV with Govt. of Manipur)	66
2	Kiru ⁶	J&K (JV With JKSPDC & PTC)	624
3	Kwar ⁶		540
		Total (B)	1230
C. Hydro-JV Project in Bhutan			
1	Chamkharchu-I	Bhutan (JV of NHPC & Druk Green Power Corporation)	770
		Total Hydro 9 projects (A+B+C)	6995
D. NHPC-Wind Projects (PPA Signing awaited)			
1	Wind Project	Palakkad, Kerela	72
2	Wind Project	Andhra Pradesh	12
		Total –Wind Projects	84
E. Solar Project (under PPA Signing/Award)			
1	NHPC-Solar Project	Tamil Nadu	50



2	JV-Solar Project	Kalpi, UP (JV of NHPC & UPNEDA)	32
Total – Solar Projects			82
F. Thermal Project in JV			
1	Pirpainti Thermal Power Project	Pirpainti, Bihar (JV in BSPGCL & NHPC Ltd.)	1320
Grand Total (A + B+C+D+E+F)			8481

N

otes:

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

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

2. MOEF&CC accorded Forest Clearance (ST-1) to Dibang Multipurpose Project in Arunachal Pradesh on 15.04.2015 and MoEF & CC has accorded Environment Clearance on 19.05.2015.

Earlier concurrence of Dibang Multipurpose Project was accorded by CEA for 3000 MW. Dibang Multipurpose Project was accorded Forest Clearance (ST-1) by Ministry of Environment, Forest and Climate Change on 15.04.2015 with reduction in dam height by 10 meters. The installed capacity due to reduction in Dam height shall to be 2880 MW now. Fresh DPR submitted to CEA on 15.09.2016 and concurrence meeting of CEA held on 02.05.2017. Minutes are awaited.

A case before the National Green Tribunal, Eastern Bench, Kolkata praying for scrapping of all the four hour peaking hydro electric projects of Arunachal Pradesh is pending. Further in a separate petition, the environment clearance of the project has been challenged in NGT, Kolkatta.

3. MOEF&CC has accorded environmental clearance to Teesta-IV on 09.01.2014 and Forest clearance (ST-I) on 26.02.2013. Consent under FRA 2006 was required for 10 Gram Panchayat Units (GPUs). Gram Sabha meetings have been completed for 9 out of 10 GPUs (six GPUs on left bank and three on right bank). Gram Sabha meeting for



remaining one GPU on right bank has been scheduled for 13th May 2017. An appeal challenging the Environmental Clearance accorded to the project is pending before NGT, Kolkata. The matter is in the stage of final hearing.

4. MoEF& CC vide letter dt.10.06.2011 accorded Environmental Clearance to Tawang Stage-I HE Project. Forest clearance proposal of the project was discussed by FAC on 03.05.2016, wherein FAC has desired that Muck Dumping sites and colony area be revisited. State Govt. on 27.07.2016 has submitted replies to the queries raised by FAC to MoEF&CC. MoEF&CC on 28.11.2016 in its letter addressed to Principal Secretary (Forests), GoAP has requested to submit complete compliance to FRA 2006 for all villages. Meanwhile, Government of Arunachal Pradesh conveyed approval to Resettlement & Rehabilitation plan of the project on 02.12.2016. State Govt. has submitted replies to queries raised by MoEF&CC vide its letter dated 28.11.2016 on 23.01.2017.
5. MOEF & CC has accorded environmental Clearance to Tawang (Stage-II) HE Project vide letter dated 10.06.2011 and Forest Clearance Stage-I (FC-1) vide letter dated 08.01.2014. Compliance under FRA 2006 is in process.
6. Statutory clearances available to NHPC including MOEF &CC Clearances have been transferred to JV. Earlier capacity of Kiru and Kwar were envisaged as 600 and 520 MW respectively. Appraisal by CEA accorded to Kiru and Kwar for Installed Capacity of 624 MW & 540 MW respectively.

Projects under Survey and Investigation:

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

Project	State	Proposed Installed Capacity (MW)
A. Hydro		
Bursar	Jammu & Kashmir	800
Dhauliganga Intermediate	Uttarakhand	210
Goriganga IIIA	Uttarakhand	150
Total -Hydro		1160
B. Solar		
Solar Project-under identification	Anywhere in India	150
Total		1310

Notes:



1. Earlier Bursar capacity was envisaged as 1020 MW. As per Terms of Reference (TOR) of Ministry of Environment, Forest and climate change (MoEF&CC), the capacity of Bursar is likely to be reduced to 800 MW.
2. Earlier capacity of Dhauliganga Intermediate in the implementation agreement was envisaged as 210 MW. However, as per Terms of Reference (TOR) the capacity was envisaged as 225 MW. Now as per Post PFR Studies, capacity is likely to be reduced to 210 MW.
3. Earlier capacity of Gauriganga –III A in the implementation agreement was envisaged as 120 MW. However, as per Terms of Reference (TOR) the capacity was envisaged as 165 MW. Now as per Post PFR Studies, capacity is likely to be reduced to 150 MW.

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



Specialized Government Agency Works

DEEN DAYAL UPADHYAY GRAM JYOTI YOJNA (Erstwhile RGGVY)

NHPC implemented 36 nos. Rural Electrification projects under the Xth and XIth plan scheme of DEEN DAYAL UPADHYAY GRAM JYOTI YOJNA (Erstwhile RGGVY) in various states of India on the basis of fixed agency fees i.e. 09-12% of the cost of the project. Rural electrification projects were allocated to NHPC in 27 districts spread over five states viz. West Bengal, Bihar, J&K, Chhatisgarh and Odisha at an estimated cost of approx. Rs. 2700 crores. Out of 36 projects, works have been completed in 35 nos. projects except Leh project in J&K.

Major achievements of Rural Electrification works till 31.03.2017 are as under:

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

Rural Road Projects under Pradhan Mantri Gram SadakYojna (PMGSY):

An MOU was signed among NHPC, Ministry of Rural Development, Government of India and Government of Bihar for the construction of rural roads in six districts namely Vaishali, Muzaffarpur, Sitamarhi, East Champaran, Sheohar and West Champaran of Bihar under the Pradhan Mantri Gram SadakYojna (PMGSY). Under the scheme, NHPC awarded the works for execution of 758 roads spread over 06 districts and having cost of Rs. 1725.65 Crores. Till 31.03.2017, 752 roads having 3076 km length have been completed. Further, construction of balance 06 roads (05 roads in Vaishali district and 01 road in Sheohar district) are under progress.

As per the Tripartite Agreement, maintenance of all 758 roads are to be carried out for five (05) years after completion of their construction. Out of 752 roads already completed, maintenance period of five years of 570 roads covering 2395 km of road length is over, while 182 roads having 681 km of road length are under maintenance period.

Design and engineering:

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

Civil and hydro mechanical design:

This aspect of the project includes:



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

Geological and geotechnical engineering:

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

Electrical and mechanical design:

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

Assessing power potential, plant capacity and energy based on inputs like hydrological series etc.

Framing of Technical Specifications for E&M Works.

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. However, EPC (Turnkey) Contracts are considered, wherever appropriate.



Operation and maintenance:

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

Automation of stations:

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

Sale of Energy

Tariffs:

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

Tariff are determined by reference to AFC, which comprise of return on equity, depreciation, interest on loan, interest on working capital, operation & maintenance expenses. The AFC is recoverable as primary energy charges and capacity charges. Recovery of capacity charges dependent on the actual availability of our machines for generating power. Capacity charge is determined by reference to the NAPAF, which has been prescribed for each project based on the nature of the project 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 Gol allocates the output of each of our stations among the station's customers. Each of our power stations has PPAs with its customers. Under the terms of the PPAs, we are obliged to supply electricity to SEBs or their successor entities, private distribution companies and other Gol entities in accordance with the terms of the allocation issued by the Gol from time to time. The power supplied to customers is billed as per tariff regulations issued by CERC. The 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. The sale of power from various projects is regulated as per allocation of power issued by MoP, Gol.

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

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 Gol 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 Gol 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 as amended 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 previously had problems recovering payments from SEBs and other state government entities; however, in 2001, the MoP, and the state entities established a scheme of One Time Settlement. Pursuant to the One Time Settlement, the Gol, on behalf of the central sector power utilities, executed Tripartite Agreements with the RBI and the state governments valid up to 31.10.2016, 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. Since Tripartite Agreements have expired on 31.10.2016, the matter has vigorously been pursued with Ministry of Power for extension of Tripartite Agreements with respective State Govt.

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 except DTL –Long Term Advance (Matured on September 30, 2016).

Research and Development:

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

- Measures are being undertaken for installing arrangements for monitoring of cavitation in all the Power Stations and Teesta-V shall be the first Power Station to have the same. This system shall be helpful in timely maintenance of the machines and shall prolong their life span.
- In order to reduce down time of turbines during maintenance provision of installation of bolted runner is being studied. This shall help in increasing the revenue of the company.
- For optimization of the performance of Power Stations, Energy Audit of all NHPC Power Stations are being conducted regularly and energy saving measures are being implemented in a phased manner.
- **Remote sensing based sedimentation studies for Teesta-IV Hydroelectric project of NHPC Ltd:** The study of Four year duration starting from November 2016 will undertake the basic resource mapping of the catchment area like soils, land use/cover and geological features including landslides. These inputs will be used in a soil erosion model to predict the sediment outcome from the catchment area. Besides above, the temporal satellite data will be used to monitor the dam site to understand the sedimentation and will be compared with historical records.
- **Research work of “Development of High Performance Concrete using Polymer and Fiber”** was completed within scheduled time. This work was conducted with the help of National Council of Cement and Building Material (NCCBM) Faridabad. Erosion of concrete in the glacis of spillway is a very complex phenomenon which involves cavitation, abrasion and impact. The test result indicates that high strength hybrid polypropylene fiber reinforced concrete may give better performance in such conditions.
- **Integrated 1-D and 3-D Mathematical model studies for reservoir sedimentation of Teesta-IV HE project, Sikkim** was completed within scheduled time. This research work was conducted with the help of Central Water and Power Research Station(CWPRS) Pune to estimate the sediment deposit and flow velocity pattern in the reservoir by maintaining reservoir level at Full Reservoir Level and Rule curve for Reservoir operation.



Clean Development Mechanism

We are in the process of securing benefits from our hydropower projects under the clean development mechanism (“CDM”) scheme pursuant to the United Nations Framework Convention on Climate Change of 1994. Under this scheme, an industrialized country that wishes to get credits from a CDM project must obtain the consent of the developing country hosting the project to claim such credit and confirm that the project will contribute to sustainable development. Then, using methodologies approved by the CDM Executive Board, the applicant must make the case that if the carbon project would not have happened then there should be absent such benefits, and must establish a baseline estimating the future emissions in the absence of the registered project. The case is then validated by a third party agency, called a Designated Operational Entity, to ensure the project results in real, measurable, and long-term emission reductions.

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

Nimmo Bazgo (3X15 MW) and Chutak (4X11 MW) Projects located in Jammu & Kashmir state have been registered by the CDM Executive Board of the United Nations Framework Convention on Climate Change (UNFCCC). The Nimmo Bazgo and Chutak projects shall annually reduce emissions of approximately 187,893 metric tons of CO₂ equivalent and 166,831 metric tonne of CO₂ equivalent respectively. However, CDM Registration of these projects is being revised under the new isolated grid methodology which may be suitably fit in these projects to incorporate the change in connectivity of these projects from National Grid to Local Isolated Grid. In this regard, tendering process for hiring of consultant for revision of CDM methodology and verification issuance for sale of CERs for Nimmo Bazgo and Chutak Power Stations is under progress.

Validation, assistance in registration and annual verification for first five monitoring years in respect of 50MW wind project in Jaisalmer, Rajasthan under CDM of UNFCCC has been awarded to M/S MITCON Consultancy and Engineering Services Ltd, Pune, (MH)

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



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

At present Uri-II, Parbati-II, Parbati-III and TLDP-IV are successfully listed in VCS APX registry and now Uri-II and Parbati-III Power Stations are under verification process.

Information and Communication Technologies:

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

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

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

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



Software:

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

Insurance:

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

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

Human Resources:

Our Company had 8009 employees as on 31.03.2017. Out of this 4676 employees were engaged in operation and maintenance areas of our business. We believe that a well-trained and experienced team of employees is crucial to our continued growth and success. In this regard, we are committed to recruiting and retaining the best talent in the industry, providing them the best training and development facilities with remuneration at levels that will encourage them to perform to best of their capability.

Employee Training and Development:

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

Unions:

The majority of our workers are affiliated with worker unions. We believe in harmonious relationships with our worker unions. Most of our generating stations have unions that are registered under the Trade Union Act, 1926. Most of these unions are affiliated with one of the five Apex Level Unions namely – All India NHPC Employees’ & Workers’ Council, All India



Workers' & Employees' Federation, NHPC Karamchari Mahasangh, NHPC Employees' Front and National Coordination of NHPC Employees Union. We have previously had instances of sporadic and localised protests.

Environmental Compliance and Resettlement & Rehabilitation:

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

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

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

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

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

NHPC has also formulated its Corporate Environment Policy which aims to address the environmental and social concerns for sustainable development of conventional & non-conventional sources of energy.

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



both R&R and land acquisition for NHPC Projects shall be dealt in accordance with the provisions of this Act.

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

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

Corporate Social Responsibility:

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

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

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

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

Sector / Area	Particulars of CSR Initiatives
Education	<ul style="list-style-type: none"> • Scholarships to students • Providing support for the setting up of Engineering College/Training Institutes • Providing Infrastructural support to Schools



Skill Development	<ul style="list-style-type: none"> Enhancement of employability of rural youth and women by means of Skill Development Programs Supporting infrastructural development and other up-gradation activities in Industrial Training Institutes adopted by NHPC.
Health	<ul style="list-style-type: none"> Organizing medical camps, health awareness programs Augmentation of health infrastructure Deployment of Mobile medical units (MMUs) in rural areas Providing medical care to local population including medicines
Sanitation	<ul style="list-style-type: none"> Construction of toilets in Govt. schools under Swachh Vidyalaya Abhiyan Undertaking various Swachh Bharat Abhiyan activities Providing sanitation facilities in public places Providing potable drinking water, community RO Plant & Sanitation Complex, arrangement of drinking water supply lines
Rural Development	<ul style="list-style-type: none"> Construction/renovation of pathways, RCC Bridges, drains, rain shelters, community halls, cremation sheds, grave yards etc. Establishment of food processing units
Environment	<ul style="list-style-type: none"> Development of Bio-Diversity Park. Installation of solar street lights
Women empowerment	<ul style="list-style-type: none"> Training to women in various areas to generate self employment. Literacy program for rural women
Sports,Art,Culture&capacity building etc.	<ul style="list-style-type: none"> Training to Promote sports Promoting art and culture Conducting Stake holder meetings/ Base-line surveys/ Impact assessment programs etc.

Competition:

As of Mar 2017, total installed capacity of hydroelectric projects in India was approximately 44478.42 MW. Our Company, with a hydro installed capacity of 5197 MW, represents approximately 11.68% of the capacity share. Combined with NHDC's installed capacity of 1,520 MW, we represent a capacity share of 6717 MW approximately 15.10%. In Fiscal 2016 our Company generated 23404 MUs of electricity and 23275 MUs as on Mar17 (including deemed generation of Chutak & Nimmo Bazgo power stations and actual generation of wind power project, Jaisalmer. Some of the other players in this industry are Bhakra Beas Management Board



("BBMB"), generation companies of the various states of India, such as, MAHAGENCO, Andhra Pradesh Generation Company ("APGENCO"), SatlujJalVidyut 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.

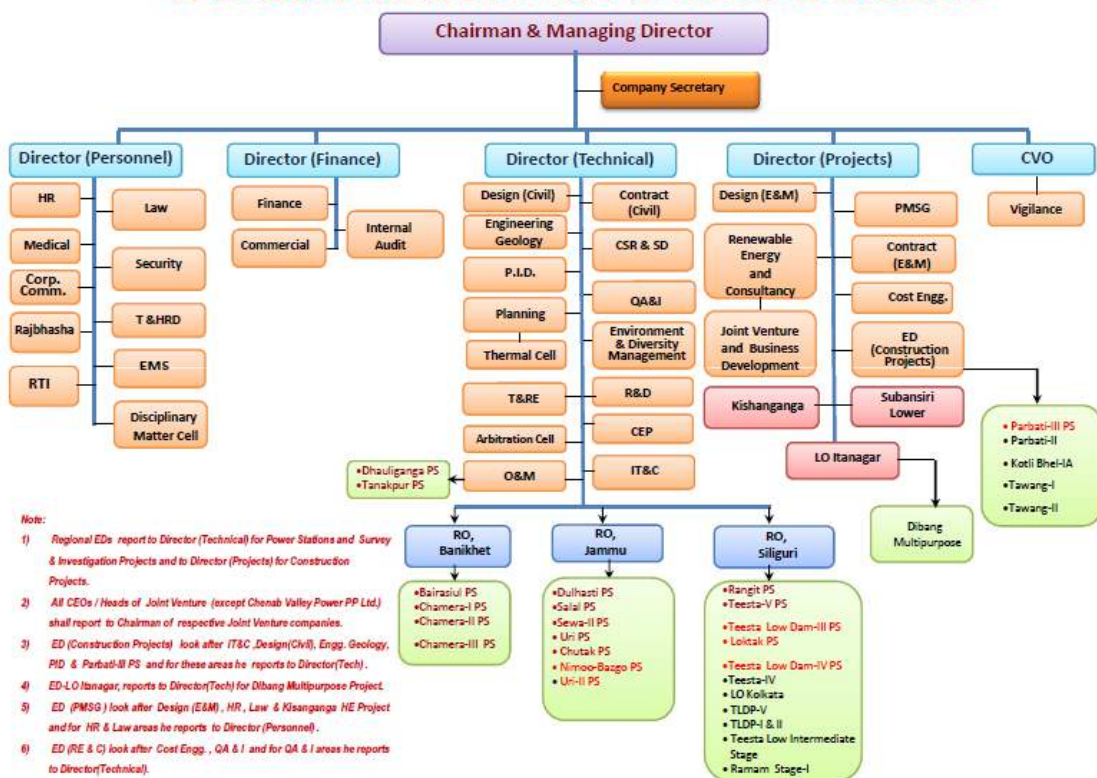
While under the Electricity Act, 2003, CEA approval and consent of relevant state government is required to set up a hydropower project, the increased opportunities for private investment in the market described above, when combined with available hydro potential in India and the resulting low costs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



ii) Details of the current directors of the Company*

In terms of the Articles of Association of the Company, the strength of the Board shall not be less than four and not more than fifteen Directors, provided that the number of Independent Directors in any case shall not be less than half of the actual strength of the Board.

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



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

Particulars	Board structure	Actual strength as on 31.03.2017
Chairman and Managing Director	1	1
Functional Directors	4	4
Government Nominee Directors	2	2
Independent Directors	7	3
Total	14	10

Name, Designation & DIN	Age	Director of the Company since	Address	Details of Other Directorship
Shri Krishna Mohan Singh Designation: Chairman and Managing Director, Occupation: Service Nationality: Indian DIN: 02223301	59	23.09.2015	CMD Awas, NHPC Residential Colony, Sector-41, Faridabad, Haryana-121 010	- NHDC Ltd. - Loktak Downstream Hydroelectric Corporation Ltd.
Shri Ratish Kumar, Designation: Director (Projects) Occupation: Service Nationality: Indian DIN: 06852735	56	06.01.2016	20-C, Pocket-B, Mayur Vihar Phase – II, Delhi – 110091	- Bundelkhand Saur Urja Limited
Shri Balraj Joshi Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 07449990	57	01.04.2016	406 Urja Vihar, Sec-45 Faridabad, Haryana- 121010	- Chenab Valley Power Projects Private Limited
Shri Nikhil Kumar Jain, Director (Personnel) Occupation: Service Nationality: Indian DIN: 05332456	55	07.02.2017	Flat No. 297, GanpatAndolkar Block, Asian Games Village Complex, New Delhi-110049	Nil
Shri Mahesh Kumar	56	01.03.2017	Flat No. 110,	-Chenab Valley



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

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



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

Name, Designation & DIN	Date of Appointment / Cessation	Director of the Company since	Remarks
Shri Mahesh Kumar Mittal, Director (Finance) Occupation: Service Nationality: Indian DIN: 02889021	01.03.2017	01.03.2017	Appointment
Shri Jayant Kumar, Director (Finance) Occupation: Service Nationality: Indian DIN: 03010235	28.02.2017	26.05.2015	Appointment/Ce ssation
Shri Nikhil Kumar Jain, Director (Personnel) Occupation: Service Nationality: Indian DIN: 05332456	07.02.2017	07.02.2017	Appointment
Shri Radheshyam Mina, Director (Personnel) Occupation: Service Nationality: Indian DIN: 00149956	31.01.2017	28.04.2009	Appointment/Ce ssation



Shri Farooq Khan Designation: Independent Director Nationality: Indian DIN: 07348921	17.08.2016	26.11.2015	Appointment/ Cessation
Shri Balraj Joshi Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 07449990	01.04.2016	01.04.2016	Appointment
Shri Dinesh Prasad Bhargava Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 01277269	31.03.2016	26.03.2009	Cessation



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



Shri Atul Kumar Garg Designation: Independent Director Nationality: Indian DIN: 02281287	23.09.2015	30.03.2012	Cessation
Shri Ashoke Kumar Dutta Designation: Independent Director Nationality: Indian DIN: 00045170	23.09.2015	30.03.2012	Cessation
Shri R. S. T. Sai Designation: Chairman and Managing Director Occupation: Service Nationality: Indian DIN: 00171920	23.09.2015	08.06.2014	Appointment/ Cessation
Smt. Krishna Tyagi Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 07230978	08.07.2015	08.07.2015	Appointment
Shri K. N. Garg Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 06707847	30.06.2015	07.10.2013	Appointment/ Cessation
Shri J .K. Sharma Designation: Director (Projects) Occupation: Service Nationality: Indian DIN: 00387785	11.03.2015	10.04.2009	Cessation
Shri Mukesh Jain, Government Nominee Director DIN No.: 06733536	10.11.2014	11.11.2013	Appointment/ Cessation
Shri Arun Kumar Mago, Independent Director DIN No. 01624833	31.10.2014	09.11.2011	Cessation
Shri R. Jeyaseelan, Independent Director	31.10.2014	12.11.2011	Cessation



DIN No.: 02143850			
Shri G. S. Vedi, Independent Director DIN No.: 02286126	31.10.2014	08.11.2011	Cessation
Shri A. Gopalakrishnan, Independent Director DIN No.: 02880344	26.09.2014*	10.03.2013	Re-appointment / Cessation
Shri Shantikam Hazarika, Independent Director DIN No.: 00523656	26.09.2014*	24.05.2012	Appointment/ Cessation
Shri A.B.L. Srivastava Designation: Director (Finance) Occupation: Service Nationality: Indian DIN: 01601682	15.09.2014	11.02.2008	Cessation
Shri G. Sai Prasad, Government Nominee Director holding additional charge of the post of Chairman and Managing Director since July 24 2012 DIN No.: 00325308	08.06.2014	20.12.2011	Cessation

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

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



f) MANAGEMENT'S PERCEPTION OF RISK FACTOR

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

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

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

Internal Risk Factors

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

Our total contingent liabilities that have not been provided for as of Dec 31, 2016 were Rs. 9641.04 crore. The details are as follows:

(Rs. in crore)

Particulars	Amount
Claims against our Company not acknowledged as debts in respect of:	
Capital Works	8695.97
Land Compensation Cases	19.98
Disputed Income Tax, Sales Tax and Service Tax Demands	328.79
Others	596.30
Total	9641.04

"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, currently, the developers of power projects also receive a ten year income tax holiday on all projects.

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

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

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



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

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

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

We will require significant additional capital to finance our business plan, in particular, our capacity expansion plan. In Fiscal 2017, GoI approved a revised budget estimate of Rs. 3149 crore for our Company. Our ability to finance our capital expenditure plans is subject to a number of factors, some of which are beyond our control, including tariff regulations, our results of operations, general economic and capital market conditions, borrowing or lending restrictions, if any, imposed by state governments, the GoI and the Reserve Bank of India ("RBI"), our ability to obtain financing on acceptable terms, and the amount of dividends required to be paid to the GoI and our public shareholders. In addition, in the past some lenders have not disbursed funds to us when scheduled to do so. Also, adverse developments in the credit markets may significantly increase our debt service costs and the overall cost of our funds. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements. This may, in turn, adversely affect the implementation of our current projects or future business plans.

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

In Fiscal 2016 we derived Rs. 7346.77 crore or 87.94% of our standalone total income from the sale of energy to SEBs and their successor entities, pursuant to long-term power purchase agreements. We are obliged to supply power to State electricity entities, including their successors and unbundled entities, in accordance with the terms of the allocation letters issued by the GoI and the terms of power purchase agreements ("PPAs") entered into with these entities and the GoI. Pursuant to Tripartite Agreements entered into among the GoI, the RBI and respective state governments, our billings to the SEBs are currently secured through letters of credit. In addition, we can secure payment by regulating the power supply to a defaulting entity, or directly recover from the GoI payments that are funded from central plan assistance given to the relevant State. Although these security mechanisms are in place under Tripartite Agreements



that are valid until 31st October 2016, we cannot assure you that the State electricity entities will always be required to, or be able to, secure their payments to us. Any change that adversely affects our ability to recover our dues from the State electricity entities may adversely affect our financial position.

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

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

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

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

Similarly, following unbundling, our PPAs that are currently with the SEBs will be with one or more of the unbundled entities, particularly distribution companies, which may adversely affect their ability to make payments to us. Further, upon divestment of ownership or control of a SEB or any of the unbundled entities, as applicable, in favour of any entity not owned or controlled, directly or indirectly, by the applicable state government, the Tripartite Agreement relating to the SEB or the unbundled entity will no longer apply. In such an event, a fresh PPA will have to be entered into with such unbundled entity or entities. Any delay in execution or change in terms and conditions in the PPA may adversely affect our realisation of payments against sale of power. However, in this case, the rights and obligations of the RBI, GoI and the applicable state government as per tripartite agreement will continue. This agreement is further going to be extended beyond present date of 31.10.2016 by MOP. In addition all our PPAs signed recently have included additional clause for 'Payment Security Mechanism', which requires that after the expiry period of the Tripartite Agreement, an alternative payment security arrangement in the form of Default Escrow Arrangement as a back to amount of the LC shall be provided. Under this arrangement an Default Escrow Account in favour of NHPC shall be established through which the



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

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

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

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

Our future success will depend in part on our ability to respond to technological advances and emerging hydropower generation industry standards and practices in a cost-effective and timely manner. The development and implementation of such technology entails technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our processing systems to customer requirements or emerging industry standards. If we are unable, for technical, financial, legal or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, prospects, financial performance and results of operation may be adversely affected.

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

The statutory and regulatory framework for the Indian power sector generally, and the hydropower sector specifically, has changed significantly in recent years and there are likely to be



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

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

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

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

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

The amount of power generated by hydropower systems is dependent on available water flow.



There may be significant fluctuations in our revenues and cash flows due to variations in water flow from season to season, and from year to year, depending on factors such as rainfall, snowfall, snowmelt, or other seasonal or climatic conditions, and the carrying capacity of the river.

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

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

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

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

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

In addition, our contracts with third party suppliers or contractors do not generally cover indirect losses such as loss of profits or business interruption. There can be no assurance that any natural disasters, accidents or malfunctions involving our assets will not have an adverse effect on our



business, prospects, financial condition and results of operations. Further, although we believe that our relationships with our contractors and suppliers are cordial, we cannot assure you that such contractors and suppliers will continue to be available at reasonable rates and in the areas in which we conduct our operations. If some of these third parties do not complete our orders satisfactorily or within the stipulated time, our reputation and financial condition may be adversely affected.

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

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

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

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

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

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



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

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

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

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

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

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

Certain environmental organisations have expressed opposition to hydropower stations based on the allegation that they cause loss of habitat for, or destruction of, marine life and have adverse effects on waterways. In addition, dams create large reservoirs over what used to be dry land, which may also result in destruction of wildlife habitats, the need for resettlement of resident



populations or urban centers, increased sediment in rivers and the production of methane from submerged forests. Due to these factors, environmental regulators may impose restrictions on our operations that would limit our ability to generate revenues. We may also be subject to significant financial penalties for any environmental damage caused. Financial losses and liabilities as a result of increased compliance costs or due to environmental damage may affect our reputation and financial condition.

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

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

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

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

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

For instance, the International Court of Arbitration issued the final award in respect of the dispute



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

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

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

As of Dec 31, 2016, our total borrowings aggregated to Rs. 19896.97 crore. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow produced by our business. If we fail to meet our debt service obligations, our lenders may declare us in default under the terms of our borrowings and accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we would have sufficient resources to repay these borrowings and maintain the operations of our facilities without disruption. Accordingly, any such acceleration may have an adverse effect on our cash flows, business and results of operations.

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

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

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



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

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

Our joint venture partners may:

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

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

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

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

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

The success of any thermal, solar or wind power operations undertaken by us would depend on, among other things, our continued ability to source fuel at competitive prices, transport



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

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

Our Company had 8009 employees as on 31.03.2017. There have been no strikes in our Company leading to material loss of generation or disruption of work during the last five years. However, there can be no assurance that we will not in the future experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. Further, efforts by labour unions to organise our employees may divert management's attention and increase operating expenses.

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

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

As of Dec 31, 2016, our Company had Rs. 1477.12crore foreign currency borrowings outstanding. We may continue to borrow foreign currency in the future, which will further expose us to fluctuations in foreign currency rates. Volatility in foreign exchange rates may adversely affect our business and financial performance.

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

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



of key personnel may have an adverse effect on our business, results of operations, financial condition and ability to grow.

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

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

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

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

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

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

The interrupted work of Subansiri Lower falls under the uncontrollable factor as defined in CERC Tariff Regulation 14-19 and therefore the company has adopted the concept of Guidance Note issued by the Institute of Chartered Accountant of India (ICAI) on 18.02.2015 on Accounting for



Rate Regulated Activities. With effect from FY 2016-17, such rate regulated items are to be accounted for as per IND AS 114-Regulatory Deferral Accounts. IND AS 114 allows an entity to continue to apply previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances. IND AS 114 further provides that for this purpose, Guidance Note of ICAI on Accounting for Rate Regulated Activities shall be considered as the previous GAAP. Accordingly, Regulatory Income amounting to Rs. 134.02 crore and Rs. 380.41 crore for the quarter and nine months ended as on 31.12.2016 (Cumulative upto 31.12.2016 Rs. 2551.23 crores) have been recognized in respect of Subansiri Lower project.

External Risk Factors

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

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

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

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

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

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

India and other parts of the world have experienced natural calamities such as earthquakes,



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

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

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

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

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

RISKS RELATING TO THE BONDS

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

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



the price at which the Bonds are issued.

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

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

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

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

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

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

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



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

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

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

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



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

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

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

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

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

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

Indian stock exchanges (including the NSE and the BSE) have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokers. If such or similar problems were to re-occur, this may have effect on the market price and liquidity of the securities of Indian companies, including the Bonds. In addition, the governing bodies of Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price



movements and margin requirements. In the past, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases have had a negative effect on market sentiment.

g) Details of Default

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

h) Disclosures pertaining to wilful default: NIL

i) Compliance Officer of the Issuer

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



2 (i) Term Sheet for V2 Series

Security Name	NHPC 7.52 % p.a. V2 Series Bonds 2027
Issuer	NHPC LIMITED
Type of Instrument	Secured Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (V2 Series) in the nature of Debentures
Nature of Instrument	Secured
Seniority	Senior and Unsubordinated
Mode of Issue	Private Placement
Eligible Investors	<p>Qualified Institutional Buyers (“QIBs”):</p> <ul style="list-style-type: none"> a. Mutual Funds registered with SEBI, b. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013; c. Alternative Investment Funds; d. Scheduled Commercial Banks; e. State Industrial Development Corporations; f. Insurance Companies registered with the Insurance Regulatory and Development Authority; g. Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore; h. National Investment Funds set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the Government of India published in the Gazette of India; i. Insurance funds set up and managed by army, navy or air force of the Union of India. j. Insurance funds set up and managed by the Department of Posts, India. <p>Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.</p> <p>Non QIBs:</p> <ul style="list-style-type: none"> a. Companies and Bodies Corporate authorized to invest in bonds/ debentures;



	<p>b. Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures;</p> <p>c. Gratuity Funds and Superannuation Funds;</p> <p>d. Provident Funds and Pension Funds with 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)	On the Wholesale Debt Market (WDM) Segment of Bombay Stock Exchange (BSE).
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 1000.00 Crores
Option to retain oversubscription (Amount)	Rs 475 Crores
Objects of the Issue	To refinance existing loans and to partly meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Details of the utilization of the Proceeds	To refinance existing loans and to partly meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Coupon Rate	7.52 % p.a.
Step Up / Step Down Coupon Rate	None
Coupon Payment Frequency	Annual



Coupon payment dates	Each Anniversary date of the allotment
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	None
Day Count Basis	Actual/ Actual Interest shall be computed on an “actual/actual basis”. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis
Interest on Application Money	Interest at the coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer’s Bank Account up to one day prior to the Deemed Date of Allotment
Default Interest Rate	In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.
Tenor	10 years
Redemption Date	Bonds are redeemable at par in 5 equal annual installments starting at the end of 6th year of date of allotment. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 6 th , 7 th , 8 th , 9 th & 10 th year respectively of date of



	allotment.
Redemption Amount	At Par at Rs 50.00 lakh each.
Redemption Premium / Discount	Nil
Issue Price	At Par at Rs 50.00 lakh each.
Discount at which security is issued and the effective yield as a result of such discount.	None
Put Option Date	None
Put Option Price	None
Call Option Date	None
Call Option Price	None
Put Notification Time	None
Call Notification Time	None
Face Value	Rs 50.00 Lac each Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 6 th , 7 th , 8 th , 9 th & 10 th year respectively of date of allotment.
Minimum Application	Rs 5.00 Crores thereafter in multiples of Rs 50.00 lakh
Issue Timing Issue Opening Date	0900 hrs on 06-Jun-2017
Issue Closing Date	1700 hrs on 06-Jun-2017
Pay-in Date	06-Jun-2017
Deemed Date of Allotment	06-Jun-2017
Issuance mode of the instrument	Demat
Trading mode of the instrument	Demat
Settlement mode of the instrument	Payment of Interest and repayment of Principal shall be made by way of ECS / Direct Credit / RTGS / NEFT/ Cheque (s) / Warrant (s) / Demand Draft (s).
Depository	National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL)
Business Day Convention	Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai. (Kindly see "Effect of Holidays" on page no. 90).
Record Date	15 calendar days prior to each Coupon Payment



	Date and redemption date (both dates exclusive).
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)	The Bonds will be secured by way of first pari-passu charge on the selective movable and immovable assets of the Company, i.e., The charge will be created in favor of Debenture Trustee on behalf of the Bondholders in such form and manner in one or more tranches and through one or more security documents as considered appropriate by the Company of value not less than 1.00 times the value of the Bonds outstanding.
Transaction Documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> 1. Letter appointing Trustees to the Bondholders; 2. Debenture Trusteeship Agreement; 3. Debenture Trust Deed; 4. Rating Agreement with Rating Agency; 5. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; 6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 8. Application made to BSE for seeking its in-principle approval for listing of Bonds; 9. Listing Agreement with BSE;
Conditions Precedent to Disbursement	<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"> i. Rating letter(s) from the aforesaid rating agency(ies) not being more than one month old from the issue opening date;



	<ul style="list-style-type: none"> ii. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); iii. Letter from BSE conveying its in-principle approval for listing of Bonds.
<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"> 1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment; 2. Listing of bonds within 20 days from the Deemed Date of Allotment as per the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended. 3. Execution of Debenture Trust Deed for creation of security within 3 months of closure of issue or offer of bonds as per Rule 18 sub rule 5 of Companies (Share Capital and Debentures) Rules, 2014. <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Offer Letter.</p>
<p>Events of Default</p>	<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. 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</p>



	stated in this Offer Letter, Debenture Trusteeship Agreement and Debenture Trust Deed, which in opinion of the Trustees is incapable of remedy.
Remedies	Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bondholder(s), declare the amounts outstanding to be due and payable forthwith and the security created under the security documents shall become enforceable, and the Trustees shall have the right to enforce any security created pursuant to the security documents towards repayment of the amounts outstanding and/or exercise such other rights as the Trustees may deem fit under the applicable laws.
Provisions related to Cross Default Clause	N/A
Role and Responsibilities of Debenture Trustee	<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 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</p>



	<p>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 & 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>
<p>Governing Law and Jurisdiction</p>	<p>The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi.</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</p>



	<p>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>
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2.ii OTHER PARTICULARS RELATED TO OFFER

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

NIL

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

Maturity Date	Amount Outstanding
NIL	NIL

- III Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on 31.12.2016.

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

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

NIL

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

NIL



VI Details of Promoters of the Company

i. Details of Promoter Holding in the Company as on 31.12.2016.

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.	824,82,85,361	824,82,85,361	74.51	Nil	-

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

VII Contribution made by Promoters or Directors

NIL

VIII Abridged version of Audited Standalone Financial Information (like Profit & Loss Statement, Balance Sheet and Cash Flow Statement) for at least last 3 years and auditor qualifications, if any. –details incorporated at page- 103-141.

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

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

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

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

i) "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: **-Bombay Stock Exchange in WDM Segment.**

XV **Other details**

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

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

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

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

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



iii. Application process :-

Who can apply:

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

Qualified Institutional Buyers (“QIBs”):

- a) Mutual Funds registered with SEBI,
- b) Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;
- c) Alternative Investment Funds
- d) Scheduled Commercial Banks;
- e) State Industrial Development Corporations;
- f) Insurance Companies registered with the Insurance Regulatory and Development Authority;
- g) Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore;
- h) National Investment Funds set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- i) Insurance funds set up and managed by army, navy or air force of the Union of India.
- j) Insurance funds set up and managed by the Department of Posts, India.

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

Non QIBs:

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

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

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

Non-Eligible classes of Investors



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

Procedure for applications by Mutual Funds

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

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

Documents to be provided by investors

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

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

Signatures



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

Submission of Completed Application Forms and Mode of Payment

The amount of the application money may be deposited by way of remittance through RTGS only to NHPC LIMITED C.A. No. 36469132960 on account of Application Money for NHPC V2 Series Bonds.

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

Right to accept / reject applications

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

Payment on Application

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

Minimum Lot Size

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

Minimum Subscription:

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

Basis of Allocation / Allotment



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

Denomination of Bonds

V2 Series of Tenor of 10 years of Face value of Rs. 50.00 lakh each. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 6th, 7th, 8th, 9th & 10th year respectively of date of allotment.

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

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

Depository Arrangement

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

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

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



- The applicant seeking allotment of Bonds in the electronic form must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID) appearing in the Application form under the heading 'Request for Bonds in Electronic Form'.

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

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

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

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

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

Issue of Bond(s)

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

Record Date

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



transferees for the Bonds shall not have any claim against the Company in respect of interest so paid to the registered bondholder.

List of Beneficial Owners /Register of Beneficial Owners

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

Payment of Interest

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

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

This is illustrated with the help of the following example:

Date of issue of corporate bonds: January 01, 2016

Coupon payable : semi-annually

Date of coupon payments : July 01 and January 01



- *In the above example, in case of the leap year (i.e, 2016), 366 days would be reckoned as the denominator (Actual/Actual), for payment of interest, in both the half year periods i.e. Jan 01, 2016 to Jul 01, 2016 and Jul 01, 2016 to Jan 01, 2017.*

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

Payment on Redemption

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

The Bonds held in the Dematerialized Form shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Bondholders whose name appears in the Register of Bondholders on the record date. Such payment will be a legal discharge of the liability of the Company towards the Bondholders. On such payment being made, the Company will inform NSDL/ CDSL and accordingly the account of the Bondholders with NSDL/ CDSL will be adjusted.

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

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

Effect of Holidays

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

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

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



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

This is illustrated with the help of the following example:

Date of Issue of Corporate bonds : July 01, 2016

Date of Maturity : June 30, 2018

Date of coupon payments : January 01 and July 01

Coupon payable : semi-annually

In this case, January 01, 2017 is a Sunday, thus the coupon would be payable on January 02, 2017 i.e. the next working day. However the calculation for payment of interest will be only till December 31, 2016, which would have been the case if January 01, 2017 were not a holiday. Also, the next dates of payment would remain July 01, 2017 and January 01, 2018 despite the fact that one of the interest payment was made on January 02, 2017.

Refer illustration given below:

FACE VALUE	Rs. 50,00,000				
COUPON RATE	7.52%				
DATE OF ALLOTMENT	06-Jun-17				
REDEMPTION	<i>in 5 equal annual installments (STRPP wise redemption in alphabetical order) starting from the end of 6th year of date of allotment</i>				
CALCULATION OF INTEREST FOR 1 BOND OF V2 SERIES					
					AMOUNT (IN RS.)
CASH FLOWS	DATE	Day	NO. OF DAYS IN COUPON PERIOD	Interest	Redemption
1st Yr.	6-Jun-18	Wednesday	365.00	376,000	-
2nd Yr.	6-Jun-19	Thursday	365.00	376,000	-
3rd Yr.	6-Jun-20	Saturday	366.00	376,000	-
4th Yr.	6-Jun-21	Sunday	Holiday		
4th Yr.	7-Jun-21	Monday	365.00	376,000	-
5th Yr.	6-Jun-22	Monday	365.00	376,000	-
6th Yr.	6-Jun-23	Tuesday	365.00	376,000	1,000,000
7th Yr.	6-Jun-24	Thursday	366.00	300,800	1,000,000
8th Yr.	6-Jun-25	Friday	365.00	225,600	1,000,000
9th Yr.	6-Jun-26	Saturday	365.00	150,400	1,000,000
10th Yr.	5-Jun-27	Saturday	364.00	74,994	1,000,000
10th Yr.	6-Jun-27	Sunday	Holiday		



Tax Deduction at Source

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

Payments Procedure

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

Dispatch of Documents

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

Loss of Interest Warrants

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

Purchase and Sale of Bonds

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

Re-issue of Bonds

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

Transfer of Bonds

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

Mode of Transfer



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

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

Succession

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

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

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

Security

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

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

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

Servicing behavior on existing debentures

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



Rights of Bondholders

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

Modification of Rights

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

Future Borrowings

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

Bondholder not a Shareholder

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

Governing Law

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

Trustees for the Bondholders

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

The Company hereby undertakes that a Trust Deed shall be executed by it in favor of the Trustees within 3 months from the closure of the issue. The Trust Deed shall contain such clauses as may be prescribed under section 71 of the Companies Act, 2013 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further the Trust Deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Company in relation to any rights or interests of



the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and circulars or guidelines issued by SEBI, (iii) indemnifying the Trustees or the Company for loss or damage caused by their act of negligence or commission or omission.

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

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

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

Force Majeure

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

Notices

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

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

Undertaking by the Issuer

The Issuer Company undertakes that:



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

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

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

NIL

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

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

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



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

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

Financial Year 2016-17 (as on 31.12.2016):

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP)	Total
Mr.K.M.Singh	Chairman & Managing Director	1915458	601639	-	2517097
Mr. D. P. Bhargava	Director (Technical)	-	2833732	1143105	3976837
Mr. R. S. Mina	Director (Personnel)	2428253	624661	1249480	4302394
Mr. Jayant Kumar	Director (Finance)	1783057	1423074	-	3206131
Mr.Ratish Kumar	Director (Project)	2133069	406670	-	2539739
Mr.Balraj Joshi	Director (Technical)	1856754	1097938	-	2954692
Mr. J. K. Sharma	Director (Project)	-	-	969354	969354
Grand Total		10116591	6987714	3361939	20466244

*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.

Financial Year 2015-16:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) including arrears	Total
Mr.K.M.Singh	Chairman & Managing Director	1250492	340241	-	1590733
Mr. D. P. Bhargava	Director	2745825	2019778	-	4765603



	(Technical)				
Mr. R. S. Mina	Director (Personnel)	2876198	1107284	-	3983482
Mr. Jayant Kumar	Director (Finance)	1956662	996768	175481	3128911
Mr. J. K. Sharma	Director (Project)	79241	1307981	437310	1824532
Mr. Ratish Kumar	Director (Project)	702033	145153	-	847186
Grand Total		9610451	5917205	612791	16140447

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

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

*Benefits include medical reimbursement, leave encashment, perquisites, lease rent, EPF (MC) and pension fund.

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

The Company had not issued any Stock Options during the year 2013-14.

Details of payments made as sitting fees to Independent Directors

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

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

Financial Year 2016-17 (As on 31.12.2016):

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Dr. Arun Kumar	120000	200000	320000
Mr. Farooq Khan	60000	100000	160000
Mrs.KanikaT.Bahl	120000	120000	240000
Mr.Satya Prakash Mangal	120000	180000	300000



Financial Year 2015-16:

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

Financial Year 2014-15:

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

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.ShantikamHazarika	1,80,000	1,35,000	3,15,000
Mr. A. Gopalakrishnan	1,35,000	60,000	1,95,000

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



3(iv) NHPC: RELATED PARTY TRANSACTIONS

(FY2016-17) as on 30.09.2016

(i) Joint Venture Companies

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

(ii) Key Management Personnel

Shri K M Singh	Chairman cum Managing Director
Shri R. S. Mina	Director (Personnel).
Shri Jayant Kumar	Director (Finance)
Shri Ratish Kumar	Director (Projects)
Shri Balraj Joshi	Director (Technical) w.e.f. 01.04.2016
Shri Vijay Gupta	Company Secretary.

Remuneration to key management personnel for the period is Rs. 1.68 crore (corresponding previous period Rs. 0.88 crore).

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

(FY2015-16)

RELATED PARTY DISCLOSURES:

a) Lists of Related Parties

(1) Joint Venture Companies

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

(2) Key Management Personnel

Shri R.S.T.Sai	CMD, THDC held additional charge as CMD of the company from 08.06.2014 to 23.09.2015.
Shri K.M.Singh	Chairman cum Managing Director w.e.f 23.09.2015
Shri D. P. Bhargava	Director (Technical) superannuated on 31.03.2016.
Shri R. S. Mina	Director (Personnel) held additional charge of Director (Finance) upto 25.05.2015.



Shri Jayant Kumar	Director (Finance) w.e.f. 26.05.2015.
Shri Ratish Kumar	Director (Projects) w.e.f 06.01.2016.
Shri Balraj Joshi	Director (Technical) w.e.f 01.04.2016.
Shri Vijay Kumar Gupta	Company Secretary.

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

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

(FY 2014-15)

RELATED PARTY DISCLOSURES:

a) Lists of Related Parties

(1) Joint Venture Companies

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

(2) Key Management Personnel

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

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



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

(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.

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

**LIMITED REVIEW REPORT
For FY 2016-17 as on 31.12.2016**

To
The Board of Directors



NHPC Limited
NHPC Office Complex
Sector-33, Faridabad – 121 003

We have reviewed the accompanying statement of unaudited standalone financial results of NHPC Limited (“the Company”) for the quarter ended 31st December, 2016 and the year to date results for the period from 1st April, 2016 to 31st December, 2016 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016. This statement is the responsibility of the Company’s Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, “Review of Interim Financial Information Performed by Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with the applicable Accounting Standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued there under and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

For S N Dhawan & Co.
(Chartered Accountants)
FR No. 000050N/N500045

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

(Ram Kumar Gupta) (Suresh Seth) ([AsishKumar Mukhopadhyay](#))
Partner Partner Partner
M. No. 097382 M. No. 010577 M. No. 056359

Place: New Delhi
Date: 07th February, 2017

INDEPENDENT AUDITOR’S REPORT (FY 2015-16)

TO THE MEMBERS OF NHPC LIMITED



Report on the Standalone Financial Statements

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

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand alone financial statements give the information required by the Act in the manners so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

EMPHASIS OF MATTERS

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

- a) Para to Note No. 7 to the financial statements which describes about the stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board level executives.
 - b) Note no. 11.1 para 2 to the financial statements which describes about the expenditure incurred for conducting survey and investigation on project either provided for on account of uncertainty about the outcome or being carried forward pending clearance with various authorities.
 - c) Note No. 29 para 1 to the financial statements, which describes the uncertainty related to the outcome of the claims/arbitration proceedings and lawsuit filed by/against the Company on/by contractors and others. In some of the cases the arbitration award has been decided against the Company/lost in lower courts and the company is pursuing the matter in higher courts. Management does not envisage any possible outflow in respect of decisions against the company other than those already provided for in the books of account.
 - d) Note No. 29 para 21(a) to the financial statements about the various balances which are subject to reconciliation/confirmation and respective consequential adjustments.
 - e) Note No. 29 para 28 to the financial statements about the Kotlibhel-IA project, the fate of which is pending adjudication before the Hon'ble Supreme Court of India.
 - f) Accounting Policy no. 2.3.4 on Capital work in progress read with Note No. 29 para 15 to the financial statements about the capital expenditure incurred for creation of facilities over which the Company does not have control but the creation of which is essential principally for construction of the project is charged to "Expenditure attributable to Construction (EAC)" as the same is in line with Revised AS-10 notified on 30.03.2016 as Para 88 of this Revised Accounting Standard which states about transitional provision that shall result into the same treatment.
- Our opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-



section(11)ofSection143oftheAct,wegiveinthe“AnnexureA”,astatementonthemattersspecifiedinthe paragraphs3and4oftheOrder,totheextentapplicable.

2. TheComptrollerandAuditorGeneralofIndiahasissueddirectionsindicatingtheareastobeexaminedin terms ofsub-section(5)ofSection143oftheAct,the complianceofwhichissetoutin“AnnexureB”.

3. AsrequiredbySection143(3)oftheAct, wereportthat:

- (a) Wehavesoughtandobtainedalltheinformationandexplanationswhichtothebestofourknowledgeandbeliefwerenecessaryforthepurposesofouraudit;
- (b) Inouropinion,properbooksofaccountasrequiredbylawhavebeenkeptbytheCompanysofarasit appearsfromourexaminationofthosebooks;
- (c) TheBalanceSheet,theStatementofProfitandLoss,andtheCashFlowStatementdealtwithbythis Reportareinagreementwiththebooksofaccount;
- (d) Inouropinion,theaforesaidstandalonefinancialstatementscomplywiththeAccountingStandards specifiedunderSection133oftheAct,readwithRule7oftheCompanies(Accounts)Rules,2014;
- (e) IntermsofNotificationNo.G.S.R.463(E)dated05thJune2015issuedbytheMinistryofCorporateAffairs,the provisionsofSection164(2)oftheActregardingdisqualificationofdirectors,arenotapplicabletotheCompany;
- (f) WithrespecttotheadquacyoftheinternalfinancialcontrolsoverfinancialreportingoftheCompanyandthe operatingeffectivenessofsuchcontrols,refertoourseparateReportin“AnnexureC”;and
- (g) WithrespecttotheothermatterstobeincludedintheAuditor’sReportinaccordancewithRule11ofthe Companies(AuditandAuditors)Rules,2014,inouropinionandtothebestofourinformationand accordingtotheexplanationsgiven to us:
 - (i) TheCompanyhasdisclosedtheimpactofpendinglitigationsonitsfinancialpositioninitsfinancial statements–ReferNote29Para1tothefinancialstatements;
 - (ii) TheCompanydidnothaveanylong-termcontractsincludingderivativecontractsforwhichtherewereanymaterialforeseeable losses;
 - (iii) There wereno amountswhichwererequiredto be transferredto the InvestorEducationandProtectionFundbytheCompany.

ForS.N.Dhawan&Co.

CharteredAccountants
(FRNo:000050N)

(SureshSeth)
Partner
M.No.010577

ForGuptaGupta&Associates

CharteredAccountants
(FRNo:001728N)

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

ForRay&Ray

CharteredAccountants
(FRNo:301072E)

(AsishKumarMukhopadhyay)
Partner
M.No.056359



Place: New Delhi

Date: May 28, 2016

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

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets, except in case of land in certain units, have been physically verified by the management/outside agencies. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets physically verified during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following.

Total no of c	Type of asset	Gross block as at 31.03.2016	Net block as at 31.03.2016	Remarks
11	Freehold land	Rs.13.37 crores	Rs.13.37 crores	155.69 Hectares of land
9	Leasehold Land	Rs.297.34 crores	Rs.253.91 crores	766.20 Hectares of land

- ii. The inventories have been physically verified during the year by the management/outside agencies. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to book records were not material and these have been properly dealt with in the books of account.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to information and explanations given to us, the Company has, in respect of loans, investments, guarantees, and security, complied with the provisions of section 185 and 186 of



the Act.

- v. The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any other relevant provisions of the Act, and the Rules framed thereunder.
- vi. The Company has made and maintained cost accounts and records specified by the Central Government under section 148(1) of the Act. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed demand payable in respect of aforesaid statutory dues was in arrears, as at 31st March, 2016 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and as per the records of the Company, the following dues of income tax, sales tax/VAT, duty of customs, service tax, property tax & consumption tax have not been deposited on account of dispute.

Name of the Statute	Nature of dues	Amount (Rs .In Crores)	Year to which it pertains	Forum at which case is pending
Income Tax Act, 1961	Income Tax	0.46	2007-08	Income Tax Department
Sales Tax Acts/VAT Act	Sales Tax/VAT	256.19	1994-95	Sales Tax Appellate Tribunal, Srinagar
		5.78	2005-06 to 2009-10	Chairman, HP VAT Tribunal, Shimla
		0.14		Sr. Joint Commissioner, Siliguri Circle
		0.76		Sr. Joint Commissioner, Siliguri Circle
		0.43		Sr. Joint Commissioner, Siliguri Circle
		0.07		Sr. Joint Commissioner, Siliguri Circle
		0.22	2010-11	CTO, Baramulla



		2.74		Jt. Commissioner, Siliguri Charge
Finance Act, 1996	Service Tax	13.51	2010-11	CBEC
		39.70	2012-13	Commissioner, CE&ST, Patna
Custom Act, 1963	Duty of Custom	2.01	2004	Kolkata High Court
The Jammu & Kashmir Urban Immovable Property Tax Act, 1962	Property Tax	0.19	1991-2002	DC, Commercial Taxes
WB State Tax on Consumption of Goods Act, 2001	Consumption Tax	0.06	2003-04, 2004-05 & 2005-06	Kolkata High Court

- viii. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank, government and due to debenture holders.
- ix. In our opinion and as per the information and explanations given to us by the management, the Company has applied the money raised during the year by way of debt instruments and term loans for the purpose for which they were raised.
- x. Based on our audit procedures and as per the information and explanations given to us by the management, no fraud by the Company or any fraud on the Company, by any person including its officers/employees, has been noticed or reported during the year.
- xi. In view of exemption given vide terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 read with schedule V of the Act regarding managerial remuneration, are not applicable to the Company.
- xii. According to the information and explanations given to us by the management, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us by the management and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with the provisions of section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.
- xiv. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not made any preferential allotment or private placement of shares or full



or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

- xv. In our opinion and as per the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For S.N. Dhawan & Co.

Chartered Accountants
(FRN No: 000050N)

(Suresh Seth)

Partner

M.No. 010577

Place: New Delhi

Date: May 28, 2016

For Gupta Gupta & Associates

Chartered Accountants
(FRN No: 001728N)

(R.K. Gupta)

Partner

M.No. 085074

For Ray & Ray

Chartered Accountants
(FRN No: 301072E)

(Asish Kumar Mukhopadhyay)

Partner

M.No. 056359

Annexure C referred to in paragraph 3(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date:-

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial control over financial reporting of **NHPC LIMITED** ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accurate



and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial control over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal control over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial control over financial reporting included obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

Meaning of Internal Financial Control over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A

company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting



Because of the inherent limitations of internal financial control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial control over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial control over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For S.N.Dhawan & Co.

Chartered Accountants

(FR No: 000050N)

(Suresh Seth)

Partner

M.No.010577

For Gupta Gupta & Associates

Chartered Accountants

(FR No: 001728N)

(R.K.Gupta)

Partner

M.No.085074

For Ray & Ray

Chartered Accountants

(FR No: 301072E)

(Asish Kumar Mukhopadhyay)

Partner

M.No.056359

Place: New Delhi

Date: May 28, 2016

INDEPENDENT AUDITOR'S REPORT (FY 2014-15)

TO THE MEMBERS

NHPC LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows



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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Financial Statements give the information required by the Act in the manner so



required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

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

- 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.

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

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

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

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

(CA Gaurav Nanda)
Partner
M. No. 500417

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

(CA Suresh Seth)
Partner
M. No. 10577

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

Place: New Delhi



Date: 29th day of May 2015

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

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 31st March, 2015 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and as per the records of the company, the following dues of income tax, sales tax and duty of custom have not been deposited on account of dispute.

(Rs. in Crores)

Name of the Statute	Nature of the dues	Amount	Year to which it pertains	Forum where dispute is pending
Income tax Act,1961	Income tax	0.07	2007-08	ITO,Dehradoon
		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: 29th day of May 2015

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



	whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	claims amounting to Rs. 51,572/- being irrecoverable, have been written off.	Profit & Loss A/c	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 and local) may be given.	<p>Age-wise analysis of legal/arbitration cases are as follows:</p> <p>0-1 year : 51 cases 1-2 year : 67 cases 2-3year : 90 cases 3-4year : 78 cases 4-5 year : 98 cases <u>5-year & above : 283 cases</u> <u>Total : 667 cases</u></p> <p>The reason for pendency of such cases under arbitration/courts is that hearings not yet completed, calling for further details and additional documents by the arbitrators/ courts, non-fixation of dates for hearing, granting of stay by court etc. There is no laid down procedure for large legal expenses (Foreign or local).</p>	<p>The cases where company is expecting probable outflow, necessary provision has been created in the books as per AS-29. For remaining cases where either there is no probable outflow or a reliable estimate of amount of the obligation cannot be made, amount involved has been shown under contingent liability in Note no. 29, Para 1 to Financial Statements.</p>	<p>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>



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

**For Gupta Gupta &
Associates**

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

**For Ray and Ray
Co.**

**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: 29th day of May 2015

INDEPENDENT AUDITORS' REPORT (2013-14)

To the Members,
NHPC Limited

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



amendment of financial statements due to declaration of proposed dividend amounting to Rs. 332.12 crore and dividend distribution tax thereon amounting to Rs. 56.44 crore. Our audit procedure on subsequent events are restricted solely to the amendment of the financial statements as referred in note no. 29 para 28 to the financial statements. We report on revised Financial Statement of Accounts as under:

We have audited the accompanying financial statements of NHPC LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial



statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making, those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit & Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to:

- a) Note No. 7 para 1 to financial statements, which describes about the reversal of excess pay drawn from the month of February and March 2014 to be recovered from below Board level Executives giving effect to the approval of Competent Authority that the pay scales shall be fitted w.e.f. 01.01.2007 after correcting the aberrations in pay scales fixed w.e.f. 01.01.1997. The confirmation of action of having implemented the directions of Competent Authority effecting recoveries w.e.f. 01.02.2014 is pending with the

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),



<p>Ministry of Power (MoP).</p> <p>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.</p> <p>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.</p> <p>Our opinion is not qualified in respect of these matters.</p> <p>Report on Other Legal and Regulatory Requirements</p> <p>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.</p> <p>2. As required under provisions of section 227(3) of the Companies Act, 1956, we report that:</p> <p>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;</p> <p>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;</p> <p>c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in</p>	<p>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.</p> <p>In the opinion of the management, the projects on which survey & investigation expenditure is incurred are still active and accordingly, the expenditure incurred is being carried forward. However, provision wherever considered necessary has been made in the books.</p> <p>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>
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<p>agreement with the books of account;</p> <p>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;</p> <p>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.</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>	
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For S. N. Nanda & Co. For Singhi& Co. For Gupta Gupta& Associates For Tiwari & Associates

Chartered Accountants Chartered Accountants Chartered Accountants Chartered Accountants
(FR No: 000685N) (FR No: 302049E) (FR No: 001728N) (FR No: 002870N)

(CA Bhavna Nanda)

Partner

M. No. 095275

(CA B. L. Choraria)

Partner

M. No. 0022973

(CA Ram Kumar Gupta)

Partner

M. No. 097382

(CA DevenderMagoo)

Partner

M. No. 085739

Place :- New Delhi

Date :- 7th day of July, 2014

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

1. In respect of its fixed assets:

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



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



with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed demand payable in respect of the aforesaid statutory dues were in arrears, as at 31st March 2014 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and as per the records of the company, the dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of disputes:-

(Rs. in Crores)

Name of the Statute	Nature of the Dues	Amount	Year to which it pertains	Forum
Income Tax Act, 1961	Income tax	0.07	A.Y. 2011-12	ITO(TDS), Srinagar
	Income tax	0.10	AY 2008-09 & 2009-10	KotliBhel 1-A
	Total	0.17		
Sales Tax Act of various states	Sales Tax	235.02	1994-95	Sales Tax Appellate Tribunal, Srinagar
	Sales Tax	48.76	1995-96	Sales Tax Appellate Tribunal, Srinagar
	Sales Tax	2.99	1996-97	Sales Tax Appellate Tribunal, Srinagar
	Sales Tax	0.54	2008-09	AETC Kullu
		0.29	2009-10	
	Entry tax	0.91	2013-14	Assessing 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		
Total	290.25			
Customs Act, 1962	Custom Duty	0.06	1999-00	Custom Department, Mumbai
Finance Act, 1994	Service tax	13.97	2010-11	Commercial Taxes Officer, Faridabad
	Service tax	0.04	2005-06 to 2008-09	Kolkata
	Grand Total	304.49		



10. The company has no accumulated losses as at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company based on the security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
15. In our opinion and as per the information and explanation given to us, the company has not given guarantees for loans taken by the others from banks or financial institutions during the year.
16. As per information & explanations given to us by the management, the term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. Proper security has been created in respect of tax free bonds issued by the company during the year.
20. During the year the company has issued tax free, secured, redeemable, non-convertible bonds in the nature of debenture and has disclosed the end use of the same in the financial statement and the same has been utilised for the purpose stated.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India we have not come across any instance of fraud on or by the company, and according to the information and explanations given to us, no fraud was noticed or reported during the year by the management.

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

Place :- New Delhi



Date :- 7th day of July, 2014

INDEPENDENT AUDITORS' REPORT (2012-13)

To the Members of NHPC Limited

Auditors' Comment	Management's Reply
<p>Report on the Financial Statements</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 explanatory information.</p> <p>Management's Responsibility for the Financial Statements</p> <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"). 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.</p> <p>Auditor's Responsibility</p> <p>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.</p> <p>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</p>	



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:

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.



- (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 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

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>from our examination of those books;</p> <p>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;</p> <p>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;</p> <p>e) The Department of Company Affairs, Ministry of Finance vide 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.</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>
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For S.N. Nanda & Co. (Chartered Accountants) FRN No. 000685N	For Singhi & Co. (Chartered Accountants) FRN No. 302049E	For Baweja & Kaul (Chartered Accountants) FRN No. 005834N	For Tiwari & Associates (Chartered Accountants) FRN No. 002870N
(CA S. N. Nanda) Partner M. No. 005909	(CA P. K. Singhi) Partner M. No. 050773	(CA Dalip K. Kaul) Partner M. No. 083066	(CA Krishan Kumar) Partner M. No. 085415
Dated: 01/07/2013 Place: New Delhi	Dated: 27/06/2013 Place: Kolkata	Dated: 02/07/2013 Place: Jammu	Dated: 01/07/2013 Place: New Delhi

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

1. In respect of its fixed assets:

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



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



under section 209(1)(d) of the Companies Act, 1956. However, we have not made a detailed examination of these accounts with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:

- (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess & other material statutory dues, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed payable in respect of the aforesaid statutory dues were in arrears, as at 31.03.2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and as per the records of the company, the dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute.

(Rs. in Crores)

Statute	Nature	Amount	Year to which it pertains	Forum
Income Tax Act, 1961	Income tax	24.08	A.Y. 2010-11	ACIT, Faridabad
		0.24	A.Y 2009-10	ITO(TDS) Srinagar
		0.03	A.Y. 2008-09	
		0.06	A.Y. 2008-09	Income Tax Office, Guwahati
		24.41		Total
Sales Tax Act of various states	Sales Tax	224.44	1994-95	Sales Tax Appellate, Srinagar
		46.42	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
		274.72		Total
Customs Act, 1962	Custom Duty	0.06	1999-2000	Custom Department, Mumbai
Finance Act, 1994	Service tax	29.22	2010-11	Commercial Tax Officer, Faridabad
		328.41		Grand Total

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



- 11 Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- 12 In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of the security by way of pledge of shares, debentures and other securities.
- 13 The provisions of any special statute applicable to chit fund/ nidhi /mutual benefit fund/ societies are not applicable to the company.
- 14 In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
- 15 In our opinion and as per the information and explanation given to us, the company has not given guarantees for loans taken by the others from banks or financial institutions during the year.
- 16 As per information & explanations given to us by the management, the term loans have been applied for the purpose for which they were obtained.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
- 18 The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- 19 The company has not issued any debentures during the year and there is no debenture outstanding at the year end.
- 20 The Corporation has not raised money by Public Issue during the year.
- 21 During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India we have not come across any instance of fraud on or by the company, and according to the information and explanations given to us, no fraud was noticed or reported during the year by the management.

For S.N. Nanda & Co. (Chartered Accountants) FRN No. 000685N	For Singhi & Co. (Chartered Accountants) FRN No. 302049E	For Baweja & Kaul (Chartered Accountants) FRN No. 005834N	For Tiwari & Associates (Chartered Accountants) FRN No. 002870N
(CA S. N. Nanda) Partner M. No. 005909	(CA P. K. Singhi) Partner M. No. 050773	(CA Dalip K. Kaul) Partner M. No. 083066	(CA Krishan Kumar) Partner M. No. 085415

AUDITORS' REPORT (2011-12)

To The Members of NHPC Limited

1. We have audited the attached Balance Sheet of M/s NHPC Limited as at March 31, 2012 and the Statement of Profit & Loss account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's



management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Para 3 above, without qualifying our report, we draw attention to: (i) Note 14.1 Para 3 regarding Survey & Investigation projects being carried over as explained that the projects are still active.; and (ii) Note 35 Para 5 regarding issue of capitalisation of expenditure incurred for creation of assets (enabling assets) not within the control of the company, which has been referred to Expert Advisory Committee of the Institute of Chartered Accountants of India;

We report that:

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



2. In the case of the Profit and Loss account, of the Profit for the year ended on that date;
3. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.N. Nanda & Co. (Chartered Accountants) FRN No. 000685N	For Singhi & Co. (Chartered Accountants) FRN No. 302049E	For Baweja & Kaul (Chartered Accountants) FRN No. 005834N	For Tiwari & Associates (Chartered Accountants) FRN No. 002870N
(CA 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

Annexure to the Auditor's Report
(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets:
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) All the fixed assets have been physically verified by the management/outside agencies during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of the assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets physically verified during the year.
 - c) The Company has not disposed off substantial part of fixed assets during the year.
2. In respect of its inventories:
 - a) The inventory has been physically verified during the year by the management/outside agencies. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanation given to us, the procedures of verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories have been properly dealt with in the books of account.
3. In respect of loans granted/taken to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - a) The company has not granted any loans, secured or unsecured, to/from companies, firms or other parties during the year covered in the register maintained under section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.
 - b) As per explanations & information the Company has not taken any loans from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.



4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of the inventory, fixed assets and sale of power & services.
5. In respect of transactions with companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - a) According to the information and explanations given to us, during the year under audit there have been no contracts & arrangements entered by the Company which needs to be entered in the register maintained under section 301 of the Companies Act.
 - b) In view of sub clause (a) above, the sub-clause (4) (iii) (b) is not applicable.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act 1956 and the rules framed there under.
7. The company is having internal audit department/Outside agencies responsible for carrying out the Internal Audit of various sections at head office and at project offices at periodical intervals as per the approved audit plan. The internal audit system adopted by the internal audit department and the outside agency commensurate with the size and nature of the business of the company.
8. The Company has maintained proper books of account relating to material, labour and items of cost incurred by it pursuant to the rule made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. However, we have not made a detailed examination of these accounts with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
 - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess & other material statutory dues, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed payable in respect of the aforesaid statutory dues were in arrears, as at 31.03.2012 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us and as per the records of the company, the dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute amounting to Rs. 303.86 Cr.

(Rs. in Crores)

Statute	Nature	Forum	Amount
Income Tax Act, 1961	Income tax	ACIT(Range II), Faridabad	9.33
		CIT(Appeal), Dehradun	0.33
		ITO(TDS), Srinagar	0.40
		ITO(TDS), Palampur	0.01
		ACIT(TDS), Chandigarh	0.31
		CIT, Tezpur	0.19



		Total	10.57
Sales Tax Act of various states	Sales Tax	Sales Tax Appellate, J&K	260.62
		Sales Tax Assessing Authority, Chamba	3.38
		Dy. Commissioner (Appeal) Sales Tax, Srinagar (J&K)	0.01
		Total	264.01
Customs Act,1962	Custom Duty	Dy. Commissioner of Customs, Contract Cell	0.06
Finance Act,1994	Service tax	Service tax Commissioner, Delhi	29.22
		Grand Total	303.86

- 10 The company has no accumulated losses as at the end of the Financial year. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11 Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- 12 In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of the security by way of pledge of shares, debentures and other securities.
- 13 The provisions of any special statute applicable to chit fund/ nidhi /mutual benefit fund/ societies are not applicable to the company.
- 14 In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
- 15 In our opinion and as per the information and explanation given to us, the company has not given guarantees for loans taken by the others from banks or financial institutions during the year.
- 16 As per information & explanations given to us by the management, the term loans have been applied for the purpose for which they were obtained.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
- 18 The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- 19 The company has not issued any debentures during the year and there is no debenture outstanding at the year end.
- 20 The Corporation has not raised money by Public Issue during the year.
- 21 During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India we have not come across any instance



of fraud on or by the company, and according to the information and explanations given to us, no fraud was noticed or reported during the year by the management.

For S.N. Nanda & Co. (Chartered Accountants) FRN No. 000685N	For Singhi & Co. (Chartered Accountants) FRN No. 302049E	For Baweja & Kaul (Chartered Accountants) FRN No. 005834N	For Tiwari & Associates (Chartered Accountants) FRN No. 002870N
(CA 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



3.vi

Sl. No.	Particulars	2015-2016	2014-15	2013-2014
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	Rs. 50000/- *	Nil	Nil

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

3.vii

Sl. No.	Particulars	2015-2016	2014-15	2013-2014
3.vii.0	Details of acts of material frauds committed against the company	Nil	Nil	Nil

FINANCIAL POSITION OF THE COMPANY

4. (a) Capital Structure of NHPC Limited

Details of Share Capital as on last quarter end (as on 31.03.2017)
(Rs. In Crores)

Particulars	Amount
4.(a).(i)(a) : Share Capital	
Authorised:15000000000 Equity Shares of Rs 10/- each	15000.00
Issued, Subscribed and Paid up: 11070668496 10259320519 Equity Shares of Rs 10 each fully paid up (Out of above 62952960 Shares of Rs 10/- each have been allotted for consideration other than cash pursuant to agreement with Government of India)	10259.32
4.(a).(i)(b)	Not



Size of the present offer	Applicable
a).(i)(c & d) Paid up capital (A) After the offer (B) After conversion of convertible instruments © Share premium account <ul style="list-style-type: none"> ▪ Before the offer ▪ After the offer 	Not Applicable

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

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

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

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

(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)

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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
September 3, 1977	40,000	1,000	1,000	Cash	Nil	45,235	4,00,00,000	4.52
February 28, 1978	6,29,529	1,000	1,000	Other than cash	Nil	6,74,764	62,95,29,000	67.48
February 28, 1978	60,700	1,000	1,000	Cash	Nil	7,35,464	6,07,00,000	73.55
September 18, 1978	73,298	1,000	1,000	Cash	Nil	8,08,762	7,32,98,000	80.88
February 2, 1979	25,000	1,000	1,000	Cash	Nil	8,33,762	2,50,00,000	83.38
August 6, 1980	1	1,000	1,000	Cash (Rs. 400) Other than cash (Rs. 600)	Nil	8,33,763	1,000	83.38
March 31, 1981	1,46,150	1,000	1,000	Cash	Nil	9,79,913	14,61,50,000	97.99
December 21, 1981	15,000	1,000	1,000	Cash	Nil	9,94,913	1,50,00,000	99.49
March 27, 1982	33,300	1,000	1,000	Cash	Nil	10,28,213	3,33,00,000	102.82
June 14, 1982	35,000	1,000	1,000	Cash	Nil	10,63,213	3,50,00,000	106.32
September 02, 1982	36,000	1,000	1,000	Cash	Nil	10,99,213	3,60,00,000	109.92
December 14, 1982	1,24,000	1,000	1,000	Cash	Nil	12,23,213	12,40,00,000	122.32
February	15,000	1,000	1,000	Cash	Nil	12,38,213	1,50,00,000	123.82

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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)
23,1983								
March 26, 1983	60,000	1,000	1,000	Cash	Nil	12,98,213	6,00,00,000	129.82
June 6,1983	32,900	1,000	1,000	Cash	Nil	13,31,113	3,29,00,000	133.11
September 5, 1983	61,859	1,000	1,000	Cash	Nil	13,92,972	6,18,59,000	139.30
December 16, 1983	48,550	1,000	1,000	Cash	Nil	14,41,522	4,85,50,000	144.15
March 5,1984	2,14,541	1,000	1,000	Cash	Nil	16,56,063	21,45,41,000	165.61
May 14, 1984	1,39,579	1,000	1,000	Cash	Nil	17,95,642	13,95,79,000	179.56
January 8,1985	4,27,459	1,000	1,000	Cash	Nil	22,23,101	42,74,59,000	222.31
June 21,1985	11,75,665	1,000	1,000	Cash	Nil	33,98,766	1,17,56,65,000	339.88
November 18,1985	4,72,500	1,000	1,000	Cash	Nil	38,71,266	47,25,00,000	387.12
February 24,1986	4,20,000	1,000	1,000	Cash	Nil	42,91,266	42,00,00,000	429.13
June 6,1986	8,03,546	1,000	1,000	Cash	Nil	50,94,812	80,35,46,000	509.48
December 26,1986	3,05,000	1,000	1,000	Cash	Nil	53,99,812	30,50,00,000	539.98
March 31, 1987	10,000	1,000	1,000	Cash	Nil	54,09,812	1,00,00,000	540.98
April 29, 1987	3,31,200	1,000	1,000	Cash	Nil	57,41,012	33,12,00,000	574.10
November 25, 1987	11,26,681	1,000	1,000	Cash	Nil	68,67,693	1,12,66,81,000	686.77
March 9, 1988	1,57,700	1,000	1,000	Cash	Nil	70,25,393	15,77,00,000	702.54
May 4, 1988	1,62,258	1,000	1,000	Cash	Nil	71,87,651	16,22,58,000	718.77
August 17, 1988	4,75,000	1,000	1,000	Cash	Nil	76,62,651	47,50,00,000	766.27
December 28, 1988	2,49,500	1,000	1,000	Cash	Nil	79,12,151	24,95,00,000	791.22
March 27, 1989	65,789	1,000	1,000	Cash	Nil	79,77,940	6,57,89,000	797.80
December 28, 1989	5,09,700	1,000	1,000	Cash	Nil	84,87,640	50,97,00,000	848.76

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

NHPC V Series Offer Letter
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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)
July 25,1997	(2,38,832)* ¹	1,000	1,000	-	Nil	2,47,54,147	-23,88,32,000	2,475.41
July 25,1997	13,91,800	1,000	1,000	Cash	Nil	2,61,45,947	1,39,18,00,000	2,614.59
September 23,1997	5,11,000	1,000	1,000	Cash	Nil	2,66,56,947	51,10,00,000	2,665.69
November 1,1997	15,70,000	1,000	1,000	Cash	Nil	2,82,26,947	1,57,00,00,000	2,822.69
December 5,1997	5,00,000	1,000	1,000	Cash	Nil	2,87,26,947	50,00,00,000	2,872.69
February 21,1998	9,60,000	1,000	1,000	Cash	Nil	2,96,86,947	96,00,00,000	2,968.69
July 22,1998	10,65,000	1,000	1,000	Cash	Nil	3,07,51,947	1,06,50,00,000	3,075.19
September 18,1998	6,40,000	1,000	1,000	Cash	Nil	3,13,91,947	64,00,00,000	3,139.19
October 17,1998	3,30,000	1,000	1,000	Cash	Nil	3,17,21,947	33,00,00,000	3,172.19
November 13/19, 1998	50,000	1,000	1,000	Cash	Nil	3,17,71,947	5,00,00,000	3,177.19
January 4, 1999	5,44,200	1,000	1,000	Cash	Nil	3,23,16,147	54,42,00,000	3,231.61
January 29, 1999	50,000	1,000	1,000	Cash	Nil	3,23,66,147	5,00,00,000	3,236.61
March 19, 1999	10,09,800	1,000	1,000	Cash	Nil	3,33,75,947	1,00,98,00,000	3,337.59
April 28, 1999	6,06,400	1,000	1,000	Cash	Nil	3,39,82,347	60,64,00,000	3,398.23
July 31, 1999	8,42,600	1,000	1,000	Cash	Nil	3,48,24,947	84,26,00,000	3,482.49
July 31, 1999	6,30,000	1,000	1,000	Cash	Nil	3,54,54,947	63,00,00,000	3,545.49
August 27, 1999	13,14,600	1,000	1,000	Cash	Nil	3,67,69,547	1,31,46,00,000	3,676.95
September 24,1999	60,000	1,000	1,000	Cash	Nil	3,68,29,547	6,00,00,000	3,682.95
October 25,1999	20,000	1,000	1,000	Cash	Nil	3,68,49,547	2,00,00,000	3,684.95
November 30,1999	5,20,000	1,000	1,000	Cash	Nil	3,73,69,547	52,00,00,000	3,736.95
January 18,2000	4,70,000	1,000	1,000	Cash	Nil	3,78,39,547	47,00,00,000	3,783.95

NHPC V Series Offer Letter
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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 3,2000	9,22,100	1,000	1,000	Cash	Nil	3,87,61,647	92,21,00,000	3,876.16
March 10,2000	8,90,000	1,000	1,000	Cash	Nil	3,96,51,647	89,00,00,000	3,965.16
March 30,2000	3,20,800	1,000	1,000	Cash	Nil	3,99,72,447	32,08,00,000	3,997.24
April 26,2000	2,32,500	1,000	1,000	Cash	Nil	4,02,04,947	23,25,00,000	4,020.49
July 20,2000	11,78,300	1,000	1,000	Cash	Nil	4,13,83,247	1,17,83,00,000	4,138.32
August 25, 2000	14,00,000	1,000	1,000	Cash	Nil	4,27,83,247	1,40,00,00,000	4,278.32
September 27, 2000	6,91,800	1,000	1,000	Cash	Nil	4,34,75,047	69,18,00,000	4,347.50
October 24, 2000	12,39,100	1,000	1,000	Cash	Nil	4,47,14,147	1,23,91,00,000	4,471.41
March 8, 2001	14,30,800	1,000	1,000	Cash	Nil	4,61,44,947	1,43,08,00,000	4,614.49
April 30, 2001	14,80,000	1,000	1,000	Cash	Nil	4,76,24,947	1,48,00,00,000	4,762.49
June 20, 2001	29,11,500	1,000	1,000	Cash	Nil	5,05,36,447	2,91,15,00,000	5,053.64
September 7, 2001	9,46,400	1,000	1,000	Cash	Nil	5,14,82,847	94,64,00,000	5,148.28
November 26, 2001	14,47,700	1,000	1,000	Cash	Nil	5,29,30,547	1,44,77,00,000	5,293.05
April 30, 2002	62,67,700	1,000	1,000	Cash	Nil	5,91,98,247	6,26,77,00,000	5,919.82
July 24, 2002	6,35,100	1,000	1,000	Cash	Nil	5,98,33,347	63,51,00,000	5,983.33
August 22, 2002	10,18,400	1,000	1,000	Cash	Nil	6,08,51,747	1,01,84,00,000	6,085.17
October 21, 2002	18,57,500	1,000	1,000	Cash	Nil	6,27,09,247	1,85,75,00,000	6,270.92
December 23, 2002	21,69,300	1,000	1,000	Cash	Nil	6,48,78,547	2,16,93,00,000	6,487.85
February 26, 2003	20,55,350	1,000	1,000	Cash	Nil	6,69,33,897	2,05,53,50,000	6,693.39
April 28, 2003	12,13,700	1,000	1,000	Cash	Nil	6,81,47,597	1,21,37,00,000	6,814.76
June 11, 2003	10,66,200	1,000	1,000	Cash	Nil	6,92,13,797	1,06,62,00,000	6,921.38

NHPC V Series Offer Letter
Private & Confidential-not for circulation



Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Conside ration in Cash/ other than cash	Cumul ative Share Premi um	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
July 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 30, 2005	83,323	1,000	1,000	Cash	Nil	9,87,82,020	8,33,23,000	9,878.20
November 23, 2005	10,46,900	1,000	1,000	Cash	Nil	9,98,28,920	1,04,69,00,000	9,982.89
December 29, 2005	17,57,100	1,000	1,000	Cash	Nil	10,15,86,020	1,75,71,00,000	10,158.60
March 24, 2006	5,66,800	1,000	1,000	Cash	Nil	10,21,52,820	56,68,00,000	10,215.28
April 20, 2006	2,03,800	1,000	1,000	Cash	Nil	10,23,56,620	20,38,00,000	10,235.67
July 21, 2006	11,36,800	1,000	1,000	Cash	Nil	10,34,93,420	1,13,68,00,000	10,349.34
September 6,2006	15,11,200	1,000	1,000	Cash	Nil	10,50,04,620	1,51,12,00,000	10,500.46
February 7, 2007	24,56,200	1,000	1,000	Cash	Nil	10,74,60,820	2,45,62,00,000	10,746.08



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 13, 2007	13,54,600	1,000	1,000	Cash	Nil	10,88,15,420	1,35,46,00,000	10,881.54
March 13, 2007	The equity shares of Rs. 1,000 each were split into Equity Shares of the face value of Rs. 10 each.							
March 26, 2007	31,66,70,500	10	10	Cash	Nil	11,19,82,12,500	3,16,67,05,000	11,198.21
May 26, 2007	(2,45,50,000) ^{*2}	10	10	-	-	11,17,36,62,500	(24,55,00,000)	11,173.66
March 13, 2008	88,30,930	10	10	Cash	Nil	11,18,24,93,430	8,83,09,300	11,182.49
August 26, 2009	1,11,82,49,343 ^{*3}	10	36	Cash	2868.74 [#]	12,30,07,42,773	11,18,24,93,430	12300.74
December 27, 2013	(1,23,00,74,277) ^{*4}	10	19.25	Cash	2868.74 [#]	11,07,06,68,496	(12,30,07,42,770)	11,070.67
March 31, 2017	(81,13,47,977) ^{*5}	10	32.25	Cash	Audit Under Processes	10,25,93,20,519	(811,34,79,770)	10259.32

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

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

*3 Initial Public Offer

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

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

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

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

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

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



Shareholding pattern of the Company as on 31.12.2016:

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*	8,248,285,361	8,248,285,361	74.51
2	INSURANCE COMPANIES	955,097,168	955097168	8.63
3	FOREIGN INSTITUTIONAL INVESTORS	149,377,347	149377347	1.35
4	FOREIGN PORTFOLIO INVESTORS	261,635,681	261635681	2.36
5	MUTUAL FUNDS	110,558,656	110,558,656	1.00
6	BANKS	69,885,605	69885605	0.63
7	INDIAN FINANCIAL INSTITUTIONS	14,137,267	14137267	0.13
8	NBFC	687,956	687956	0.01
9	H U F	32,733,389	631799177	0.30
10	RESIDENT INDIVIDUALS	599,212,223		5.41
11	BODIES CORPORATES	594,694,259	629050268	5.37
12	CLEARING MEMBERS	17,418,503		0.16
13	TRUSTS	3,100,643		0.03
14	OVERSEAS CORPORATE BODIES	175		0.00
15	NON RESIDENT INDIANS	11,360,285		0.10
16	NON RESIDENT INDIAN NON REPATRIABLE	2,482,478		0.02
17	FOREIGN NATIONALS	1,500		0.00
	Total	11070668496	11070514486	100

*Recent OFS for employees made by the promoter i.e. GOI in Nov-16 has reduced their holding to 74.51%.

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

List of top 10 holders of equity shares of the Company as on 31.12.2016:

Sl. No.	Name of the Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total Shareholding as % of total no. of equity shares
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1	PRESIDENT OF INDIA	8,248,285,361	8,248,285,361	74.51
2	LIFE INSURANCE CORPORATION OF INDIA	906,183,502	906,183,502	8.19
3	POWER FINANCE CORPORATION LTD	260,542,051	260,542,051	2.35
4	RURAL ELECTRIFICATION CORPORATION LTD	260,542,050	260,542,050	2.35
5	HDFC TRUSTEE COMPANY LIMITED - HDFC TAX SAVERFUND	44,726,750	44,726,750	0.40
6	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND	40,188,229	40,188,229	0.36
7	GOLDMAN SACHS (SINGAPORE) PTE	34,686,280	34,686,280	0.31
8	UCO BANK	33,154,836	33,154,836	0.30
9	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	30,540,004	30,540,004	0.28
10	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND	27,184,894	27,184,894	0.25

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

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

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

4.b & 4.c

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

(Rs. in Crore)

Sl. No.	Parameters	FY2016-17* (As on 31.12.2016)	FY2015- 16	FY 2014- 15	FY 2013-14
4.b.0	Profit Before Tax	3278.03	3196.68	2826.17	1583.06
4.b.1	Profit After Tax	2627.17	2440.14	2124.47	978.79
4.c.0	Dividend amounts	-	1660.60	664.27	332.12
4.c.1	Interest Coverage Ratio (As on 30.09.2016 for FY 2016-17)	11.35	8.15	4.70	3.82

***Figures of FY 2016-17 (as on 31.12.2016) are as per IND AS.**



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

A)	The Capital Structure of the Company	FY2016-17 (As on 31.12.2016)	2015-16	2014-15	2013-14
	- Authorised Share Capital (Rs. in Crore)	15000	15000	15000	15000
	- No. of Shares (in aggregate)	1107066849 6	11070668 496	11070668 496	11070668496
	- Issued, Subscribed & Paid Up Equity Capital (face value Rs. 10) (Rs. in Crore)	11070.67	11070.67	11070.67	11070.67
	- Share Premium Account (Rs. in Crore)	2868.74	2868.74	2868.74	2868.74
B)	Profits of the Company				
	- Profit Before Tax	3278.03	3196.68	2826.17	1583.06
	- Profit After Tax	2627.17	2440.14	2124.47	978.79
C)	Dividend declared by the Company (Rs. in Crore)	-	1660.60	664.27	332.12
D)	Financial Position (Standalone Basis)				
	Net Worth	31666.44	28751.95	28286.39	26067.65
	Total Debt	19528.06	20142.43	19836.34	19866.49
	- Non current maturities of Long Term Borrowings	17869.75	18385.28	18171.03	18580.52
	- Short Term Borrowings	-	-	-	-
	- Current maturities of Long Term Borrowings	1658.31	1757.15	1665.31	1285.97
	Net Fixed Assets & CWIP	38015.19	39459.51	38749.88	38736.67
	Non Current Assets	46233.34	45306.91	44262.30	42949.75
	Cash and Cash Equivalents	6014.87	5876.76	5422.11	5303.83
	Current Investments	251.49	1.13	257.57	251.87
	Current Assets	10709.41	9859.25	11176.82	11026.52
	Current Liabilities	4570.62	5538.44	5947.14	6140.92
	Net Sales	5816.06	7346.77	6736.64	5335.11
	EBITDA*	5137.03	5716.19	5431.81	3816.22
	EBIT*	4101.34	4264.05	4005.94	2605.46
	Interest	823.31	1067.37	1179.77	1022.40
	PAT	2627.17	2440.13	2124.47	978.79
	Dividend Amounts	-	1660.60	664.27	332.12
	Current Ratio	2.34	1.78	1.88	1.80



Interest Coverage Ratio (As on 30.09.2016 for FY 2016-17)	11.35	8.15	4.70	3.82
Debt/ equity ratio	0.64	0.64	0.64	0.71
Debt Service Coverage Ratios (As on 30.09.2016 for FY 2016-17)	3.38	3.54	2.69	2.07

Figures of FY 2016-17 (as on 31.12.2016) are as per IND AS.

* EBIT & EBITDA for the FY 2016-17 (as on 31.12.2016) includes Rate Regulated Income of Rs. 380.41crs.



4.e Cash Flow Statement for three years:

STATEMENT OF CASH FLOW

(Rs. in Crore)

S.No	Particulars	Year Ended as on 31.03.2016	Year Ended as on 31.03.2015	Year Ended as on 31.03.2014
	Net Profit before tax and extraordinary items	3196.68	2826.17	1583.06
	Less: Rate Regulated Income/Expenditure	549.94	521.95	-
	ADD :			
	Depreciation (including Prior Period)	1451.55	1429.77	1,225.25
	Finance Cost (net of EDC)	1067.37	1179.76	1,022.40
	(Profit)/ Loss on sale of assets/ Debt/ Claim written off	1.46	2.36	0.90
	Provisions (Net loss)	390.93	112.78	179.77
	(Profit)/Loss on Sale of Projects	-		-
	Expenditure incurred to create Rate Regulatory Assets (net of finance and depreciation)	147.03		
	Tariff Adjustment	109.78	105.82	1.13
	Exchange rate variation	1.14	(20.50)	105.27
		5816.00	5114.21	4117.78
	LESS :			
	Advance against Depreciation written back(including Prior Period)	50.17	50.17	50.17
	Provisions (Net gain)	41.53	75.96	38.09
	Deferred ERV			
	Profit on sale of Assets & Investment \Realization of loss	13.63	1.11	1.06
	Dividend Income	120.93	61.56	377.92
	Interest Income	601.43	661.05	766.28
		827.69	849.85	1233.52
	Cash flow from operating activities before working capital adjustments	4988.31	4264.36	2884.26
	Working Capital Changes			
	(Increase)/Decrease in Inventories	-2.80	(8.51)	(15.92)
	(Increase)/Decrease in Trade Receivables	480.07	(633.33)	194.21
	(Increase)/Decrease in Other Assets, Loans & Advances	-91.30	622.76	684.73



	Increase/(Decrease) in Other Liabilities & Provisions	-307.21	(586.08)	408.45
	Cash flow from operating activities before taxes	5067.07	3659.20	4155.73
	Less : Taxes	669.37	603.84	509.70
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	4397.70	3055.36	3646.03
B.	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	-2069.13	(1632.33)	(1,796.47)
	Creation of Rate Regulatory Assets	-147.03	(123.30)	-
	Loss/(Profit) on sale/transfer of Assets			-
	Realisation from Investment/Bonds	651.02	243.56	172.47
	Interest Income	593.13	661.05	766.28
	Dividend Received	120.93	61.56	377.92
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-851.08	(789.46)	(479.80)
C.	CASH FLOW FROM FINANCING ACTIVITIES			
	Buyback of Shares (including premium payments)		-	(2,367.89)
	Issue of share capital/ Share application money pending allotment			-
	Dividend & Dividend Tax Paid	-1734.74	(772.03)	(858.37)
	Proceeds on Borrowings	1774.92	1461.98	2,528.01
	Repayments of Borrowings	-1671.09	(1276.19)	(1,318.46)
	Interest & Financial Charges	-1461.06	(1561.38)	(1,461.70)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-3091.97	(2147.62)	(3,478.41)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	454.65	118.28	(312.18)
	Cash & Cash Equivalents at the beginning of the year	5422.11	5303.83	5,616.01
	Cash & Cash Equivalents at the close of the year	5876.76	5422.11	5303.83



4.f. Changes in Accounting Policies

2013-14		(Rs. in Crore)	
Policy No.	Description	Impact on Profit of Standalone accounts	Impact on Profit of Consolidated accounts
Erstwhile Policy No. 2.3	Policy on Capital expenditure on assets where neither the land nor the asset is owned by the Company (enabling assets) has been deleted on introduction of new Accounting policy no. 4.4.	Increase in profit before tax by Rs. 1.28 Crore	Increase in profit before tax by Rs. 1.52 Crore
Erstwhile Policy No. 5.8	Policy on amortization of Capital expenditure referred to in Policy no.2.3 has also been deleted consequent to deletion of Accounting policy no.2.3.		
Policy No. 4.4	New Policy on Capital expenditure on facilities over which Company does not have control has been introduced.		

2014-15		(Rs. in Crore)	
Policy No.	Description	Impact on Profit for the year	Impact on Profit of Consolidated accounts
2.5	Policy deleted due to presentation of Fixed Assets declared surplus/awaiting disposal action in "Other current assets" instead of presenting them as Fixed Assets.	No impact	No impact
5.2.3	Policy on charging of depreciation in respect of items for which the Company assessed rates are used. The policy has been changed to adopt the useful life and residual value as per Schedule-II of the	(0.69)	(0.64)



	Companies Act, 2013 with effect from 01.04.2014.		
5.3	Policy on charging of depreciation in respect of items (excluding immovable assets) with written down value of Rs.5000/- or less at the beginning of the year are fully depreciated during the year with Rs.1/- as WDV.	0.58	0.64
7.3	Policy on writing off loose tools in use having value of Rs. 5000/- or more have been deleted.	(0.10)	(0.18)
9.3	Policy on expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme has been deleted.	No impact as the policy was redundant.	No impact as the policy was redundant.

2015-16

(Rs. in Crore)

Policy No.	Description	Impact on Profit of Standalone accounts
2.1.3	Introduction of new accounting policy on capitalization of Expenditure incurred on renovation and modernization of tangible assets on completion of the originally estimated useful life of the power station.	Nil
2.1.4	Modification of accounting policy regarding capitalization of interest amount on enhanced compensation of land awarded by court to the cost of land (net of depreciation).	3.72
5.2.2 (ii)	Introduction of new accounting policy on depreciation on old & used tangible assets of other than Operating Units	Nil

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



NHPC Policy	Policy of Joint Venture Company	Impact on Profitability
<p><u>Policy No. 5.1</u> Depreciation on additions to /deductions from tangible assets during the year is charged on pro-rata basis from / up to the date on which the asset is available for use / disposal.</p>	<p><u>Policy No. 7.1(b) of NHPTL</u> Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which asset is available for use/disposal.</p>	<p>No impact, since NHPTL has not yet started operation.</p>
<p><u>Policy No. 5.2.1 & 5.2.3</u> Depreciation on tangible assets of Operating Units of the Company except Construction Plant and Machinery & Computers and Peripherals is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by CERC</p>	<p><u>Policy No. 7.1 (a) of NHPTL</u> Depreciation on assets is charged on straight line method following the useful life specified in Schedule-II of the Companies Act, 2013.</p>	<p>No impact, since NHPTL has not yet started operation.</p>
<p><u>Policy No. 11.2</u> Prepaid expenses and prior period expenses/income of items of Rs. 50,000/- and below are charged to natural heads of accounts.</p>	<p><u>Policy No. 7.2(b) of NHPTL</u> Prepaid expenses and prior period expenses/income of items of Rs. 500,000/- and below are charged to natural heads of accounts.</p>	<p>No impact, since NHPTL has not yet started operation.</p>
	<p><u>Policy No. 7.2(a) of NHPTL</u> Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearances are charged to revenue.</p>	<p>No impact, since NHPTL has not yet started operation.</p>
	<p><u>Policy No. 9 of NHPTL</u> Assets acquired on lease where a significant portion of the risk and rewards of the ownership is retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.</p>	<p>No impact, since NHPTL has not yet started operation.</p>
	<p><u>Policy No. 17 of NHDC</u></p>	<p>No impact.</p>



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



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

(Rs. in Crore)

Parameters	FY 2016-17 (As on 31.12.2016)	FY 2015-16	FY 2014-15	FY 2013-14
For Non-Financial Entities (Standalone Basis)				
Net Worth	31666.44	28751.95	28286.39	26067.65
Total Debt	19528.06	20142.43	19836.34	19866.49
- Non current maturities of Long Term Borrowings	17869.75	18385.28	18171.03	18580.52
- Short Term Borrowings	-	-	-	-
- Current maturities of Long Term Borrowings	1658.31	1757.15	1665.31	1285.97
Net Fixed Assets & CWIP	38015.19	39459.51	38749.88	38736.67
Non Current Assets	46233.34	45306.91	44262.30	42949.75
Cash and Cash Equivalents	6014.87	5876.76	5422.11	5303.83
Current Investments	251.49	1.13	257.57	251.87
Current Assets	10709.41	9859.25	11176.82	11026.52
Current Liabilities	4570.62	5538.44	5947.14	6140.92
Net Sales	5816.06	7346.77	6736.64	5335.11
EBITDA*	5137.03	5716.19	5431.81	3816.22
EBIT*	4101.34	4264.05	4005.94	2605.46
Interest	823.31	1067.37	1179.77	1022.40
PAT	2627.17	2440.14	2124.47	978.79
Dividend Amounts	-	1660.60	664.27	332.12
Current Ratio	2.34	1.78	1.88	1.80
Interest Coverage Ratio (As on 30.09.2016 for FY 2016-17)	11.35	8.15	4.70	3.82



Debt/ equity ratio	0.64	0.64	0.64	0.71
Debt Service Coverage Ratios (As on 30.09.2016 for FY 2016-17)	3.38	3.54	2.69	2.07

Figures of FY 2016-17 (as on 31.12.2016) are as per IND AS.

* EBIT & EBITDA for the FY 2016-17 (as on 31.12.2016) includes Rate Regulated Income of Rs. 380.41 crs.

4.h. Gross Debt: Equity Ratio:

Before the issue of debt securities (31.12.2016)	0.62
After the issue of debt securities	0.62

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

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

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

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

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

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

Name	Address	Auditor since
M/s Ray and Ray,	WebelBhawan, Ground Floor, Block-EP & GP, Sector-V, Bidhannagar, Salt Lake, Kolkatta-700091	2014-15(as Joint Statutory Auditor)
M/s Gupta Gupta and Associates,	142/3, Trikuta Nagar, Jammu Tawi - 180012,	2013-14(as Joint Statutory Auditor)



	Jammu & Kashmir	
M/s S N Dhawan and Co. LLP,	410 AnsalBhawan, 16 Kasturba Gandhi Marg, New Delhi-110001.	2014-15(as Joint Statutory Auditor)

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

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

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

*Statutory Auditors as on 31.12.2016

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

*Statutory Auditors 2015-16

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

*Statutory Auditors 2014-15

Name	Address	Auditor since
M/s S. N. Nanda & Co.	C-43, Pamposh Enclave, Greater Kailash – I, New Delhi – 110 048	2011-12
M/s Ray and Ray,	WebelBhawan, Ground Floor, Block-EP & GP, Sector-V, Bidhannagar, Salt Lake,	2014-15



	Kolkatta-700091	
M/s Gupta Gupta and Associates,	142/3, Trikuta Nagar, Jammu Tawi - 180012, Jammu & Kashmir	2013-14
M/s S N Dhawan and Co.,	410 AnsalBhawan, 16 Kasturba Gandhi Marg, New Delhi-110001.	2014-15

***Statutory Auditors 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, Kolkatta-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 31.12.2016:

4.k. i. Details of Secured Loan Facilities

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt O/s	Repayment Date / Schedule	Security
State Bank of Patiala	Term Loan	40.00	2.00	1 half yearly installment of Rs. 2 crores on 09.01.2017	Pari-passu charge against Immovable / Movable assets of Chamera-I Power Station situated in Himachal Pradesh except for book debts & stores
Syndicate Bank	Term Loan	183.00	18.30	1 equal yearly installment of Rs. 18.30 crores each up to 23.02.2017	Pari-passu charge against Immovable / Movable assets of Uri-I Power Station situated in Jammu & Kashmir except for book debts and stores
Oriental Bank of Commerce	Term Loan	200.00	20.00	1 equal yearly installments of Rs. 20 crores	Pari-passu charge against Immovable / Movable assets of Uri-I Power Station situated



				each up to 31.03.2017	in Jammu & Kashmir except for book debts and stores
Oriental Bank of Commerce	Term Loan	100.00	40.00	4 equal yearly installments of Rs. 10 crores each up to 27.12.2020	Pari-passu charge against Immovable / Movable assets of Uri-I Power Station situated in Jammu & Kashmir except for book debts and stores
UCO Bank	Term Loan	1000.00	625.00	15 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	416.67	40 equal quarterly installments of Rs. 10.42 crores each up to 05.10.2026	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	166.72	39 equal quarterly installments of Rs. 4.16 crores each and last quarterly installment of Rs. 4.48 crores up to 16.10.2026	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
Indian Overseas Bank	Term Loan	200.00	166.67	40 equal quarterly installments of Rs. 4.17 crores each up to 16.10.2026	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
Punjab & Sind Bank	Term Loan	200.00	166.67	40 equal quarterly installments of Rs. 4.17 crores each up to 17.10.2026	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
Syndicate Bank	Term Loan	300.00	250.00	40 equal quarterly installments of Rs. 6.25 crores each up to 02.11.2026	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
Union Bank of India	Term Loan	150.00	125.00	40 equal quarterly installments of Rs. 3.125 crores each up to 03.11.2026	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
Life Insurance Corporation of India	Line of Credit	2500.00	833.33	8 equal half yearly installments of Rs. 104.17	Pari-passu charge against immovable & movable assets of Parbati-II HE Project situated in Himachal Pradesh



				crores each up to 15.10.2020	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	1106.00	14 equal half yearly installments of Rs. 79 crores each up to 30.10.2023	Pari-passu charge against immovable / movable assets of TLDP-III HE Project situated in West Bengal and Teesta-V Power Station situated in Sikkim.
Power Finance Corporation	Term Loan	186.00	32.55	7 equal quarterly installments of Rs. 4.65 crores each up to 15.07.2018	First charge on Pari-passu basis on movable assets, both present & future, FofDulhasti Power Station situated in Jammu & Kashmir except for book debts & stores
Power Finance Corporation	Term Loan	70.00	33.25	19 equal quarterly installments of Rs. 1.75 crores each up to 15.07.2021	First charge on Pari-passu basis on movable assets, both present & future, FofDulhasti Power Station situated in Jammu & Kashmir except for book debts & stores
Power Finance Corporation	Term Loan	1457.00	655.65	18 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	103.25	10 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	150	12 equal quarterly installments of	Pari-passu charge against Immovable / Movable assets of Chamera-I Power Station



				Rs. 12.50 crores each up to 15.10.2019	situated in Himachal Pradesh except for book debts & stores
State Bank of India	Term Loan	1000.00	937.50	45 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	458.33	44 Equal quarterly installments of Rs. 10.417 crores each up to 28/12/27	Pari-passu charge against Immovable / Movable assets of TLDP-III situated in West Bengal and Chamera-I Power Station situated in Himachal Pradesh except for book debts and stores)

4.k.ii. Details of Unsecured Loan Facilities

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule
Domestic				
Government of India	Subordinate Debt for NimooBazgo HE Project	490.65	490.65	18 equal annual installments from 12th year after commissioning of the project.
Government of India	Subordinate Debt for Chutak HE Project	529.71	529.71	24 equal annual installments from 6th year after commissioning of the project.
Government of India	Subordinate Debt for Kishanganga HE Project	2380.44	2380.44	10 equal annual installments from 11th year after commissioning of the project.
Foreign				
Japan Bank of International Cooperation	Term Loan Tranche-I	JPY 566.50	136.20	19 half yearly equal installments of Rs. 7.16 Crs upto 20.01.2026



Japan Bank of International Cooperation	Term Loan Tranche-II	JPY 1631.60	517.34	23 half yearly equal installments of Rs. 22.49 Crs upto 20.12.2027
Japan Bank of International Cooperation	Term Loan Tranche-III	JPY 1389	607.95	35 half yearly equal installments of Rs. 17.37 Crs upto 20.03.2034
DB-NEXI untied facility	Term Loan	JPY 1824	215.63	4 half yearly equal installments of Rs. 53.90 Crs upto 18.10.2018

4.k. iii. Details of NCDs

(Amount Rs. in Crores)

Debenture Series	Tenor / Period of Maturity	Coupon	Amount	Date of Allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security
O-Series	15 Years with 5 years moratorium	7.70% (Fixed)	570.00	31.03.03	10% every year commencing from 31.03.09 to 31.03.18	IND AAA/Stable from India Ratings, CARE AAA from CARE Ratings, AAA/Stable from CRISIL	Secured	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	IND AAA/ Stable from India Ratings	Secured	1. Dhauliganga Power Station situated in Uttarakhand 2. Parbati-II Power Project & 3. Chamera-III Power Station both situated in Himachal Pradesh
Q-Series	15 Years with 3 years moratorium	9.25% (Fixed)	1266.00	12.03.12	1/12th every year commencing from 12.03.16 to 12.03.27	IND AAA/ Stable from India Ratings, CARE AAA from CARE Ratings, [ICRA]A AA from ICRA Ratings	Secured	1. TLDP-III HE Project situated in West Bengal 2. Teesta-V Power Station situated in Sikkim
R1 SERIES BONDS	13 Years with 1 years moratorium	8.70%(Fixed)	82.20	11.02.13	1/12th every year commencing from 11.02.15 to 11.02.26	IND AAA/ Stable from India Ratings, [ICRA]A AA from ICRA Ratings	Secured	Parbati-II Power Project situated in Himachal Pradesh
R2	14 Years	8.85%	382.08	11.02.13	1/12th	IND	Secured	Parbati-II



SERIES BONDS	with 2 years moratorium	(Fixed)			every year commencing from 11.02.16 to 11.02.27	AAA/ Stable from India Ratings, [ICRA]A AA from ICRA Ratings	ed	Power Project situated in Himachal Pradesh
R3 SERIES BONDS	15 Years with 5 years moratorium	8.78% (Fixed)	892.00	11.02.13	1/10th every year commencing from 11.02.19 to 11.02.28	IND AAA/ Stable from India Ratings, [ICRA]A AA 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	IND AAA/ Stable from India Ratings, CARE AAA from CARE Ratings, [ICRA]A AA 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	IND AAA/ Stable from India	Secured	Parbati-II Power Project & Chamera-III Power Station



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



FREE BOND 3A SERIES	with 19 years moratorium				maturity i.e. 2.11.2033	AAA/Stable from India Ratings, CARE AAA from CARE Ratings, [ICRA]A AA from ICRA Ratings	ed	Power Project & Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 3B SERIES	20years with 19 years moratorium	8.92%	253.62	02.11.13	On maturity i.e. 2.11.2033	IND AAA/Stable from India Ratings, CARE AAA from CARE Ratings, [ICRA]A AA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
S1 Series	10 yrs	8.49%	365.00	26.11.14	In 10 equal installment from 26.11.15 to 26.11.24.	IND AAA/Stable from India Ratings, CARE 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.	IND AAA/ Stable from India Ratings, CARE AAA from CARE Ratings	Secured	Parbati-III Power Project situated in Himachal Pradesh
T Series	15 yrs with 4 yrs moratorium	8.50%	1474.92	14-Jul-15	In 12 equal installment from 14.07.19 to 14.07.30	IND AAA/ Stable from India Ratings, CARE AAA from CARE Ratings	Secured	Chamera-I & Parbati-III Power Station both situated in Himachal Pradesh and Uri-I Power Station situated in J&K.
U Series	15 yrs (Bullet Redemption)	8.24%	540	27-Jun-2016	27-Jun-2031	IND AAA/ Stable from India Ratings, CARE AAA from CARE Ratings	Secured	Parbati-III Power Station situated in Himachal Pradesh and Uri-I Power Station situated in J&K.
U 1 Series	14 years 355 Days (Bullet Redemption)	8.17%	360	07-Jul-2016	27-Jun-2031	IND AAA/ Stable from India Ratings, CARE AAA from CARE Ratings	Secured	Parbati-III Power Station situated in Himachal Pradesh and Uri-I Power Station situated in J&K.



4.k. iv. List of Top 10 Debenture Holders (as on 31.12.2016):-

NHPC Ltd.		
TOP 10 BONDS HOLDERS AS ON 31.12.2016		
Sr. N.	Name of Bond Holder	Amount in INR
1	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND INVESTMENT DEPARTMENT, 06TH FLOOR YOGAKSHEMA, JEEVAN BIMA MARG MUMBAI 400021	18000000000
2	CBT EPF-11-B-DM Standard Chartered Bank, CRESCENZOC-38/39 G-Block, BKC Bandra (East) Mumbai India 400051	13828500000
3	NPS TRUST- A/C SBI PENSION FUND SCHEME - STATE GOVT C/O SBI PENSION FUNDS PVT. LTD. MAKER CHAMBERS - III, NARIMAN POINT MUMBAI 400021	12203600000
4	AXIS BANK LIMITED TREASURY OPS NON SLR DESK CORP OFF INTERNATIONAL CENTRE P B MARG WORLI MUMBAI 400025	3275114000
5	ICICI PRUDENTIAL INCOME OPPORTUNITIES FUND SBC SECURITIES SERVICES NESCO COMPLEX, W E HIGHWAY GOREGAON EAST, MUMBAI 400063	3205000000
6	BIRLA SUN LIFE INSURANCE COMPANY LIMITED DEUTSCHE BANK AG POST BOX NO. 1142, FORT MUMBAI 400001	3060000000
7	PUNJAB NATIONAL BANK TREASURY DIVISION, PNB PRAGATI TOWER BANDRA KURLA COMPLEX MUMBAI 400051	2850000000
8	CANARA BANK - MUMBAI TREASURY & INVESTMENT DIVISION CANARA BANK BLDG C-14 G BLOCK BANDRA KURLA COMPLEX BANDRA E MUMBAI 400051	1566700000
9	ARMY GROUP INSURANCE FUND, AGI BHAWAN RAO TULA RAM MARG, POST VASANT VIHAR NEW DELHI, 110057, 01126147465	1250000000
10	MAX LIFE INSURANCE CO LTD A/C PARTICIPATING FUND SBC SECURITIES SERVICES NESCO COMPLEX, W E HIGHWAY GOREGAON EAST, MUMBAI 400063	1150000000

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



एनएचपीसी लिमिटेड
(भारत सरकार का उद्यम)
NHPC Limited
(A Govt. of India Enterprise)

(Formerly National Hydroelectric Power Corporation Ltd.)

ISO-9001 & 14001 Certified Company

CIN-L40101HR1975GOI032564

Contact Us - 0129-2250591,2270603 Fax 0129-2270902

Email ID: nhpcbndsection@gmail.com

**Declaration under Form PAS-4 (Pt.5)
For NHPC Limited V2 Series Bonds Issue (V Series Tranche II)**

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

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

I am authorized by the Board of Directors of the Company vide Resolution I of its 405th meeting held on 30th May, 2017 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

(D.Chakraborty)

General Manager (Finance)

Date : 31.05.2017

Place: Faridabad

Regd. Office : N.H.P.C Office Complex, Sector - 33, Faridabad -121003 (Haryana)

Website: www.nhpcindia.com

Mr. Mahesh Kumar Mittal
Director (Finance)
NHPC Limited
NHPC Office Complex
Sector 33
Faridabad -121003

May 17, 2017

Kind Attn: Mr. Mahesh Kumar Mittal, Director (Finance)

Dear Sir,

Re: Rating Letter for NHPC Limited

India Ratings and Research (Ind-Ra) is pleased to communicate the following rating of NHPC Limited.

- INR14.75bn Non-Convertible debentures: 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 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



Devendra Kumar Pant
Senior Director



Sunil Kumar Sinha
Director

CARE/DRO/RL/2017-18/1283

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

May 17, 2017

Confidential

Dear Sir,

Credit rating for Long-Term Bonds (V Series)

Please refer to our letter dated *January 16, 2017* and your request for revalidation of the rating assigned to the Long-Term Bonds (V Series) of your company, *for a limit of Rs. 2,250 crore* including current outstanding.

The following rating has been reviewed:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Long-Term Bonds (V Series)	2,250	CARE AAA [Triple AAA]	Reaffirmed
TOTAL	2,250 (Rupees Two thousand Two Hundred and Fifty crore only)		

- The redemption schedule of the bonds is furnished in Annexure – I. Please arrange to get the rating revalidated, in case the remaining issue is not made within **six months** from the date of this letter.
- Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.
- 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.
- CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information

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

which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

6. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
7. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,
Yours faithfully,

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

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

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

Annexure - I

S. No.	Investor Name	Issue date	Amount (Rs. In cr.)	Coupon Rate	Redemption Date
1	ICICI Securities Primary Dealership Ltd.	24.01.2017	100.00	6.84%	24.01.2022
2	Aditya Birla Finance Ltd.	24.01.2017	45.00	6.84%	24.01.2022
3	Chambal Fertilizer and Chemical Ltd.	24.01.2017	30.00	6.84%	24.01.2022
4	Trust Investment Advisors Pvt. Ltd.	24.01.2017	25.00	6.84%	24.01.2022
5	Axis Bank Ltd.	24.01.2017	50.00	6.84%	24.01.2022
6	Punjab National Bank	24.01.2017	125.00	6.84%	24.01.2022
7	State Bank of India	24.01.2017	400.00	6.84%	24.01.2022
8	Proposed	-	1475.00	-	-
	TOTAL	-	2,250.00		



एक कदम स्वच्छता की ओर

एनएचपीसी लिमिटेड
(भारत सरकार का उद्यम)

NHPC Limited

(A Government of India Enterprise)

फोन/Phone : _____

दिनांक/Date : _____

संदर्भ सं./Ref. No. _____

**CERTIFIED TRUE COPY OF RESOLUTION PASSED IN THE 398th
BOARD MEETING OF NHPC LIMITED HELD ON 18 NOVEMBER, 2016
AT 10.30 A.M. AT NHPC CAMP OFFICE, NEW DELHI**

**ITEM NO. 398.2.3 : ISSUE OF BONDS FOR RS.2250 CRORE ON PRIVATE
PLACEMENT('V' SERIES):**

- (i) "RESOLVED THAT Chairman & Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to raise debt up to Rs. 2250 crore through issuance of 'V' Series Secured Redeemable Non-cumulative Non-convertible Taxable Corporate Bonds in the nature of debenture in one or more tranches on private placement basis."
- (ii) "RESOLVED FURTHER THAT Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue(s) including without limiting to Arrangers, Registrar, Credit Rating Agency (ies), Trustee, Legal Firm, Consultant for Debenture Trust Deed, Custodian for Memorandum of Entry and any other agency required and to decide, settle the remuneration for all such intermediaries / agencies / persons, including by way of payment of commission, brokerage, fee, charges, etc."
- (iii) "RESOLVED FURTHER THAT Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint Banker to the issue(s) and open Bank Account and settle the terms of appointment."

Dr. M. S. D.

D. SESHADRI
Chief (Company Secretary)
NHPC Limited
(A Govt of India Enterprise)



एक कदम स्वच्छता की ओर

एन एच पी सी लिमिटेड

(भारत सरकार का उद्यम)

NHPC Limited

(A Government of India Enterprise)

संदर्भ सं./Ref. No. _____

फोन/Phone : _____

दिनांक/Date : _____

- (iv) "RESOLVED FURTHER THAT Director (Finance) and/or GM(Finance) be and are hereby authorized jointly and severally to provide assets of the corporation as security by way of hypothecation and/or mortgage on pari-passu basis, wherever required for raising "V" Series Corporate Bonds."
- (v) "RESOLVED FURTHER THAT General Manager (Finance) and/or Chief (Finance) be and are hereby authorized jointly and severally to execute Trust Deed / agreements for issuance of 'V' Series Bonds."
- (vi) "RESOLVED FURTHER THAT General Manager (Fin) and/or Company Secretary and/or Chief (Fin.) be and are hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the bonds in one or more Stock Exchange(s), obtain ISIN/Filing corporate action with NSDL/CDSL and make necessary fees to Stock Exchanges and NSDL/CDSL."
- (vii) "RESOLVED FURTHER THAT Company Secretary be and is hereby authorized to file with the Registrar of the Companies requisite form PAS 3, PAS 5, etc. and particulars of charges in connection with the said hypothecation and mortgage in favour of trustees by filing statutory return within the time limit as laid down in the Companies Act, 2013."
- (viii) "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."

for - Approval

D. SESHADRI
Chief (Company Secretary)
NHPC Limited
(A Govt of India Enterprise)



एनएचपीसी लिमिटेड
(भारत सरकार का उद्यम)

NHPC Limited
(A Government of India Enterprise)

संदर्भ सं./Ref. No. NH/CS/199

फोन/Phone : _____
दिनांक/Date : 13.10.2016

<p>Manager The Listing Department, M/s BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001</p> <p>मैनेजर, लिस्टिंग विभाग, बीएसई लिमिटेड पि.जे. टावर, दलालस्ट्रीट, मुंबई- 400 001 Scrip Code: 533098</p>	<p>General Manager The Listing Department M/s National Stock Exchange of India Limited, Exchange Plaza, Bandra Kuria Complex, Bandra(E), Mumbai- 400051</p> <p>महाप्रबंधक, लिस्टिंग विभाग, नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड एक्सचेंज प्लाजा, बान्द्रा कुरी कॉम्प्लेक्स, बान्द्रा (ई), मुंबई - 400 051 Scrip Code: NHPC EQ</p>
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Sub: Minutes of 40th Annual General Meeting of NHPC Limited.

विषय: एनएचपीसी लिमिटेड की 40वीं वार्षिक आम बैठक का कार्यवृत्त के संदर्भ में।

Sirs/महोदय,

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015, please find enclosed herewith minutes of 40th Annual General Meeting of NHPC Limited held on September 22, 2016 duly approved by chairman of the Company.

This is for your record and information.


सेबी (लिस्टिंग दायित्वों और पकटीकरण आवश्यकताओं), विनियमन, 2015 के नियमन 30 के अनुसार एनएचपीसी लिमिटेड की 22 सितंबर, 2016 को आयोजित 40वीं वार्षिक आम बैठक का कार्यवृत्त विधिवत कंपनी के अध्यक्ष द्वारा अनुमोदित सलग्न प्राप्त करें।

यह आपकी जानकारी और रिकॉर्ड के लिए है।

धन्यवाद,

संलग्न: उपरोक्त अनुसार

भवदीय


(विजय गुप्ता)
कंपनी निदेशक
13/10/2016

MINUTE BOOK

Resolution 13 – (Ordinary Resolution)

The Ordinary Resolution No. 13 for appointment of Shri Farooq Khan (DIN: 07348921) as an Independent Director of the Company was withdrawn by the Company vide addendum to the Notice dated 05.09.2016 (published in Business Standard (English and Hindi) on 07.09.2016).

Hence, this resolution was treated as withdrawn.

Item No.14 – (Special Resolution)

To consider issue of secured/unsecured, redeemable, non-convertible debentures/bonds aggregating up to Rs. 4500 Crore through private placement:

"RESOLVED THAT pursuant to Section 42, 71 and all other applicable provisions of the Companies Act, 2013 read with relevant rules and any other applicable statutory provisions, the Board of Directors of the Company be and is hereby authorized to make offer(s) or invitation(s) to subscribe to the secured / unsecured, redeemable, taxable/tax-free, cumulative/non-cumulative, non-convertible debentures / bonds, in one or more series / tranches, aggregating up to Rs 4,500 crore (Rupees Four Thousand Five Hundred Crore), through private placement, in domestic market, during the period commencing from the date of passing of Special Resolution till completion of one year thereof or the date of next Annual General Meeting in the financial year 2017-18 whichever is earlier in conformity with rules, regulations, notifications and enactments as may be applicable from time to time, subject to the total borrowings of the company approved by the shareholders under Section 180(1) (c) of Companies Act, 2013

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do or delegate from time to time, all such acts, deeds and things as may be deemed necessary to give effect to private placement of such Bonds including but not limited to determining the face value, issue price, issue size, tenor, timing, amount, security, coupon/interest rate, yield, listing, allotment and other terms and conditions of issue of Bonds as it may, in its absolute discretion, consider necessary."

13 On the basis of Consolidated Report of the Scrutinizer for the remote e-voting from 18.09.2016 to 21.09.2016 and ballot/Poll at the AGM dated 22.09.2016, the summary of which is mentioned hereunder, the Director (Finance), duly authorized by CMD announced the results of the voting on 22nd September, 2016 as under:


CHAIRMAN'S
INITIALS



COMPANY SECRETARIAT

NH/CS/

Dated: 30.05.2017

Sub: Pre-payment of high cost Debts by raising fresh Bonds of
Rs. 2250 crore through Private Placement ('W' Series)

The Board of Directors in its 405th meeting held today i.e. 30th May, 2017 has considered the proposal to raise Rs 1756 crore through issuance of 'W' Series Corporate Bonds on Private Placement Basis. The Board has also passed the following resolutions:

- I. **RESOLVED** that Chairman & Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to raise debt up to Rs 1756 crore through issuance of 'W' Series Secured Redeemable Non-cumulative Non-convertible Taxable Bonds in the nature of debenture in one or more tranches on private placement basis. Chairman & Managing Director and/or Director (Finance) be and are hereby further authorized jointly and severally to decide all terms and conditions including coupon rate, tenor etc. for W series bonds and ongoing V series bonds.
- II. **RESOLVED** that Chairman & Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to prepay LIC line of credit amounting to Rs. 1756 crore and/or loans from SBI, PFC & OBC etc as may be found financially viable for pre-payment and to do all such deed and acts to complete the prepayment.
- III. **RESOLVED further that** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to sign Declaration under Form PAS-4 required pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rule, 2014 for W series bonds and ongoing V series bonds issue and approve offer letter in connection thereof.
- IV. **RESOLVED further that** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue(s) including without limiting to Arrangers, Registrar, Credit Rating Agency (ies), Trustee, Legal Firm, Consultant for Debenture Trust Deed, Custodian for Memorandum of Entry and any other agency required and to decide, settle the remuneration for all such intermediaries / agencies / persons, including by way of payment of commission, brokerage, fee, charges, etc;





- V. **RESOLVED further that** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint Banker to the issue(s) and open Bank Account and settle the terms of appointment.
- VI. **RESOLVED further that** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to provide assets of the corporation as security by way of hypothecation and/or mortgage on pari-passu basis, wherever required for raising 'W' Series Corporate Bonds.
- VII. **RESOLVED further that** General Manager (Finance) and/or Chief (Finance) be and are hereby authorized jointly and severally to execute Trust Deed / agreements for issuance of 'W' Series Bonds and pay stamp duty, court fee any other related charges.
- VIII. **RESOLVED further that** General Manager (Fin) and/or Company Secretary and/or Chief (Fin) be and are hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the bonds in one or more Stock Exchange(s)/, obtain ISIN/Filing corporate action with NSDL/CDSL and make necessary fees to Stock Exchanges and NSDL/CDSL.
- IX. **RESOLVED further that** Company Secretary be and is hereby authorized to file with the Registrar of the Companies requisite form PAS3, PAS5 etc and particulars of charges in connection with the said hypothecation and mortgage in favour of trustees by filling statutory return within the time limit as laid down in the Companies Act, 2013.
- X. **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.

If approved, may request concerned divisions to take necessary action accordingly.

G. M. (Fin.)
Director (Finance)

[Signature]
30/05/17

[Signature]
(Vijay Gupta) 30/05/17
Company Secretary

Chairman & Managing Director

[Signature]
30/05/17

Co. Secy.

रत
की ओर



No. 6388-A/ITSL/OPR/CL/16-17/DEB/1043

Date: 11th January, 2017

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

Kind Attn: Mr. Manish Dhawan

Dear Sir,

Consent to act as Debenture Trustee for the proposed Private Placement issue of "V" Series Bonds by NHPC Limited aggregating upto Rs. 2250 Crores (including green shoe option) in the financial year 2016-17

This is with reference to your e-mail dated 11th January, 2017 regarding appointment of IDBI Trusteeship Services Ltd. as Debenture Trustee for the proposed Private Placement of secured redeemable non-convertible taxable "V" Series Bonds aggregating upto Rs. 2250 Crores (including green shoe option). In this connection, we confirm our acceptance of the assignment.


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

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

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

Yours faithfully,

For IDBI Trusteeship Services Limited


Authorized Signatory



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

CIN: L40101HR1975GO1032564

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

IN IN Crores

PARTICULARS	Quarter Ended			Nine Month Ended	
	31.12.2016 Unaudited	30.09.2016 Unaudited	31.12.2015 Unaudited	31.12.2016 Unaudited	31.12.2015 Unaudited
1 Income from operations					
(a) Sales/ Income from operations *	1,29,871	2,35,167	1,34,417	5,81,606	5,65,765
(b) Other operating income	1,021	5,169	2,339	9,267	5,618
Total Income from operations	1,30,892	2,40,336	1,36,756	5,90,873	5,71,383
2 Expenses					
(a) Employee benefits	30,875	33,096	29,186	96,646	83,369
(b) Depreciation & amortisation	35,513	34,216	34,336	1,03,569	1,01,587
(c) Water usage charges	9,293	26,420	14,809	61,510	64,595
(d) Other	28,247	24,866	22,788	79,267	72,428
Total expenses	1,03,927	1,18,598	1,01,119	3,40,992	3,21,979
3 Profit from operations before other income, finance costs and exceptional items (1-2)	26,965	1,21,738	35,637	2,50,881	2,49,404
4 Other Income	17,499	37,786	18,621	1,21,612	76,106
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	44,464	1,59,524	54,258	3,72,493	3,25,510
6 Finance Costs	26,883	27,941	26,526	83,331	81,133
7 Profit from ordinary activities after finance costs but before exceptional items (5-6)	17,581	1,31,583	27,732	2,89,162	2,44,377
8 Exceptional items	-	-	-	-	-
9 Profit from ordinary activities before tax regulated income and tax (7-8)	17,581	1,31,583	27,732	2,89,162	2,44,377
10 Tax Regulated Income/(Expenditure)	13,902	10,845	13,191	38,041	40,118
11 Profit before tax from ordinary activities (9+10)	31,483	1,42,428	40,923	3,27,203	2,84,495
12 Tax expense					
a) Current Tax	6,431	38,188	11,021	70,879	60,171
b) Adjustments relating to earlier years	(598)	(66)	-	(7,580)	(2,375)
c) Deferred Tax	3,647	(1,160)	12,665	2,487	8,288
Total Tax expense (a+b+c)	9,480	36,962	23,686	65,886	66,084
13 Net Profit after tax from ordinary activities (11-12)	21,999	1,05,466	17,237	2,61,317	2,18,411
14 Extraordinary items (net of tax expense)	-	-	-	-	-
15 Net Profit for the period (13-14)	21,999	1,05,466	17,237	2,61,317	2,18,411
16 Other Comprehensive Income (Net of Tax)	(161)	1,240	1,760	1,921	(1,282)
17 Total Comprehensive Income (15+16)	21,838	1,06,706	19,000	2,63,238	2,17,129
18 Paid-up equity share capital (of Face Value ₹ 10/- per share)	11,07,067	11,07,067	11,07,067	11,07,067	11,07,067
19 Basic & Diluted EPS					
Earnings per share before Regulatory Income (in ₹)					
(Equity shares, face value of ₹ 10/- each) (not annualized):					
1. Basic (in ₹)	0.07	1.31	0.07	2.03	1.61
2. Diluted (in ₹)	0.07	1.31	0.07	2.03	1.61
Earnings per share after Regulatory Income (in ₹)					
(Equity shares, face value of ₹ 10/- each) (not annualized):					
1. Basic (in ₹)	0.19	1.41	0.15	2.37	1.97
2. Diluted (in ₹)	0.19	1.41	0.15	2.37	1.97

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

[Signature]



Notes:

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

Particulars	Ref. to Notes	₹ in Lacs	
		Quarter ended 31.12.2016	Nine months ended 31.12.2016
(a) Net Profit after Tax as per previous Indian GAAP		36,802	233,006
(b) Impact of arrangements/contracts containing a lease	a	(6,631)	(2,941)
(c) Net Gain/(Loss) on financial assets/ financial liabilities	b	(281)	(1,052)
(d) Reclassification of actuarial gains/(losses) in respect of employee benefit schemes through OCI	c	(1,734)	(1,044)
(e) Impact of Prior Period expenses transferred to Opening reserves	d	142	(1,065)
(f) Change in policy for recognition of Property, Plant & Equipment (PPE)	e	115	260
(g) Tax adjustments		(13,051)	(9,834)
(h) Net Profit after Tax as reported under Ind AS		17,067	216,441
Other Comprehensive Income (Net of Tax)		-	-
- Remeasurements of employees defined benefit plans	e	1,137	692
- Investment in Equity Instruments	f	627	(1,732)
- Investment in Debt Instruments	g	(204)	(235)
(i) Total Other Comprehensive Income (Net of Tax)		1,760	(1,275)
(j) Total Comprehensive Income (TCI)		18,827	215,166

Notes to reconciliation:

- a) Property, Plant and Equipment (PPE) containing a lease arrangement have been de-recognized and shown at fair value as lease receivables as per Ind AS 17- Leases.
- b) The Company has valued financial assets (other than investment in Subsidiaries and Joint Ventures which are accounted for at cost) and financial liabilities at fair value. Impact of fair value changes as on the date of transition, is recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss or Other Comprehensive Income, as the case may be.
- c) Under previous GAAP, actuarial gains/losses were recognised in Statement of Profit & Loss. Under Ind AS, the same is recognised in Other Comprehensive Income.
- d) Prior period errors in respect of items of income/expenditure relating to periods before the date of transition to Ind AS have been adjusted against opening reserves as per Ind AS 8- 'Accounting Policies, Changes in Accounting Estimates & Errors.'
- e) Impact of change in accounting policy for stocks qualifying as PPE as per Ind AS 16- 'Property, Plant & Equipment' on the date of transition has been recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss.
- f) Under previous GAAP, non-current investments were stated at cost. Where applicable, provision was made to recognise the decline, other than temporary, in valuation of such investments (under Ind AS 109- 'Financial Instruments', investments in equity instruments (other than investment in Subsidiaries and Joint Ventures which are accounted at cost) have been classified at Fair value through Other Comprehensive Income (FVTOCI) by way of an irrevocable election at the date of transition.
- 3 In view of seasonal nature of business, the financial results of the current quarter may not be comparable with previous quarter of current year.
- 4 During the quarter ended on 31.12.2016, Wind Power Project, Jalalmer (50MW) has been put on commercial operation on 30.09.2016 (midnight).
- 5 Electricity generation is the principal business activity of the Company. Other operations viz., Contract, Project Management and Consultancy Works do not form a reportable segment as per Ind AS 108- 'Operating Segments' specified under Section 133 of the Companies Act, 2013. The operations of the Company are mainly carried out within the country and therefore Geographical Segments are not applicable.
- 6 Till FY 2016-16, the Company had recognized Regulatory Income in accordance with the Guidance Note on Rate Regulated Activities issued by the Institute of Chartered Accountants of India. With effect from FY 2016-17, such rate regulated items are to be accounted for as per Ind AS 114- 'Regulatory Deferral Accounts' and AS 114 allows an entity to continue to apply previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances. Ind AS 114 further provides that for this purpose, Guidance Note of the ICAI on 'Accounting for Rate Regulated Activities' shall be considered to be the previous GAAP. Accordingly, Regulatory Income amounting to ₹ 13402 Lacs and ₹ 3804 Lacs for the quarter and nine months ended on 31.12.2016 (cumulative upto 31.12.2016 ₹ 265123 Lacs) have been recognized in respect of Subarni Lower Project, where construction activities have been interrupted w.e.f. 16.12.2011 due to protest of anti-dam activists and cases pending with National Green Tribunal (NGT).
- 7 Pending approval of tariff for the period 2014-19 by the Central Electricity Regulatory Commission (CERC) as per notification No.L-1144/2013/CERC dt 21st February 2014, sales have been recognized provisionally as per tariff notified by CERC for the period 2009-14 in respect of Sema-II, Chamera-III, Chutak, TLPD-III and Parbati-III Power stations. However, pending 'truing up' of the capital cost for the tariff period 2009-14, sales have been reduced by ₹ 880 Lacs and ₹ 7619 Lacs on estimated basis during the quarter and nine months ended on 31.12.2016 (corresponding previous quarter ₹ 2213 Lacs and previous nine months ₹ 9410 Lacs) as an abundant precaution.



8. CERC Regulations for the tariff period 2014-19 provides for recovery of income tax from the beneficiaries by way of grossing up of the Return on Equity with effective tax rate of the respective financial year i.e. actual tax paid during the year on the generating income. Accordingly, deferred tax assets created for the quarter and nine months ended on 31.12.2016 on generating income amounting to ₹ 2083 lacs and ₹ 10741 lacs respectively is accounted for as deferred tax adjustment against deferred tax liability as the same would get adjusted in effective tax rate in future period.
9. All non-convertible bonds of the Company are secured by way of first charge over certain immovable assets and movable assets of the Company. The available asset cover exceeds the required cover under terms of various issue offer documents.
10. Board of Directors in its meeting held on 12.01.2017 has declared an interim dividend @17% of the face value of ₹ 10 per share (₹ 1.70 per equity share) for the financial year 2016-17.
11. Board of Directors in its meeting held on 07.02.2017 has approved the proposal for Buyback of fully paid-up equity shares of the Company not exceeding 10% of paid up equity capital and free reserves of the company as on 31.03.2016.
12. Prior to transition to Ind AS, capital expenditure incurred for creation of facilities, over which the company does not have control but creation of which is essential principally for construction of the project, was being charged to Expenditure Allocatable to Construction (EAC) as a part of Capital Work in Progress (CWIP) on the basis of attributability of such costs to the creation of major assets of the project. The said accounting treatment was objected to by the office of the C&AG as not being in line with the opinion of the EAC of the ICAI issued on the basis of pre-revised AS 10, "Fixed Assets" and an observation was issued during supplementary audit of the Financial Statements for F.Y. 2015-16. However, with the introduction of Ind AS, the accounting treatment is covered under Para 9 of Ind AS-16, "Property, Plant & Equipment" which prescribes Unit of Measure approach under which management of an entity is compelled to apply its judgment to recognition criteria based on its specific circumstances.
13. Other income for nine months ended on 31.12.2016 includes recovery of late payment surcharge amounting to ₹ 44032 Lacs from one of the beneficiaries.
14. CERC (Terms & Conditions of Tariff) Regulations provide for levy of late payment surcharge by generating company in case of delay in payment by beneficiaries beyond 80 days from the date of presentation of bill. An amount of ₹ 38725 lacs is due but not recognized on account of surcharge till 31.12.2016 due to significant uncertainties in the timing of its collection from the customers.
15. Statutory Auditors have included the following matters in Audit Report on the accounts for the year ended 31.03.2016 under "Emphasis of Matter" paragraph, without modifying their opinion in respect of these matters:
- (i) Stay from Hon'ble High Court of Delhi against implementation of stoppage of Personal Pay Adjustment (Grant benefits) recovery from below Board level Executives,
 - (ii) Provisions against the expenditure incurred for conducting survey & investigation of projects or being carried forward pending clearances with various authorities,
 - (iii) Uncertainty related to the outcome of the claims/arbitration proceedings and lawsuit filed by/ against the Company and by contractors and others,
 - (iv) Various balances which are subject to reconciliation/confusion and respective consequential adjustments,
 - (v) Kolihali-4A project, the file of which is pending adjudication before the Hon'ble Supreme Court of India,
 - (vi) Capital expenditure incurred for creation of facilities i.e. creating assets is charged to Expenditure Allocatable to Construction (EAC)
- Matters referred under para (i) to (vi) were included by the Statutory Auditors under "Emphasis of Matter" paragraph in the Audit Report for the year ended 31.03.2016 as well.
- The above points on which attention has been drawn by the auditors have been addressed as under:-
- (i) In view of the directions of the Hon'ble High Court, Personal Pay Adjustments to the employees is continued to be paid along with the Salary,
 - (ii) In the opinion of the management, the projects on which survey & investigation expenditure is incurred are still active and accordingly, the expenditure incurred is being carried forward. However, provision wherever considered necessary has been made in the books,
 - (iii) Management has assessed and provided for the probable outflow wherever required as per provisions of Ind AS
 - (iv) In the opinion of the management, unconfirmed balances will not have any material impact,
 - (v) & (vi) are statements of fact
16. Figures for the previous periods have been re-grouped/arranged wherever necessary.

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

(Signature)

(JAYANT KUMAR)
DIRECTOR (FINANCE)
DIN -00010235

Place : New Delhi
Date : 07.02.2017

